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The attached document has been made available to you in electronic form. You are reminded that documents or information transmitted via this medium may be altered or changed during the process of transmission and consequently none of TA Corporation Ltd., The Hongkong and Shanghai Banking Corporation Limited, United Overseas Bank Limited or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version.

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

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

The attached information memorandum or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of TA Corporation Ltd. 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 document, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the notes described therein.**

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**TA CORPORATION LTD.**

(Incorporated in the Republic of Singapore on 7 March 2011)

(UEN/Company Registration No. 201105512R)

S\$300,000,000**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 TA Corporation Ltd. (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 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.

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

Joint Arrangers



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NOTICE

The Hongkong and Shanghai Banking Corporation Limited and United Overseas Bank Limited (together, the “**Arrangers**”) have been authorised by the Issuer to arrange the Programme described herein. Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in Singapore dollars and/or any other currencies.

This Information Memorandum contains information with regard to the Issuer, its subsidiaries, associated companies (if any), joint venture companies (if any), the Programme and the Notes. The Issuer confirms that this Information Memorandum contains all information which is material in the context of the Programme or the issue and offering of the Notes, that the information contained in this Information Memorandum is true and accurate in all material respects, that the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered, are based on all relevant considerations and facts existing at the date of this Information Memorandum and are fairly, reasonably and honestly held by the Issuer, and that there are no other facts the omission of which in the context of the Programme or 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 “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. The Notes will 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 issue date with either CDP (as defined herein) or a common depositary for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) or otherwise delivered as agreed between the Issuer and the relevant Dealer(s) (as defined herein). Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s) and may be subject to redemption or purchase in whole or in part. The Notes may bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealer(s). The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement (as defined herein) issued in relation to each series or tranche of Notes. Details applicable to each series or tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Notes to be issued, when added to the aggregate principal amount of all Notes outstanding (as defined in the Trust Deed referred to herein) shall be S\$300,000,000 (or its equivalent in any other currencies) or such higher amount as may be agreed between the Issuer and the Arrangers. On 26 June 2015, the maximum aggregate principal amount of all Notes which may be issued from time to time pursuant to the Programme and which remain outstanding has been increased from S\$150,000,000 to S\$300,000,000.

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, either of the Arrangers 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, associated companies (if any) or joint venture 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, either of the Arrangers 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 such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

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

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, either of the Arrangers 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) nor the issue, offering, purchase or sale of the Notes shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer or any of its subsidiaries, associated companies (if any) or joint venture companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Arrangers and the Dealers have not separately verified the information contained in this Information Memorandum. None of the Arrangers, any of the Dealers or any of their respective officers, employees or agents is making any representation or warranty expressed or implied as to the merits of the Notes or the subscription for, purchase or acquisition thereof, or the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries, associated companies (if any) or joint venture companies (if any). Further, none of the Arrangers nor any of the Dealers makes any representation or warranty as to the Issuer, its subsidiaries, associated companies (if any) or joint venture 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, either of the Arrangers 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 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, associated companies (if any) and joint venture 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, associated companies (if any) and joint venture companies (if any). Accordingly, notwithstanding anything herein, none of the Arrangers, 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).

To the fullest extent permitted by law, none of the Arrangers nor any of the Dealers accepts any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by either of the Arrangers or any of the Dealers or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) any annual reports, audited consolidated accounts and/or publicly announced unaudited financial statements of the Issuer and its subsidiaries and (2) any supplement or amendment to this Information Memorandum issued by the Issuer (including each relevant Pricing Supplement). 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 respective specified office of the relevant Paying Agent (as defined herein).

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

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

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Notes set out under the section "Subscription, Purchase and Distribution" on pages 133 and 134 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.

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 (as defined herein) (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, the discussion under the section “Investment Considerations”.

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 Arrangers 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 nor the issue of any Notes by the Issuer shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of the Issuer, 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 Arrangers 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 28 August 2013 between (1) the Issuer, as issuer, (2) the Principal Paying Agent, as principal paying agent, (3) the Non-CDP Paying Agent, as non-CDP paying agent, and (4) the Trustee, as trustee, as amended, varied or supplemented from time to time.
- “Arrangers”** : The Hongkong and Shanghai Banking Corporation Limited and United Overseas Bank Limited.
- “Business Day”** : In respect of each Note, (a) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (b) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the relevant Paying Agent’s specified office and (c) (if a payment is to be made on that day) (i) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (ii) (in the case of Notes denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros and (iii) (in the case of Notes denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore and the principal financial centre for that currency.
- “CDP” or the “Depository”** : The Central Depository (Pte) Limited.
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
- “Conditions”** : In relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part II of Schedule 1 to the Trust Deed, 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 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly.
- “Couponholders”** : The holders of the Coupons.

“Coupons”	:	The interest coupons appertaining to an interest bearing 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.
“Euro”	:	The lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.
“Executive Directors”	:	The executive Directors of the Issuer as at the date of this Information Memorandum.
“Executive Officers”	:	The key executive officers 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.
“HDB”	:	Housing Development Board.
“ISO”	:	International Organization for Standardization.
“Issuer”	:	TA Corporation Ltd.
“ITA”	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.
“JTC”	:	Jurong Town Corporation or JTC Corporation.
“Latest Practicable Date”	:	10 June 2015.
“MAS”	:	Monetary Authority of Singapore.
“Non-CDP Paying Agent”	:	Deutsche Bank AG, Hong Kong Branch.
“Noteholders”	:	The holders of the Notes.
“Notes”	:	The multicurrency medium term notes of the Issuer issued or to be issued pursuant to the Programme Agreement and constituted by the Trust Deed (and shall, where the context so admits, include the Global Notes and the Definitive Notes).

“Paying Agent”	:	The Principal Paying Agent and the Non-CDP Paying Agent, or such other or further institutions as may from time to time be appointed by the Issuer as paying agent for the Notes and Coupons.
“Permanent Global Note”	:	A Global Note representing Notes of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Note, being substantially in the form set out in Schedule 3 to the Trust Deed.
“PRC”	:	People’s Republic of China.
“Pricing Supplement”	:	In relation to any Tranche or Series, a pricing supplement supplemental to this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series, substantially in the form of Appendix 2 to the Programme Agreement.
“Principal Paying Agent”	:	Deutsche Bank AG, Singapore Branch.
“Programme”	:	The S\$300,000,000 Multicurrency Medium Term Note Programme established by the Issuer pursuant to the Programme Agreement.
“Programme Agreement”	:	The programme agreement dated 28 August 2013 made between (1) the Issuer, as issuer, (2) the Arrangers, as arrangers, and (3) The Hongkong and Shanghai Banking Corporation Limited and United Overseas Bank Limited, as dealers, as supplemented by a supplemental programme agreement dated 26 June 2015 made between the same parties and as further amended, varied or supplemented from time to time.
“Securities Act”	:	The Securities Act of 1933 of the United States, as amended or modified from time to time.
“Series”	:	(1) (in relation to Notes other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest.
“SFA”	:	The Securities and Futures Act, 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.
“Singapore Dollars”	:	The lawful currency of Singapore.
“SLA”	:	Singapore Land Authority.

“subsidiary”	:	Any company which is for the time being a subsidiary (within the meaning of Section 5 of the Companies Act).
“TARGET System”	:	The Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.
“Temporary Global Note”	:	A Global Note representing Notes of one or more Tranches of the same Series on issue, being substantially in the form set out in Schedule 2 to the Trust Deed.
“TOP”	:	Temporary Occupation Permit.
“Tranche”	:	Notes which are identical in all respects (including as to listing).
“Trust Deed”	:	The trust deed dated 28 August 2013 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee, as supplemented by a supplemental trust deed dated 26 June 2015 made between the same parties and as further amended, varied or supplemented from time to time.
“Trustee”	:	DB International Trust (Singapore) Limited.
“United States” or “U.S.”	:	United States of America.
“URA”	:	Urban Redevelopment Authority.
“S\$” and “cents”	:	Singapore dollars and cents 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

Issuer	:	TA Corporation Ltd.
Board of Directors	:	Mr Liong Kiam Teck Mr Neo Tiam Poon @ Neo Thiam Poon Mr Neo Tiam Boon, PBM Mr Neo Thiam An Mr Lim Hock Beng Mr Lee Ah Fong Mr Mervyn Goh Bin Guan
Company Secretaries	:	Ms Foo Soon Soo Ms Yap Ming Choo
Registered Office	:	1 Jalan Berseh #03-03 New World Centre Singapore 209037
Auditors to the Issuer	:	Deloitte & Touche LLP 6 Shenton Way, OUE Downtown 2 #33-00 Singapore 068809
Arrangers and Dealers of the Programme	:	The Hongkong and Shanghai Banking Corporation Limited 21 Collyer Quay #10-01 HSBC Building Singapore 049320 United Overseas Bank Limited 80 Raffles Place #03-01 UOB Plaza 1 Singapore 048624
Legal Advisers to the Arrangers, the Trustee and the Paying Agents	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Issuer	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
Principal Paying Agent	:	Deutsche Bank AG, Singapore Branch One Raffles Quay #16-00 South Tower Singapore 048583
Non-CDP Paying Agent	:	Deutsche Bank AG, Hong Kong Branch Level 52, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Trustee for the Noteholders	:	DB International Trust (Singapore) Limited One Raffles Quay #16-00 South Tower Singapore 048583

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Information Memorandum and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in “Definitions” and “Terms and Conditions of the Notes” in this Information Memorandum shall have the same meanings in this summary.

Issuer	:	TA Corporation Ltd.
Arrangers	:	The Hongkong and Shanghai Banking Corporation Limited and United Overseas Bank Limited.
Dealers	:	The Hongkong and Shanghai Banking Corporation Limited, United Overseas Bank Limited and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Trustee	:	DB International Trust (Singapore) Limited.
Principal Paying Agent	:	Deutsche Bank AG, Singapore Branch.
Non-CDP Paying Agent	:	Deutsche Bank AG, Hong Kong Branch.
Description	:	S\$300,000,000 Multicurrency Medium Term Note Programme.
Programme Size	:	The maximum aggregate principal amount of the Notes outstanding at any time shall be S\$300,000,000 (or its equivalent in other currencies) or such higher amount as may be increased in accordance with the terms of the Programme Agreement.
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
Purpose	:	Net proceeds arising from the issue of the Notes under the Programme (after deducting issue expenses) will be used for corporate funding (including financing of working capital and refinancing of existing borrowings), investments (including mergers and acquisitions) and/or the capital expenditure requirements of the Issuer and its subsidiaries.
Method of Issue	:	Notes may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The minimum issue size for each Series shall be agreed between the Issuer and the relevant Dealer(s). The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Notes may be issued at par or at a discount, or premium, to par.

Tenor	:	Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s).
Redemption upon Maturity	:	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face.
Interest Basis	:	Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Issuer and the relevant Dealer(s) or may not bear interest.
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.
Floating Rate Notes	:	Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S\$ SIBOR or S\$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the Conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, 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 depository for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Note or Definitive Notes (as indicated in the applicable Pricing Supplement). 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 cleared through CDP are required to be kept with CDP as authorised depository. Notes which are to be cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and Clearstream Luxembourg.
Status of the Notes	:	The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> , without any preference or priority among themselves, and <i>pari passu</i> with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.
Optional Redemption and Purchase	:	If so provided on the face of the 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 Noteholders. 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 Noteholders.
Redemption upon Cessation or Suspension of Trading of the Issuer's Shares	:	In the event that (i) the shares of the Issuer cease to be traded on the SGX-ST or (ii) trading in the shares of the Issuer on the SGX-ST is suspended for a continuous period of more than seven days (other than by reason of holiday, statutory or otherwise), the Issuer shall, at the option of the Noteholder, redeem such Note at its Redemption Amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date falling 45 days after the Effective Date. " Effective Date " means (in the case of (i)) the date of cessation of trading or (in the case of (ii)) the business day immediately following the expiry of such continuous period of seven days.

**Redemption at the Option
of Noteholders 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, together with interest accrued to the date fixed for redemption, on the date falling 45 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 Principal Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Principal Paying Agent or the Issuer (as applicable), no later than 15 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 and the Conditions:

- (i) a “**Change of Shareholding Event**” occurs when Liong Kiam Teck, Neo Tiam Poon @ Neo Thiam Poon, Neo Tiam Boon and Neo Thiam An and their respective Immediate Family Members cease to own in aggregate (whether directly or indirectly) at least 50.1 per cent. of the issued share capital of the Issuer; and
- (ii) “**Immediate Family Members**” means the father, mother, siblings, wife, son(s) and daughter(s) and siblings’ spouses and sons and daughters of each of Liong Kiam Teck, Neo Tiam Poon @ Neo Thiam Poon, Neo Tiam Boon and Neo Thiam An.

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 over the whole or any part of its undertakings, assets, property or revenues, present or future, save for:

- (i) liens or rights of set-off arising solely by operation of law (or by an agreement evidencing the same), in either case, in respect of indebtedness which either (1) has been due for less than 30 days or (2) 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 assets in connection with the refinancing of the indebtedness secured by such existing security provided that, in each case, the amount secured by such security may not be increased;

- (iii) any security on or over their respective assets acquired, renovated, refurbished or developed by it after the date of the Trust Deed for the sole purpose of financing the acquisition (including acquisition by way of acquisition of the shares in the company or entity owning (whether directly or indirectly) such assets), renovation, refurbishment or development or any refinancing thereof and securing a principal amount not exceeding the cost of such acquisition, renovation, refurbishment or the value of such development;
- (iv) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of its business as security only for indebtedness to a bank or financial institution directly relating to the goods or documents on or over which that pledge exists;
- (v) any security created to secure its liabilities in respect of letters of credit, performance bonds and/or bank guarantees issued in the ordinary course of its business;
- (vi) any security over the assets of a Principal Subsidiary subsisting as at the date on which it became a Principal Subsidiary;
- (vii) any security created by way of fixed and/or floating charge on or over their respective assets for the purpose of securing working capital facilities granted in the ordinary course of business provided that the amount secured by such security shall not exceed 65 per cent. of the then current market value of such security (as determined by the Trustee on the basis of a valuation report addressed to the Trustee and prepared by an independent valuer acceptable to the Trustee); and
- (viii) any other security which has been approved by the Trustee or the Noteholders by way of an Extraordinary Resolution (as defined in the Trust Deed).

Terms used in this paragraph have the meaning ascribed to them in the Conditions.

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 shall not at any time be less than S\$175,000,000; and

- (ii) the ratio of Consolidated Total Borrowings to Consolidated Tangible Net Worth does not exceed 2.5:1.

Terms used in this paragraph have the meaning ascribed to them in the Conditions.

- Non-Disposal Covenant** :
- The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remain outstanding, it will not, and will ensure that none of its Principal Subsidiaries will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a 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 its subsidiaries, taken as a whole or the disposal of which (either alone or when so aggregated) could have a material adverse effect on it. 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 on an arm's length basis and on normal commercial terms;
 - (ii) any disposal by way of sale-and-leaseback or sale-repurchase arrangements made on an arm's length basis and on normal commercial terms;
 - (iii) any disposal of its investments in any of its non-core businesses on an arm's length basis and on normal commercial terms;
 - (iv) any disposal of landbank made on an arm's length basis and on normal commercial terms;
 - (v) any disposal of its interests in assets (including workers' dormitories) and/or construction contracts (including any sale or issuance of equity interests of the relevant subsidiary that holds the relevant asset and/or construction contract) in connection with any tender and award or acquisition or development of the relevant asset and/or construction contract to any incoming joint venture party, provided that the Issuer or such Principal Subsidiary (as the case may be) shall at all times maintain at least 50.1 per cent. effective interest (directly or indirectly) in such asset and/or construction contract;

(vi) any disposal by the Issuer or any of the Principal Subsidiaries of any asset of an amount or value which, when aggregated with all other disposals by the Issuer and the Principal Subsidiaries in the same financial year pursuant to Clause 15.29.6 of the Trust Deed, does not exceed S\$5,000,000 (or its equivalent in any currency or currencies); and

(vii) any disposal approved by the Trustee or by the Noteholders by way of an Extraordinary Resolution.

Terms used in this paragraph have the meaning ascribed to them in the Conditions.

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 "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 other stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained. If the application to the SGX-ST to list a particular Series of Notes is approved, for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of at least S\$200,000 (or its equivalent in foreign currencies).

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 "Subscription, Purchase and Distribution" herein. Further restrictions may apply in connection with any particular Series or Tranche of Notes.

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

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form 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, details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement.

The Notes are constituted by a trust deed dated 28 August 2013 made between (1) TA Corporation Ltd. (the “**Issuer**”) and (2) DB International Trust (Singapore) 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 by a supplemental trust deed dated 26 June 2015 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 dated 28 August 2013 (as amended and supplemented by a supplemental deed of covenant dated 26 June 2015 and as further amended and supplemented from time to time, the “**Deed of Covenant**”) dated 28 August 2013, relating to the Notes executed by the Issuer. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which include the form of the Notes and Coupons referred to below. The Issuer has entered into an Agency Agreement (as amended and supplemented, the “**Agency Agreement**”) dated 28 August 2013 made between (1) the Issuer, (2) Deutsche Bank AG, Singapore Branch, as principal paying agent (in such capacity, the “**Principal Paying Agent**”), (3) Deutsche Bank AG, Hong Kong Branch, as non-CDP paying agent (in such capacity, the “**Non-CDP Paying Agent**” and, together with the Principal Paying Agent, the “**Paying Agents**”), 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. For the purposes of these Conditions, all references to the Principal Paying Agent shall, with respect to a Series of Notes to be cleared through a clearing system other than the CDP System (as defined in the Trust Deed), be deemed to be a reference to the Non-CDP Paying Agent and all such references shall be construed accordingly.

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

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, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.
- (iii) For so long as any of the Notes is represented by a Global Note and such Global Note is held by a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and/or The Central Depository (Pte) Limited (the "**Depository**"), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save for manifest error) shall be treated by the Issuer, the Principal Paying Agent, the Non-CDP 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, premium, interest, distribution, redemption, purchase and/or any other amounts in respect of the Notes, for which purpose the bearer of the Global Note shall be treated by the Issuer, the Principal Paying Agent, the Non-CDP 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 the Global Note (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by the Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg 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 (as defined in the Trust Deed) and "**holder**" (in relation to a Definitive Note or Coupon) means the bearer of any Definitive Note or Coupon, "**Series**" means (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 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, Financial Covenants and Non-Disposal Covenant

(a) 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 over the whole or any part of its undertakings, assets, property or revenues, present or future, save for:

- (i) liens or rights of set-off arising solely by operation of law (or by an agreement evidencing the same), in either case, in respect of indebtedness which either (1) has been due for less than 30 days or (2) 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 assets in connection with the refinancing of the indebtedness secured by such existing security provided that, in each case, the amount secured by such security may not be increased;
- (iii) any security on or over their respective assets acquired, renovated, refurbished or developed by it after the date of the Trust Deed for the sole purpose of financing the acquisition (including acquisition by way of acquisition of the shares in the company or entity owning (whether directly or indirectly) such assets), renovation, refurbishment or development or any refinancing thereof and securing a principal amount not exceeding the cost of such acquisition, renovation, refurbishment or the value of such development;
- (iv) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of its business as security only for indebtedness to a bank or financial institution directly relating to the goods or documents on or over which that pledge exists;
- (v) any security created to secure its liabilities in respect of letters of credit, performance bonds and/or bank guarantees issued in the ordinary course of its business;
- (vi) any security over the assets of a Principal Subsidiary subsisting as at the date on which it became a Principal Subsidiary;

- (vii) any security created by way of fixed and/or floating charge on or over their respective assets for the purpose of securing working capital facilities granted in the ordinary course of business provided that the amount secured by such security shall not exceed 65 per cent. of the then current market value of such security (as determined by the Trustee on the basis of a valuation report addressed to the Trustee and prepared by an independent valuer acceptable to the Trustee); and
- (viii) any other security which has been approved by the Trustee or the Noteholders by way of an Extraordinary Resolution (as defined in the Trust Deed).

(b) Financial Covenants

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\$175,000,000; and
- (ii) the ratio of Consolidated Total Borrowings to Consolidated Tangible Net Worth does not exceed 2.5:1.

For the purposes of these Conditions:

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

- (A) the amount paid up or credited as paid up on the issued share capital of the Issuer; and
- (B) the amounts standing to the credit of the capital and revenue reserves (including profit and loss account) of the Group on a consolidated basis,

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

- (aa) making such adjustments as may be appropriate in respect of any variation in the issued and paid up share capital and the capital and revenue reserves set out in paragraph (B) above of the Group since the date of the latest audited consolidated balance sheet of the Group;
- (bb) excluding any sums set aside for future taxation;
- (cc) deducting:
 - (I) 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;
 - (II) all goodwill and other intangible assets; and
 - (III) any debit balances on consolidated profit and loss account; and

(dd) including the amounts attributable to the non-controlling interests of the Group;
and

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

- (A) bank overdrafts and all other indebtedness in respect of any borrowings maturing within 12 months other than any amount owing by a subsidiary to any of its minority shareholders for the purposes of funding any overseas projects undertaken by such subsidiaries;
- (B) the principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;
- (C) the liabilities of the Issuer under the Trust Deed or the Notes;
- (D) all other indebtedness whatsoever of the Group for borrowed moneys; and
- (E) any redeemable preference shares issued by any member of the Group and which is regarded by generally accepted accounting principles in Singapore as debt or other liability of the Group.

(c) Non-Disposal Covenant

The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remain outstanding, it will not, and will ensure that none of its Principal Subsidiaries will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a 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 its subsidiaries, taken as a whole or the disposal of which (either alone or when so aggregated) could have a material adverse effect on it. 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 on an arm’s length basis and on normal commercial terms;
- (ii) any disposal by way of sale-and-leaseback or sale-repurchase arrangements made on an arm’s length basis and on normal commercial terms;
- (iii) any disposal of its investments in any of its non-core businesses on an arm’s length basis and on normal commercial terms;
- (iv) any disposal of landbank made on an arm’s length basis and on normal commercial terms;
- (v) any disposal of its interests in assets (including workers’ dormitories) and/or construction contracts (including any sale or issuance of equity interests of the relevant subsidiary that holds the relevant asset and/or construction contract) in connection with any tender and award or acquisition or development of the relevant

asset and/or construction contract to any incoming joint venture party, provided that the Issuer or such Principal Subsidiary (as the case may be) shall at all times maintain at least 50.1 per cent. effective interest (directly or indirectly) in such asset and/or construction contract;

- (vi) any disposal by the Issuer or any of the Principal Subsidiaries of any asset of an amount or value which, when aggregated with all other disposals by the Issuer and the Principal Subsidiaries in the same financial year pursuant to Clause 15.29.6 of the Trust Deed, does not exceed S\$5,000,000 (or its equivalent in any currency or currencies); and
- (vii) any disposal approved by the Trustee or by the Noteholders by way of an Extraordinary Resolution.

4. Interest and Other Calculations

(I) Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

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

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

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

(b) Calculations

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Note. The amount of interest payable per Calculation Amount (as defined in Condition 4(II)(d)) for any Fixed Rate Interest Period in respect of any Fixed Rate Note shall be calculated by multiplying the product of the Interest Rate and the Calculation Amount, by the Day Count Fraction shown on the face of the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency.

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

(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 outstanding principal amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date (“**Interest Payment Date**”). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the “**Specified Number of Months**”) after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 4(II)(c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (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 four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

- (C) if on any Interest Determination Date, two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and
- (D) if on any Interest Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be the most appropriate and as adjusted by the Spread (if any) or if on such Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

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

- (A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" and under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);
- (B) if on any Interest Determination Date, no such rate is quoted on Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if

necessary, to four decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Agent Bank may select; and

- (C) if on any Interest Determination Date, the Agent Bank is otherwise unable to determine the Rate of Interest under paragraphs (b)(ii)(2)(A) and (b)(ii)(2)(B) above, the Rate of Interest shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any); and
- (3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Agent Bank will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:
 - (A) if the Primary Source (as defined below) for the Floating Rate is a Screen Page (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 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 relevant Paying Agent and the Agent Bank that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined, but not later than 10.30 a.m. (Singapore time) on the next following business day:
 - (1) notify or cause the Relevant Dealer to notify the relevant 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 relevant 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:

“Agent Bank” means in relation to any Series of Notes, the person appointed as the agent bank pursuant to the terms of the Agency Agreement or, as the case may be, the Agent Bank Agreement, and as specified in the applicable Pricing Supplement;

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

“business day” means, in respect of each Note, (a) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (b) a day (other than a Saturday, Sunday or a gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the Principal Paying Agent’s specified office and (c) (if a payment is to be made on that day) (i) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (ii) (in the case of Notes denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros and (iii) (in the case of Notes denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) 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 4:

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

- (ii) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 360; and
- (iii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 365;

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

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

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

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

“**Reference Banks**” means the institutions specified as such in the applicable Pricing Supplement 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 (as specified in the applicable Pricing Supplement) with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

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

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

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

“Screen Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters) as may be specified 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 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 shown on the face of the Note during the Fixed Rate Period.

(c) Floating Rate Period

- (i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its 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 on (and including) the first day of the Floating Rate Period and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an “**Interest Period**”.
- (iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) and the Agency Agreement to the Relevant Date.
- (iv) The provisions of Condition 4(II)(b) 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 (as defined in Condition 5(i)) 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 or proven error) be final and binding upon all parties.

(b) Notification

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Principal 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, 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 foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(d) Agent Bank and Reference Banks

The 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 its duties without a successor having been appointed as aforesaid.

5. Redemption and Purchase

(a) Final Redemption

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

(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 Principal 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 such Notes.

(c) Purchase at the Option of Noteholders

- (i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the 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 Principal 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 Principal

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 Principal 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 Principal 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 Principal 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 Principal 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 such 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 Principal Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Principal 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 45 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 Principal Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Principal Paying Agent or the Issuer (as applicable), no later than 15 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 Liong Kiam Teck, Neo Tiam Poon @ Neo Thiam Poon, Neo Tiam Boon and Neo Thiam An and their respective Immediate Family Members cease to own in aggregate (whether directly or indirectly) at least 50.1 per cent. of the issued share capital of the Issuer; and
- (2) “**Immediate Family Members**” means the father, mother, siblings, wife, son(s) and daughter(s) and siblings’ spouses and sons and daughters of each of Liong Kiam Teck, Neo Tiam Poon @ Neo Thiam Poon, Neo Tiam Boon and Neo Thiam An.

(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(i) 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 Principal Paying Agent a certificate signed by a duly authorised signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal, tax or any other professional 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) Redemption upon Cessation or Suspension of Trading of Shares

In the event that (i) the shares of the Issuer cease to be traded on the SGX-ST or (ii) trading in the shares of the Issuer on the SGX-ST is suspended for a continuous period of more than seven days (other than by reason of holiday, statutory or otherwise), the Issuer 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 any date on which interest is due to be paid on such Notes or, if earlier, the date falling 45 days after the Effective Date. In this Condition 5(g), “**Effective Date**” means (in the case of (i)) the date of cessation of trading or (in the case of (ii)) the business day immediately following the expiry of such continuous period of seven days. The Issuer shall within seven days after the Effective Date, give notice to the Trustee, the Principal Paying Agent and the Noteholders of the occurrence of the event specified in this paragraph (g) (provided that any failure by the Issuer to give such notice shall not prejudice any Noteholder of such option). To exercise such option, the holder must deposit such Note (together with all unmatured Coupons) with the Principal Paying Agent at its specified office, together with an Exercise Notice in the form obtainable from the Principal Paying Agent or the Issuer (as applicable) not later than 21 days after the Effective Date. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(h) Purchases

The Issuer or any of its related corporations 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 related corporations may be surrendered by the purchaser through the Issuer to the Principal 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.

(i) 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 on the face of the Note.

(j) Cancellation

All Notes purchased by or on behalf of the Issuer or any of its related corporations may be surrendered for cancellation by surrendering each such Note together with all unmatured Coupons to the Principal 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 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 Principal 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 Principal Paying Agent and the Non-CDP Paying Agent and their respective specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent or the Non-CDP Paying Agent and to appoint additional or other Paying Agents, provided that it will at all times maintain a principal paying agent having a specified office in Singapore and (in relation to any Series of Notes that are to be cleared through Euroclear and/or Clearstream, Luxembourg) a non-CDP paying agent.

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 Paying Agents and the Trustee, without the consent of any Noteholder, 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 Paying Agents and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Issuer, the Paying Agents and the Trustee, adversely affect the interests of the Noteholders.

(d) Unmatured Coupons

- (i) Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmaturing 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 unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
- (ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Floating Rate Note, Variable Rate Note or Hybrid Note, unmaturing 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 unmaturing 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 Principal 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 Principal Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction shown on the face of the Note and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the 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 a permanent establishment in, Singapore);
- (b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (c) by, or on behalf of, a holder who would be able to lawfully avoid (but has not so avoided) such deduction or withholding by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence, but fails to do so.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 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 five years from the appropriate Relevant Date for payment.

9. Events of Default

If any of the following events ("**Events of Default**") occurs the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, give notice in writing to the 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 any sum payable by it under any of the Notes when due (in respect of principal on the Notes) or within three business days of its due date (in respect of interest and other amounts on the Notes), in each case, at the place at and in the currency in which it is expressed to be payable;
- (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 or any of the Notes and that default is capable of remedy, it is not remedied within 21 days (or such longer period as the Trustee may permit provided that nothing herein shall oblige the Trustee to exercise such discretion) of the giving by the Trustee to the Issuer of a notice requiring the same to be remedied;
- (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 that default is capable of remedy, it is not remedied within 21 days (or such longer period as the Trustee may permit provided that nothing herein shall oblige the Trustee to exercise such discretion) of the giving by the Trustee to the Issuer of a notice of such non-compliance or incorrect representation, warranty or statement and requiring the circumstances resulting in such non-compliance or incorrectness to be remedied;
- (d)
 - (i) any other indebtedness of the Issuer or any of its Principal Subsidiaries in respect of borrowed moneys is or is declared to be or is capable of being rendered due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (however described) or is not paid when due or, as a result of any actual or potential default, event of default or the like (however described) any facility relating to any such indebtedness is or is declared to be or is capable of being cancelled or terminated before its normal expiry date or any person otherwise entitled to use any such facility is not so entitled; or
 - (ii) the Issuer or any of its Principal Subsidiaries fails to pay when properly called upon to do so any guarantee of indebtedness for borrowed moneys,

provided that no Event of Default will occur under paragraph (d)(i) or (d)(ii) above if the aggregate amount of the indebtedness for borrowed moneys or guarantee of indebtedness for borrowed moneys falling within paragraphs (d)(i) and (d)(ii) above is less than S\$10,000,000 (or its equivalent in any other currency or currencies);

- (e) the Issuer or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or any material part of (or of a particular type of) its indebtedness, begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or any material part of (or of a particular type of) its indebtedness (or of any material 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 any material part of (or of a particular type of) the indebtedness of the Issuer or any of its Principal Subsidiaries;
- (f) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days;
- (g) any security on or over the whole or a material part of the property or assets of the Issuer or any of its Principal Subsidiaries becomes enforceable or any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person);
- (h) any step is taken by any person with a view to the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries (except (i) for the purposes of a reconstruction, amalgamation, merger, consolidation or reorganisation on terms approved by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Principal Subsidiary only, where such winding-up does not involve insolvency and which does not have a material adverse effect on the Issuer) or for the appointment of a liquidator (including a provisional liquidator), receiver, manager, judicial manager, trustee, administrator, agent or similar officer of the Issuer or any of its Principal Subsidiaries or over the whole or any material part of the property or assets of the Issuer or any of its Principal Subsidiaries;
- (i) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any material part of its business or (otherwise than as permitted by, and in accordance with, the provisions of Clause 15.29 of the Trust Deed) disposes or threatens to dispose of the whole or any material part of its property or assets;
- (j) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any material part of the assets of the Issuer or any of its Principal Subsidiaries;
- (k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done 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 any one or more of its payment or other material 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 against the Issuer or any of its Principal Subsidiaries (other than those of a frivolous or vexatious nature and discharged within 30 days of its commencement) is current or pending (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer under any of the Issue Documents or any of the Notes or (ii) which has or could have a material adverse effect on the Issuer;
- (o) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (e), (f), (g), (h) or (j); and
- (p) the Issuer or any of its Principal Subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore.

In these Conditions:

- (1) **“Principal Subsidiary”** means any subsidiary of the Issuer:
 - (A) whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of a corporation which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group (as defined in the Trust Deed) have been prepared, are at least 10 per cent. of the total assets of the Group as shown by such audited consolidated accounts; or
 - (B) whose profits before tax, as shown by the accounts of such subsidiary (consolidated in the case of a corporation which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, is at least 10 per cent. of the consolidated profits before tax of the Group as shown by such audited consolidated accounts,

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

- (aa) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to become a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary; and
- (bb) if a substantial part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (aa) above or which remains or becomes a Principal Subsidiary by virtue of (bb) above shall continue to be a Principal Subsidiary until the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the total assets or, as the case may be, the profits before tax as shown by the accounts of such subsidiary (consolidated in the case of a corporation which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than 10 per cent. of the total assets or, as the case may be, the consolidated profits before tax of the Group, as shown by such audited consolidated accounts. A report by the Auditors (as defined

in the Trust Deed), who shall also be responsible for producing any pro-forma accounts required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive; and

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

10. Enforcement of Rights

At any time after an Event of Default has occurred or after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes, together with accrued interest, and/or to enforce the provisions of the Issue Documents, 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 by the Noteholders to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

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 after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply 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 or these Conditions which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required

by Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or these Conditions which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified to the Noteholders as soon as practicable.

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, regulations and stock exchange or other relevant authority regulations, at the specified office of the Principal Paying Agent, or at the specified office of such other 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, undertaking, 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 or any corporation related to it to enter into business transactions with the Issuer or any of its subsidiaries without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

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

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 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 (subject to the agreement of the Depository) the Depository for communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Principal Paying Agent or the Non-CDP Paying Agent. Whilst the Notes are represented by a Global Note, such notice may be given by any Noteholder to the Principal Paying Agent or, as the case may be, the Non-CDP Paying Agent through Euroclear, Clearstream, Luxembourg and/or the Depository in such manner as the Principal Paying Agent or, as the case may be, the Non-CDP 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 when received at such addresses.

16. Contracts (Rights of Third Parties) Act

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

17. Governing Law and Jurisdiction

- (a) The Trust Deed, the Notes and the Coupons are governed by, and shall be construed in accordance with, the laws of Singapore.
- (b) The courts of Singapore are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, the Notes or the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Notes or the Coupons may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

- (c) The Issuer agrees that in any legal action or proceedings arising out of or in connection with the Trust Deed, the Notes and the Coupons against it or any of its assets, no immunity from such legal action or proceedings (which shall include, without limitation, suit, attachment prior to award, other attachment, the obtaining of an award, judgment, execution or other enforcement) shall be claimed by or on behalf of the Issuer or with respect to any of its assets and irrevocably waives any such right of immunity which it or its assets now have or may hereafter acquire or which may be attributed to it or its assets and consent generally in respect of any such legal action or proceedings to the giving of any relief or the issue of any process in connection with such action or proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order, award or judgment which may be made or given in such action or proceedings.

Principal Paying Agent

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THE ISSUER

1. HISTORY AND OVERVIEW

The Group is an established property development and construction group with a track record of more than 40 years of experience in the Singapore construction industry and almost 20 years of experience in the real estate development industry.

The Group can trace its history back to 1972 when it began as a local contractor undertaking projects for governmental bodies such as the URA, HDB and JTC. On 24 October 1979, Tiong Aik Construction Pte Ltd ("**Tiong Aik Construction**") was registered as a private limited company in Singapore. Over the years, the Group has built a sound reputation as a reliable building contractor with the ability to undertake a wide spectrum of projects for both public and private sector clients. Most of its customers are established names, including government bodies and major real estate developers. The Group has also diversified into a variety of specialised projects for its construction business, including the iconic School of the Arts which has won several acclamations and design awards, office concept serviced apartments such as Wilkie Edge, addition and alteration ("**A&A**") works for St. James Power Station, the conversion of an existing office building into the Ascott Raffles Place serviced apartments, and condominium projects such as Park Infinia and Belle Vue Residences. The Group's construction business is undertaken through its subsidiary, Tiong Aik Construction.

1995 marked another milestone for the Group as it ventured into the real estate development business, backed by its competencies in the construction business, including its experience in working with major real estate developers. The Group has since earned a reputation as a developer of quality residential developments targeting the middle to upper-middle income markets. The Group has also ventured overseas through joint venture partnerships in the PRC, Cambodia and Thailand to undertake real estate development projects.

To complement its construction business, the Group started expanding into specialised services such as steel fabrication and metal works in 1992, construction worker training and test centres in Chennai, India, in 1998, as well as the designing, installation and maintenance of air-conditioning and mechanical ventilation systems ("**ACMV**") in 2000. The Group also has one other construction worker training and test centre in Singapore.

The Issuer, the investment holding company of the Group, was incorporated in Singapore on 7 March 2011 under the Companies Act as a private limited company under the name "TA Corporation Pte. Ltd.". The Issuer was subsequently converted into a public limited company and changed its name to "TA Corporation Ltd." on 21 September 2011. It has been listed on the Main Board of the SGX-ST since 21 November 2011.

The Group is principally engaged in the following businesses:

- (a) the development and sale of residential, commercial and other types of properties;
- (b) construction: (i) as a main contractor for residential, commercial and industrial buildings, (ii) the designing, installation and maintenance of air conditioning and mechanical ventilation systems, (iii) operation of construction worker training and test centres and (iv) complementary services such as steel fabrication and metal works;
- (c) the sale and distribution of petroleum-based products, lubricants, tyres, commercial vehicles, buses and auto spare parts; and
- (d) deriving income from investment properties (including rental income from its workers' dormitories, commercial and residential units and industrial properties) and from the provision of management and administrative services.

A breakdown of the Group's revenue and profit before tax by business segment for FY2012, FY2013 and FY2014 is set out below⁽¹⁾:

Business Segment	Revenue		
	FY2012 (S\$'000)	FY2013 (S\$'000)	FY2014 (S\$'000)
Real estate development and investment	151,342	66,157	75,165
Construction	216,353	220,895	212,485
Distribution	3,404	10,182	15,292
Others	-	-	-
Total revenue	371,099	297,234	302,942

Business Segment	Profit before tax		
	FY2012 (S\$'000)	FY2013 (S\$'000)	FY2014 (S\$'000)
Real estate development and investment	31,104	12,591	6,339
Construction	25,750	27,265	24,378
Distribution	195	166	400
Others	(436)	(692)	(3,517)
Total profit before tax	56,613	39,330	27,600

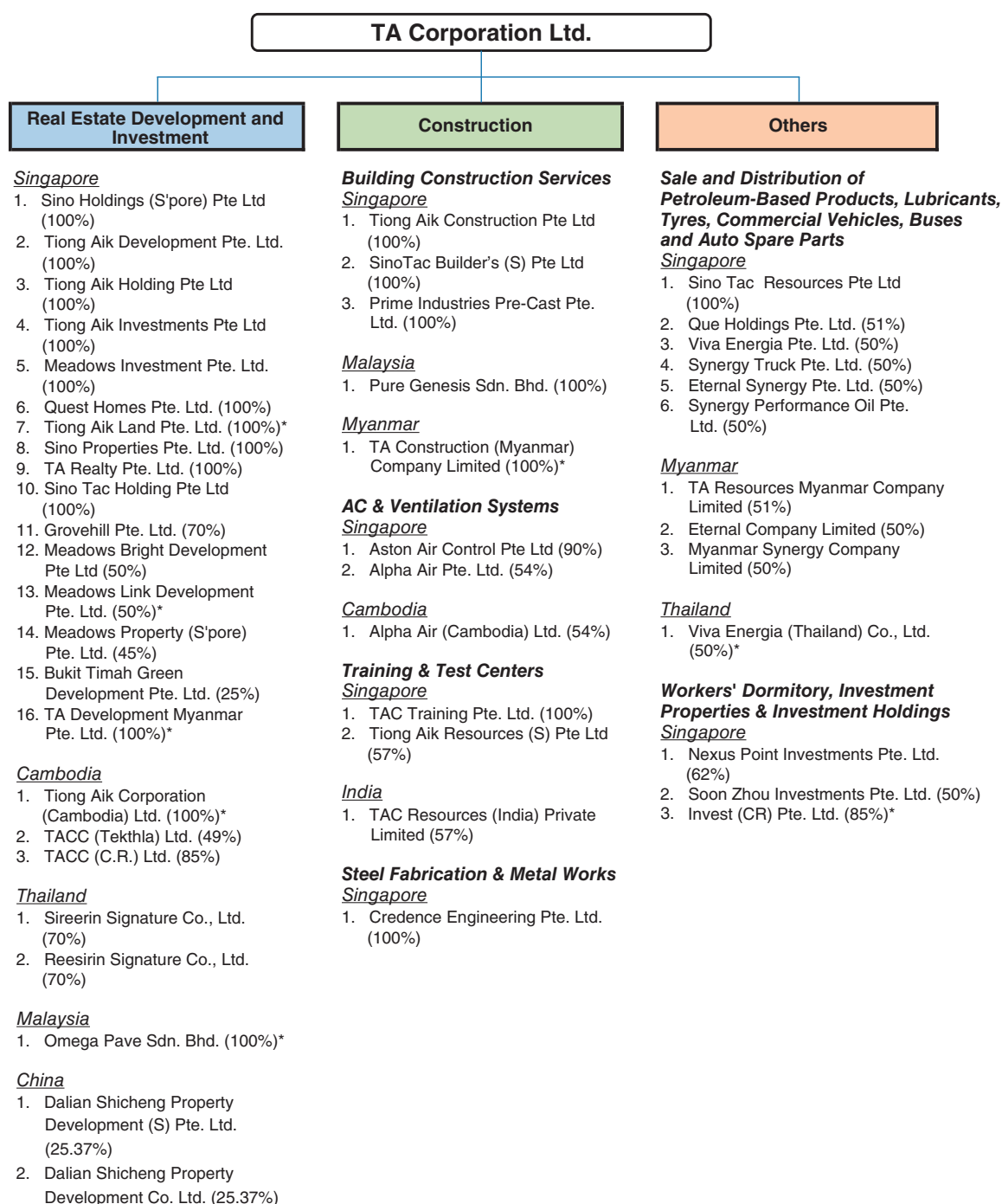
Note:

- (1) A breakdown of the Group's revenue and profit before tax by geographical segment has not been included because the Group's revenue from external customers generated from other countries is not significant compared to Group's revenue for the year, which is principally generated from Singapore.

As at 31 December 2014, the Group's total revenue was derived principally from Singapore.

2. GROUP STRUCTURE

The corporate structure of the Group is set out below:



Legend

* These are dormant companies.

Percentage shareholdings (%) indicate the Group's effective interest.

3. BUSINESS

A. Real estate development

The Group made its first venture into the real estate development business in Singapore in 1995. Over the years, the Group has developed a reputation as a reliable and quality real estate developer with well-located projects targeted at the middle to upper-middle income markets. The real estate development projects undertaken by the Group in Singapore typically comprise residential developments such as terrace and semi-detached houses, bungalows, apartments and condominiums. The Group's real estate developments are constructed mainly on freehold land acquired from private parties and leasehold land acquired from government agencies such as URA or SLA through public tenders.

Since the commencement of its real estate development business, the Group and its associates have successfully launched and completed 24 property development projects with a total approximate saleable floor area of 326,784 square metres (comprising 18 residential projects with a total approximate saleable floor area of 301,267 square metres, three landed property projects with a total approximate saleable floor area of 7,750 square metres, two mixed development projects with a total approximate saleable floor area of 11,364 square metres and one commercial project with a total approximate saleable floor area of 6,403 square metres).

The Group has also commenced the development of two real estate projects in Singapore in 2014 — a 12-storey, 45-unit commercial and residential development called Ascent@456, as well as seven units of three-storey strata-titled terrace houses called Terra Villas. Other ongoing projects in Singapore include Gambir Ridge, which is undertaken by the Group, and The Skywoods, which is undertaken by the Group's associate, Bukit Timah Green Development Pte. Ltd. In addition, the Group has a 2,058-square metre freehold private residential site at Shan Road in its development pipeline.

The Group has also successfully expanded its real estate development business overseas through joint ventures in the region, including the PRC, Cambodia and Thailand. The Group has participated in joint ventures involving residential development projects in the PRC and Cambodia, and mixed development projects in Thailand. Since the Group's venture into the PRC, its PRC associate has launched and completed six phases of its township development in Dalian City known as the "Singapore Garden". Its 49%-owned associate in Cambodia has completed its maiden project of 21 semi-detached villas in Phnom Penh, and its Thai subsidiary has completed its maiden project, De Iyara, a 65-unit mixed development in Pathumthani, Bangkok, and De Iyara Share, a 42-unit mixed development in the same locality. Its Thai subsidiary has also launched another mixed development, the 72-unit De Iyara Grande, at a site near De Iyara and De Iyara Share. In addition, the Group's Thai subsidiary has a 1,600-square metre plot of land in Pathumthani, Bangkok in its development pipeline, which is slated for development into a proposed condotel.

The Group also sees strong growth opportunities in Cambodia. In addition to the completed development of 21 semi-detached villas in Phnom Penh, the Group has invested in two plots of freehold land in Phnom Penh — a 6,072-square metre plot in Khan Toul Kork and a 20,515-square metre plot in Khan Dongkor. These plots of land are for the Group's future development projects. The Group plans to develop the Khan Toul Kork plot into a high-rise mixed development comprising residential, office and commercial space, and the Khan Dongkor plot into a residential and commercial development. These projects will each be launched at an appropriate time.

I. Key processes in a typical real estate development project by the Group

(a) Sourcing of land

The Group sources for potential sites for development by liaising with external marketing agents and business contacts who recommend or source for land sites with the potential for development on behalf of the Group. The Group also participates in tenders for sites released by the URA or HDB.

(b) Analysis of viability

Before any land acquisition, the Group's real estate development team would typically undertake a feasibility study to evaluate the viability and profitability of the proposed development project as well as the associated risks by considering various factors, including:

- (i) purchase price of the plot of land and current cost of construction (including related fees payable to the government authorities, if any);
- (ii) type of development and target group of buyers;
- (iii) availability of financing;
- (iv) time required to complete the particular real estate development project;
- (v) necessary approvals from the relevant authorities;
- (vi) market conditions;
- (vii) supply and demand;
- (viii) direct competition; and
- (ix) current government regulations and policies.

(c) Site acquisition and project design

If the results from the above analysis are satisfactory, the Group will attempt to acquire the site through a marketing agent or by submitting a tender. Upon the acquisition of the land, a team of architects and consultants will be engaged to conceptualise the design and layout of the project based on feedback from the Group's real estate development and marketing teams. These architects, engineers and other consultants will provide support to the Group's real estate development team to apply for and obtain the necessary planning and building permissions and approvals from the relevant authorities.

(d) Construction

Where possible, the Group will usually award its real estate development projects to its in-house construction arm, SinoTac Builder's (S) Pte Ltd ("**SinoTac Builder's**"). Depending on the project requirements, the Group may also use its subsidiary, Tiong Aik Construction, to carry out the construction work for certain real estate development projects. The Group believes that by keeping deployment costs to a minimum and sharing overheads, it would be able to achieve synergies and this will usually translate into cost savings.

Given the Group's knowledge and expertise gained over more than 40 years as a design-and-build contractor, its large pool of experienced and skilled management and technical staff, and its excellent network of support professional consultants (including architects, structural, mechanical and electrical engineers, and landscape and interior designers), the Group's real estate development arm is able to consistently deliver projects with design concepts aligned with market trends that meet buyers' expectations. The Group is also able to enjoy cost synergies in procurement for both its construction and real estate projects. In addition, timelines for project completion are within the control of the Group as construction is undertaken by its in-house construction arm. The Group also has a team of dedicated and experienced property staff who work closely with the in-house contractors to ensure smooth progress of the projects at hand. Regular consultation and technical progress meetings are also conducted to keep all parties updated on the progress of the projects.

With all these competitive advantages, the Group consistently delivers well-located property developments at competitive prices and with quality finishes and workmanship.

(e) Project launch

The Group generally targets to launch a project as soon as possible in order to shorten the overall development cycle and accelerate the re-cycling of invested capital so as to maximise returns. Therefore, the project is typically launched as soon as construction progress reaches the legally stipulated stage. The Group is typically able to launch its projects within nine to 12 months after land has been sourced. The exact timing of launch, however, depends on, among other things, market sentiment and economic conditions. It engages reputable third party marketing agencies to market its project launches in conjunction with its in-house marketing team.

(f) TOP and handover

Prior to the receipt of TOP, the Group's quality assurance team will work together with the customer services unit from its in-house contractors to ensure that any defects in completed units are rectified where possible and that the units are clean and in proper handover condition before they are released to the purchasers. Staff from the Group will also be on standby to answer any queries purchasers may have in relation to their properties.

(g) Maintenance works after handover

Sale and purchase agreements would typically include a defects liability period of 12 months from the date the purchasers receive notice of vacant possession in respect of the premises, during which the Group will be responsible for making good any defects within its scope of work in the premises.

II. Real estate development projects

In FY2014, the Group's real estate development business contributed S\$75.2 million in revenue, an increase of S\$9.0 million from S\$66.2 million in FY2013. The increase was largely contributed by progressive recognition of revenue from ongoing residential developments. Contributions came mainly from The Cristallo, a 74-unit freehold development launched in March 2012, Gambir Ridge, a 77-unit freehold development launched in September 2012, and De Iyara, a mixed-used development project in Thailand launched in February 2013 which contributed its maiden revenue upon the completion of the development and the handover of units to buyers.

The Group also launched Ascent@456, a commercial and residential development in Singapore, and De Iyara Share and De Iyara Grande, two mixed-used developments in Thailand, in 2014. The Group is closely monitoring market sentiment both locally and overseas and will launch its Terra Villas development and its developments at Shan Road, Khan Toul Kork and Khan Dongkor at appropriate times.

(a) Completed projects

Details of the real estate development projects which the Group has completed in Singapore are set out in the table below:

Project name/location	Project description/type	Approximate saleable floor area (square metres)	Tenure of land	Number of units	Date of TOP	Number of units remaining as at the Latest Practicable Date (including those being leased out by the Group)	Group's stake (%)
Projects by the Group's subsidiaries in Singapore							
The Cristallo/70 & 72 to 76B Lorong K Telok Kurau	Residential	5,125	Freehold	74	25 February 2015	9	100
Coralis/530 Joo Chiat Road	Residential	10,872	Freehold	127	15 August 2013	-	70
Auralis/589 East Coast Road	Residential	4,070	Freehold	56	19 July 2013	-	100
Parc Seabreeze/532 Joo Chiat Road	Residential	12,960	Freehold	94	19 June 2012	-	70
Terraces at 22, 24 and 26 Chiap Guan Avenue	Residential	1,006	999 years from 1 September 1876	3	24 December 2010	-	100
Estilo/71, 73 Wilkie Road	Residential	3,238	Freehold	58	25 February 2010	-	100
Gillenia/35 Rosyth Road	Residential	1,784	999 years from 1 January 1886	16	3 August 2009	-	100
The Vesta/112 Lorong K Telok Kurau	Residential	2,061	Freehold	20	30 September 2008	-	100
The Citrine/18 Jalan Datoh	Residential	5,847	Freehold	54	26 June 2008	-	100
Whitley Road/111 to 113B Whitley Road	Residential	2,632	Freehold	6	(1st phase) 28 December 2006 (2nd phase) 24 August 2007	-	100
Leonie Hill Residences/1 Leonie Hill Road	Residential	10,077	Freehold	80	5 December 2005	1 ⁽¹⁾	100
Trussville/61 Paya Lebar Crescent	Residential	3,124	Freehold	11	6 March 2004	-	100
Kembangan Villas/85, 87 Jalan Kembangan, 6, 6A, 8 and 8A Lengkok Tiga	Residential	4,112	Freehold	14	(1st phase) 8 December 2004 (2nd phase) 26 May 2005	-	100
Canary Ville/138, 141 Lorong J Telok Kurau	Residential	2,139	Freehold	18	2 March 2004	-	100

Project name/location	Project description/ type	Approximate saleable floor area (square metres)	Tenure of land	Number of units	Date of TOP	Number of units remaining as at the Latest Practicable Date (including those being leased out by the Group)	Group's stake (%)
The Areca/21 Bunga Rampai Place	Residential	4,835	99 years from 8 November 2000	21	2 December 2003	-	100
Kovan 81/81 Kovan Road	Residential	3,268	999 years from 2 December 1878	29	5 December 2001	-	100
Casa Rosa/35, 37 Lorong Ong Lye	Residential	11,282	99 years from 2 February 1998	96	31 May 2001	-	100
New World Centre/1 Jalan Berseh	Commercial	6,403	99 years from 31 March 1994	60	24 September 1997	46 ⁽¹⁾	100
Projects by the Group's associates in Singapore							
Starlight Suites/11 River Valley Close	Residential	9,351	Freehold	105	30 May 2014	32	45
The Inspira/11 Arnasalam Chetty Road	Residential	12,497	Freehold	120	24 December 2009	-	45

Note:

(1) These properties are held by the Group as fixed assets and for investment purposes.

Details of the real estate development projects which the Group has completed through its subsidiary in Thailand are set out in the table below:

Project name/location	Project description/ type	Approximate saleable floor area (square metres)	Tenure of land	Number of units	Completion Date	Number of units remaining as at the Latest Practicable Date (including those being leased out by the Group)	Group's stake (%)
Projects by the Group's subsidiary in Thailand							
De Iyara Share/Lot No 867, Klong Nueng Sub-district, Klong Luang District, Pathumthani Province	Mixed	4,316	Freehold	42	March 2015	-	70
De Iyara/244/245 Klong Nueng Sub-district, Klong Luang District Pathumthani Province	Mixed	7,048	Freehold	65	August 2014	-	70

As mentioned above, the Group also entered into a joint venture with several Singaporean partners in the PRC in 2005 to develop a township in Dalian City, the PRC. The Group holds a 25.37% equity stake in the joint venture. Phases 1 to 6 of this development have been launched, with a total saleable floor area of approximately 192,092 square metres having been completed, and more than 99% of the units having been sold.

Details of the real estate development project which the Group has completed through its associate in the PRC are set out in the table below:

Project name/location	Project description/ type	Approximate saleable floor area (square metres)	Tenure of land	Number of units	Completion date	Number of units remaining as at the Latest Practicable Date (including those being leased out by the Group)	Group's stake (%)
Project by the Group's associate in the PRC							
Singapore Garden (新加坡花園) Xiaonan Village, Shuishiyang Street, Lvshunkou District, Dalian	Mixed	192,092	70 years	2,258	Phase 1: August 2008 Phase 2: January 2008 Phase 3: December 2011 Phase 4: May 2011 Phase 5: November 2011 Phase 6: March 2012	17	25.37

Details of the real estate development project which the Group has completed through its associate in Cambodia are set out in the table below:

Project name/location	Project description/ type	Approximate saleable floor area (square metres)	Tenure of land	Number of units	Completion date	Number of units remaining as at the Latest Practicable Date (including those being leased out by the Group)	Group's stake (%)
Project by the Group's associate in Cambodia							
Serene Villas/Phum Tekthla, Sangkat Tekthla, Khan Sen Sok, Phnom Penh	Residential	6,645	Freehold	21	March 2013	19	49

(b) Ongoing projects

Details of the Group's ongoing real estate development projects in Singapore are set out in the table below:

Project name/ location	Project description/ type	Approximate saleable floor area (square metres)	Tenure of land	Number of units	Number of units remaining as at the Latest Practicable Date	Launch date	Estimated date of TOP	Group's stake (%)
Projects by the Group's subsidiaries in Singapore								
Gambir Ridge /16 & 18 Gambir Walk	Residential	6,194	Freehold	77	-	September 2012	December 2015	100
Terra Villas/19, 21, 23 & 25 Jalan Sayang	Residential	2,693	Freehold	7	7	To be determined	September 2016	100
Ascent@456 /456 Balestier Road	Mixed	2,805	Freehold	45	28	March 2014	December 2017	100
Projects by the Group's associates in Singapore								
The Skywoods/ Dairy Farm Road	Residential	37,983	99 years from 21 December 2012	420	164	September 2013	December 2016	25

Details of the Group's ongoing real estate development project in Thailand are set out in the table below:

Project name/ location	Project description/ type	Approximate saleable area (square metres)	Tenure of land	Number of units	Number of units remaining as at the Latest Practicable Date	Launch date	Estimated date of completion	Group's stake (%)
Project by the Group's subsidiary in Thailand								
De Iyara Grande/Lot No 416, Klong Nueng Sub-district, Klong Luang District, Pathumthani Province	Mixed	7,200	Freehold	72	28	Third quarter of 2014	October 2015	70

Details of the Group's ongoing real estate development project in the PRC are set out in the table below:

Project name/ location	Project description/ type	Approximate saleable floor area (square metres)	Tenure of land	Number of units	Number of units remaining as at the Latest Practicable Date	Launch date	Estimated date of completion	Group's stake (%)
Project by the Group's associate in the PRC								
Singapore Garden Phase 7 (新加坡花園第七期), Xiaonan Village, Shuishiyang Street, Lvshunkou District, Dalian	Mixed	84,933	70 years	691	613	November 2012	Fourth quarter of 2015	25.37

(c) *Pipeline projects*

As at the Latest Practicable Date, the Group and its associates have the following land bank with a total attributable gross floor area of approximately 177,651 square metres for development; this excludes the land banks held by the Group's subsidiary in Thailand and the Group's joint venture company in Cambodia, which gross floor areas have not yet been commissioned by independent surveyors:

Location	Type of planned development	Approximate site area (square metres)	Approximate planned gross floor area (square metres)	Tenure	Group's stake (%)
Land held by the Group's subsidiary in Singapore					
12 Shan Road	Residential	2,058	6,327	Freehold	100
Land held by the Group's subsidiary in Thailand					
Lot No 416, Klong Nueng Sub-district, Klong Luang District, Pathumthani Province	Proposed condotel	1,600	Not available yet	Freehold	70
Land held by the Group's subsidiary in Cambodia					
Phum 10, Sangkat Phsar Depo, Khan Toul Kork, Phnom Penh	Mixed — residential, office and commercial	6,072	74,926	Freehold	85
Land held by the Group's associate in the PRC					
Singapore Garden Phase 8 (新加坡花園第八期), Xiaonan Village, Shuishiyang Street, Lvshunkou District, Dalian	Mixed	N.A.	96,398	50 years from March 2006 and November 2007	25.37
Land held by the Group's joint venture company in Cambodia					
Phum Preychisak, Sangkat Chorm Chao, Khan Dongkor, Phnom Penh	Mixed — residential and commercial	20,515	Not available yet	Freehold	49

The property development business is expected to contribute healthy revenue and profit to the Group in 2015 and 2016 for, *inter alia*, the following reasons:

- (a) In relation to subsidiaries under the Group, based on the units sold in its property development projects as at 31 December 2014, the Group has locked in a total revenue of more than S\$92.3 million which will be progressively recognised in accordance with the stage of construction for subsidiaries in Singapore and upon full completion for projects in Thailand.
- (b) In relation to associates of the Group, based on the units sold in the property development projects undertaken by the Group's Singapore and overseas associates as at 31 December 2014, a total revenue of more than S\$97.5 million has been locked in, and such revenue will be progressively recognised in accordance with the stage of construction for associates in Singapore, and upon full completion of the projects for associates in PRC.

B. Construction

I. Construction business as a main contractor

The Group's construction business is principally undertaken through Tiong Aik Construction, which has a track record of more than 40 years in the construction business in Singapore. Over the years, the Group has established a sound reputation as a building contractor with the ability to undertake a wide spectrum of projects for both public and private sector clients. These projects range from public housing, industrial flatted and standard factories, office and commercial buildings, educational institutional projects, URA conservation shophouses to landed residential projects and condominium projects.

Most of the Group's customers are established names, ranging from government bodies such as URA, HDB and JTC, to major real estate developers, such as Allgreen Properties Limited, CapitaLand Residential Limited, CapitaLand Commercial Limited, Keppel Land Realty Pte Ltd, Wheelock Properties (Singapore) Limited and Wing Tai Holdings Limited. The aggregate revenue generated from the Group's top five customers (in respect of its construction business) amounted to approximately S\$176.9 million or 83% of the Group's total revenue generated by its construction business in FY2014. In comparison, the revenue contributed by the ACMV business and the operation of training and testing centres for FY2014 was in aggregate approximately S\$16.8 million.

Tiong Aik Construction holds the highest Building & Construction Authority ("**BCA**") grading of A1 for general building work which allows the Group to undertake public sector construction projects with unlimited contract value.

The Group also has an in-house construction arm, SinoTac Builder's, which primarily undertakes the main construction work for the Group's real estate development business and smaller construction projects for third parties. On 18 July 2014, SinoTac Builder's obtained approval from BCA to upgrade its tendering limit for general building work to a grading of B1, which allows SinoTac Builder's to tender for projects with a value of up to S\$42.0 million.

As a main contractor, the Group is responsible for a wide range of construction works such as excavation, piling, sub-structures and super-structures works, architectural works, aluminium cladding and curtain walling, mechanical and electrical works, interior fitting-out works, external works and landscaping.

Some of the landmark developments completed by the Group include the School of the Arts, St. James Power Station and Ascott Raffles Place.

As a testimony to its reputation and track record, the Group has received numerous accreditations and awards from various government bodies and industry authorities, such as HDB, URA and BCA, in recognition of its work (details of which are set out under the “Awards” section below).

II. Designing, installation and maintenance of air conditioning and mechanical ventilation systems

Aston Air Control Pte Ltd (“**Aston Air Control**”), a 90%-owned subsidiary of the Group incorporated in 2000, is in the business of designing, supplying, installing, servicing, maintaining and replacing air conditioning and mechanical ventilation systems for commercial, industrial and residential buildings and other specialised users, including: (i) hospitals, governmental buildings and educational institutions; (ii) clean rooms for the production of integrated circuits and pharmaceuticals; (iii) data centres; and (iv) food preparation and processing areas. Aston Air Control has a well-established reputation as a reliable and quality company in the ACMV industry.

Aston Air Control holds a BCA grade ME01-5 and offers design-and-build ACMV services to developers, architects, consultants, contractors and property owners for their projects in Singapore. It provides a one-stop centre for air-conditioning and mechanical ventilation works.

Aston Air Control is also an authorised dealer of air conditioning systems for Daikin Airconditioning (Singapore) Pte. Ltd. and a recommended installation contractor of Mitsubishi Electric Asia Pte Ltd. in Singapore.

In addition, Aston Air Control has expanded its business into Cambodia in 2014 through the incorporation of Alpha Air (Cambodia) Ltd. in June 2014. Alpha Air (Cambodia) Ltd. was awarded an authorised dealer licence by Daikin Airconditioning (Singapore) Pte. Ltd. on 1 September 2014 to provide ACMV services to the Cambodia market.

III. Operation of BCA-approved training and test centres

The Group, through its subsidiary Tiong Aik Construction, established a subsidiary in India, TAC Resources (India) Private Limited, in 1998. It operates a BCA-approved training and test centre in Chennai, India, providing training and testing in: (i) installation steel reinforcement; (ii) acoustic ceiling; (iii) plumbing and pipe fitting; (iv) electrical wiring; (v) timber door; (vi) waterproofing; (vii) aluminium formwork; (viii) thermal insulation; and (ix) road curb, to prospective employees to prepare them for both written and practical tests which are administered periodically by BCA officers. As at the Latest Practicable Date, this test centre is one of only eight BCA-endorsed training and test centres which undertakes the training and testing of construction workers in India prior to their commencement of work in Singapore.

In 2013, the Group commenced operation of its BCA-approved training and test centre in Singapore for courses and tests in: (i) interlocking blocks pavement construction; (ii) plastering; (iii) tiling; (iv) waterproofing; (v) plumbing and pipefitting; (vi) precast kerb and drain laying; (vii) ducting installation for air-conditioning and ventilation; and (viii) thermal insulation. The aim of this BCA-approved training and test centre is to equip construction workers working in Singapore with more than one skill in construction work. The Group’s expansion into the business of training construction workers is in line with the Singapore government’s push for greater productivity in the construction industry. As at the Latest Practicable Date, the bulk of the Group’s training and testing services in Singapore caters to workers from third parties with a small portion catering to its in-house workers.

The operation of BCA-approved training and test centres provides the Group with a steady stream of revenue which is not subject to revenue recognition on a progressive basis, unlike that of construction and building work. It also allows the Group to have first choice of the better-skilled workers for its own construction work. This in turn enables the Group to better manage its in-house manpower resources and increase its labour productivity by ensuring the availability of foreign workers who are equipped with the desired skill set.

IV. Complementary competencies

To complement the Group's construction business, Credence Engineering Pte. Ltd. ("**Credence Engineering**"), a subsidiary of the Issuer, was set up to engage in the fabrication of metal frameworks and the management of the Group's construction machinery.

Credence Engineering is involved in the fabrication and repair of metal formworks and the erection of building structural steels. It is also responsible for managing the Group's fleet of construction machinery (such as forklifts, wheel loaders, skip loaders, air compressors, generators, water pumps, welding machines and machinery involved in steel fabrication).

As part of the Group's efforts to expand and complement its construction business and leverage on the industry's growing demand for precast components, the Group is also in the process of setting up a concrete precast components factory in Johore, Malaysia. This is expected to be operational in 2016.

V. Key processes in a typical construction project by the Group

(a) Solicitation of tender

The Group secures its building and upgrading projects through open tenders for public sector projects or closed/invitation tenders for private sector projects. Information on open tenders is generally available via tender notices in newspapers, the Government Electronic procurement portal (GEBiz) and industrial publications. Participation in closed tenders is at the invitation of either the developers and/or consultants who have pre-qualified the Group based on their initial internal assessment of qualified building contractors which meet their requirements for the relevant project.

In addition, the Group subscribes to monthly trade publications to seek out private projects which it might be interested in and takes the initiative to call clients and consultants to indicate its interest in order to facilitate its inclusion into the tender selection list. This may entail making presentations to prospective clients and consultants who are not familiar with the Group to market the Group's capabilities.

(b) Tender costing and submission

Assessment of the project in terms of its difficulty and risk level will be conducted prior to any decision to proceed further. This is to ensure that the execution and completion of the project is fully within the Group's resource capabilities and expertise. For private sector projects, the Group's tender committee assesses the credit-worthiness of the developer before proceeding with further preparations for tender submission. Upon a decision to participate, a tender committee helmed by the Issuer's Executive Chairman will be formed to prepare the tender proposals. The tender committee will consist of the general manager from the contracts department (who will generally be in charge of the tendering process) assisted by the contracts manager in charge of quantity surveying, a project manager and a mechanical and electrical ("**M&E**") works manager, all of whom will work to put together the tender proposals before consulting with one of the Executive Directors of Tiong Aik Construction and the Issuer's Executive Chairman on the final tender price to be submitted.

Generally, the internal costing and budgetary estimates are compiled by obtaining quotations from selected suppliers and sub-contractors based on their track record and competitiveness. In order to ensure that the Group's tender is competitive, all technical and contractual ambiguities with the developer or its appointed consultants are resolved prior to a tender submission. While most contract values are fixed, there are some projects, especially public sector ones, where prices are subject to cost fluctuations of certain materials. To mitigate cost fluctuations in materials, the Group will, where possible, enter into contracts with suppliers in respect of the supply of materials, so as to secure the supply and stabilise the prices of major raw materials over the duration of the project. In addition, to mitigate concerns over shortage of skilled labour and rising labour costs, the Group has set up training and test centres for construction workers in Singapore and India.

(c) Award of contract

Construction contracts are typically awarded, on average, within three months after the close of tender. For private sector projects, contracts are normally awarded only after a comprehensive presentation by the Group's tender committee and after several rounds of interviews and clarifications with the developers and their consultants. Depending on the projects and the prevailing issues, the whole process leading up to the award of a contract may extend beyond six months from the time of submission of the tenders.

(d) Formation of the project team

Upon the award of a contract, the Group will assemble a project team, comprising the project managers, project and M&E coordinators, site supervisors, foremen, workplace safety officers/environmental control officers, engineers and draftsmen, all of whom will be deployed onsite to manage the project on a full-time basis.

Site inspections and regular meetings would be held with various parties involved in the project to, amongst other things, monitor the progress of the project, manage and co-ordinate the work of all parties, deploy the supply of all building materials and the usage of plant and machinery, ensure adherence to the internal budget and contract specifications and enforce safety and security procedures at the worksite to ensure the timely completion and handover of the project to the developer.

(e) Engagement of sub-contractors and suppliers

After the Group has been notified of the award of a contract, its contracts department will prepare a sourcing list detailing all the materials to be procured and sub-contract works to be awarded. These will be adhered to strictly to ensure that the required materials and works are procured on schedule. Wherever possible, contracts will be signed with sub-contractors on a lump sum basis for certainty and for the avoidance of quantity disputes and discrepancies in scope of work at a later stage.

Appropriate sub-contractors will be selected based on their track record and suitability to the scale and complexity of the project. This ensures that the sub-contractors have sufficient experience and financial resources to complete their assigned projects within the stringent deadlines and quality standards.

At the negotiation meetings, the project manager will be present to ensure that all technical details and completion requirements are included in the scope of work prior to an award to prevent potential disputes at a later stage.

(f) Construction

Construction is generally divided into sub-structure works and super-structure works. Sub-structure works include piling, the construction of pile caps, ground and basement beams and slabs and is usually completed first. Super-structure works comprise the construction of upper-storey beams, columns, floor slabs and walls usually in reinforced concrete construction.

M&E works are done concurrently as the super-structure is completed floor by floor. These works include the installation of elevators, air-conditioners, electrical works, sanitary and plumbing works and security systems. Thereafter, the finishing architectural works such as tiling, plastering and painting works are carried out. During the construction process, the project manager will ensure that all quality assurance measures are duly complied with so that the completed works meet the specified requirements for the project.

(g) Variation orders and handover of project

During the course of construction, the Group may be required to perform variation orders for additional works not forming part of the original contract specifications or to carry out variations to the original specifications. As these are outside the scope of the original contract, the variation orders have to be separately documented and acknowledged by the developer and the contract value separately negotiated. To safeguard its interest, the Group will as far as possible carry out these works only upon an architect's instructions. For works which are urgent, the Group will write to the architect to confirm its oral instructions before carrying out the works. When the project is contractually completed, the Group will hand over the project to the developer and the architect will issue the relevant completion documents to contractually document the completion of the project.

(h) Maintenance works after handover

Construction contracts would include a defects liability period, typically ranging between 12 months and 24 months after completion of the project, during which the Group will be responsible for making good any defects within its scope of work found in the completed building. During the defects liability period, the Group's clients (typically real estate developers) will typically retain up to five per cent. of the contract sum as retention sum for the entire duration of the defects liability period. The clients will also continue to retain the performance bond that was provided to them at the commencement of the construction project.

VI. Construction projects

Revenue contribution from the Group's construction business decreased slightly by 3.8% from S\$220.9 million in FY2013 to S\$212.4 million in FY2014. Notwithstanding the decrease, the Group's construction business continued to be a major contributor to the Group's revenue for FY2014 on the back of progressive delivery of a healthy order book.

The Group's major ongoing projects include Marine Blue, Highline Residences, Riversails and The Skywoods. In addition, the Group has been appointed as the main contractor for the development of Tuas South Dormitory, a proposed 9,200-bed workers' dormitory at Tuas South Street 13.

Challenges in the construction sector for private residential construction are expected in light of reduced demand arising from the weak private residential market sentiment in Singapore, increasing cost pressure arising from the tightening of manpower and higher foreign worker levy, as well as keen competition. The Group has been monitoring these developments closely and will continually upgrade its productivity and manage operational efficiency to meet these challenges. While the operating environment in the construction industry is challenging, the Group will continue to seek out opportunities by leveraging on its well-established reputation as a reliable and quality builder supported by a pool of highly experienced management and staff, to further cement its close relationship with blue-chip developers to win contracts and increase its order book.

The Group has successfully completed more than 71 projects over the past 40 years, and its order book as at 31 December 2014 is approximately S\$336.2 million, which will be delivered progressively over the next two to three years.

(a) Completed projects

Details of some of the construction projects completed by the Group in the last 10 years are set out in the table below:

Project name	Project description	Client name	Approximate contract value ⁽¹⁾ (S\$'000)	Project completion ⁽²⁾
Private residential — Condominium				
Foresque Residences	Condominium development at Petir Road	Wincheer Investment Pte. Ltd. (a member of the Wing Tai Holdings Limited group of companies)	135,292	September 2014
Starlight Suites	35-storey apartment with communal facilities at River Valley Close	Meadows Property (S'pore) Pte. Ltd. (an associated company of the Group)	41,063	May 2014
Nouvel 18	Residential flats at 18 Anderson Road	Summervale Properties Pte. Ltd. (a joint venture between Wing Tai Holdings Limited and City Developments Limited)	162,900	September 2013
Viva	Condominium development at Suffolk Road/Thomson Road	Thomson Peak Pte Ltd (a member of the Allgreen Properties Limited group of companies)	171,100	September 2012
Belle Vue Residences	Condominium development at Oxley Walk	WinQuest Investment Pte. Ltd. (a member of the Wing Tai Holdings Limited group of companies)	137,000	June 2010
The Inspira	Condominium development at Arnasalam Chetty Road	Meadows Bright Development Pte Ltd	37,997	December 2009
Park Infinia	Condominium development at Keng Lee Road/Lincoln Road/Wee Nam Road/Suffolk Road	Keppel Land Realty Pte Ltd	112,900	March 2008
The Seaview	Condominium development at Amber Road/Marine Parade Road	Mer Vue Developments Pte. Ltd. (a member of the Wheelock Properties (Singapore) Limited group of companies)	127,700	November 2007
The Nexus	Condominium development at Bukit Timah Road	Orwin Development Limited (a member of the Wing Tai Holdings Limited group of companies)	44,900	August 2006

Project name	Project description	Client name	Approximate contract value⁽¹⁾ (S\$'000)	Project completion⁽²⁾
The Shelford	Condominium development at Shelford Road	CapitaLand Residential Limited	56,700	July 2005
The Waterina	Condominium development at Geylang Lorong 40/Guillemard Road	CapitaLand Residential Limited	66,100	January 2005
Commercial/Industrial				
Wilkie Edge	12-storey commercial and services development comprising retail and office podium, serviced apartment tower and office at Selegie Road	Capitaland Selegie Private Limited (a member of CapitaLand Commercial Limited group of companies)	75,600	November 2008
St. James Power Station	A&A works at Gateway Avenue	The HarbourFront Pte Ltd (a member of the Mapletree Investments Pte Ltd group of companies)	17,900	June 2006
Hotel				
Ascott Raffles Place	A&A works at 2 Finlayson Green	Ascott Raffles Place Pte. Ltd.	50,800	November 2008
Educational Institution				
School of the Arts (SOTA)	Construction of the School of the Arts at Kirk Terrace	Ministry of Information, Communications and the Arts	99,800	November 2010
Singapore American School	A&A works at Woodlands Street 41	Singapore American School	52,200	August 2005

Notes:

- (1) The approximate contract value excludes the value of works carried out pursuant to variation orders.
- (2) Based on the date of the relevant completion certificate.

(b) *Ongoing projects*

Details of some of the Group's ongoing construction projects are set out in the table below:

Project name	Project description	Client name	Approximate contract value ⁽¹⁾ (S\$'000)	Project completion (estimated)
Private residential				
Whitley Road	Proposed mixed landed housing development at Whitley Road	Unique Resi Estate Pte. Ltd.	17,150	September 2015
Riversails	Proposed condominium development at Serangoon Crescent/Upper Serangoon Road	Benefit Investments Pte. Ltd. (a member of the Allgreen Properties Limited group of companies)	231,000	October 2015
The Sorrento	Proposed condominium development at West Coast Road	Allgreen Properties Limited	40,000	December 2015
The Skywoods	Proposed condominium at Dairy Farm Road	Bukit Timah Green Development Pte. Ltd. (an associated company of the Group)	116,700	December 2015
Marine Blue	Proposed condominium at Marine Parade Road	Ladyhill (Private) Limited	60,190	August 2016
Highline Residences	Proposed condominium development at Kim Tian Road	Harvestland Development Pte Ltd	174,400	December 2017
Workers' dormitory				
Tuas South Dormitory	Proposed workers' dormitory at Tuas South Street 13	Nexus Point Investments Pte. Ltd. ⁽²⁾	82,000	January 2016

Notes:

- (1) The approximate contract value excludes the value of works carried out pursuant to variations orders.
- (2) Nexus Point Investments Pte. Ltd. is a 62% held subsidiary of the Group.

C. Others

I. Sale and distribution of petroleum-based products, lubricants, tyres, commercial vehicles, buses and auto spare parts

In September 2012, the Group entered into the business of distributing high performance motor oils and lubricants. The Issuer acquired the entire issued capital of Sino Tac Resources Pte Ltd ("**Sino Tac Resources**"), a company jointly-owned by Sinotac Group Pte. Ltd. ("**Sinotac Group**") and Mr. Abu Bakar Moosa. Sinotac Group is collectively owned by four directors of the Group and controlling shareholders, Mr Liong Kiam Teck, Mr Neo Tiam Poon @ Neo Thiam Poon, Mr Neo Tiam Boon and Mr. Neo Thiam An, and their brother Mr Neo Kian Lee. Sino Tac Resources specialises in the distribution of high performance motor oils and lubricants to the automotive industry in Singapore and has been the exclusive distributor of BP's lubricating fluids in Singapore since 2007. The acquisition of Sino Tac Resources provides the Group with a good platform for future expansion into other major markets in Southeast Asia.

On 2 January 2013, the Issuer's wholly-owned subsidiary, Sino Holdings (S'pore) Pte Ltd ("**Sino Holdings**"), entered into a joint venture with Synergy Resources Group Pte. Ltd. ("**Synergy Resources Group**") to pursue the business of the sale and distribution of petroleum-based products and lubricants in Myanmar. Synergy Resources Group is principally engaged in the sale and distribution of lubricants. Its key management team and major shareholders are Myanmar nationals, who have extensive experience and business networks in the Myanmar market, in businesses ranging from gold mining and jade mining to the distribution of motor oils, lubricants and commercial motor vehicles. The joint venture company, Que Holdings Pte. Ltd. ("**Que Holdings**"), which was previously a wholly-owned subsidiary of Sino Holdings, is currently 51%-owned by the Group.

On 1 April 2013, the Group, through Que Holdings, secured the distribution right from Shell Eastern Petroleum (Pte) Ltd ("**Shell**") for the distribution of automotive and industrial lubricant products in the business-to-business sector in Myanmar for a one-year period commencing 1 April 2013. Business operations under this distributorship commenced in the second quarter of 2013. On 1 April 2014, the distribution right was extended for two years, with an automatic extension for one additional year thereafter. The distributorship was further extended, with effect from 2 October 2013, to include the business-to-consumer sector. In August 2014, Que Holdings also secured the distribution right from Shell for the distribution of aviation lubricant products in Myanmar for a two-year period commencing 1 August 2014, with an automatic extension for one additional year thereafter.

Que Holdings was also appointed by Continental Tyre PJ Malaysia Sdn. Bhd. ("**Continental**") in June 2014 as the distributor for passenger and light truck tyres bearing the "Continental" brand for the Myanmar market. The distributorship, which is subject to yearly review by Continental, commenced on 1 June 2014 and will expire upon notice from Continental.

The Group's distribution business contributed S\$15.3 million to the Group's revenue in FY2014 compared to S\$10.1 million in FY2013.

The Group also entered into the business of distributing commercial vehicles in Myanmar in early 2015 when Synergy Truck Pte. Ltd. ("**STPL**"), the Group's 50:50 joint venture entity with Synergy Resources Group, acquired Myanmar Synergy Company Limited, a company incorporated in Myanmar which deals in the distribution of commercial vehicles and related auto spare parts under the "Iveco" and "Astra" brands. STPL holds the distributorship agreements awarded by Iveco S.p.A., Italy and Astra Veicoli Industriali S.p.A., Italy respectively.

Another lubricant brand was added to the Group's product offering portfolio when Eternal Synergy Pte. Ltd. ("**ESPL**"), another of the Group's 50:50 joint venture entity with Synergy Resources Group, acquired Eternal Company Limited ("**ECL**"), a company incorporated in Myanmar, in early 2015. ESPL holds the distribution right from GS Caltex Corporation, Korea for the distribution of automotive and industrial lubricants and greases under the "GS Oil" brand in Myanmar.

The Group also entered into joint ventures with two individuals, Mr Than Tun Win and Mr Myint Thein Zaw, who are also shareholders of Synergy Resources Group. One of the joint venture companies, Viva Energia Pte. Ltd. ("**Viva**"), which is 50%-owned by the Group, holds a distributorship licence from Repsol Lubricantes Y Especialidades, S.A., Spain to distribute the "Repsol" brand of motorcycle lubricants in Thailand. Another joint venture company, Synergy Performance Oil Pte. Ltd., which is also 50%-owned by the Group, deals in lubricants under its own "Synergy" brand.

As the additional distribution activities undertaken by the Group's joint ventures only started in early 2015, their contribution to the Group's results for 1Q2015 is insignificant. While the real estate development and construction businesses remain the core focus of the Group, the Group intends to make strategic moves to selectively acquire earning-accretive businesses which would not only serve to diversify their revenue streams, but also act as a platform for them to explore opportunities in other high-growth industries.

II. Deriving income from its investment properties and the provision of management and administrative services

The Group derives rental income from its investment properties in Singapore. This includes workers' dormitories, commercial and residential units and industrial properties.

In addition, the Group provides management and administrative services to associates and third parties. The Group currently owns a 500-bed dormitory and a 390-bed dormitory located at 67 and 67A Sungei Kadut Drive and 53 Sungei Kadut Loop respectively, both of which are approved for housing construction workers. The Group currently derives management services fees from these dormitories as the operation of these dormitories are out-sourced.

For FY2014, S\$3.2 million in revenue was generated from the rental of the Group's investment properties and the provision of the abovementioned services.

In May 2014, the Group announced that it had, together with two strategic business partners, King Wan Corporation Limited and SKM Development Pte Ltd, secured a land tender for the development of a 9,200-bed worker dormitory at Tuas South Street 13, called Tuas South Dormitory. The development of the dormitory is underway and completion is scheduled for 2016. When operational, the dormitory is slated to be one of the largest purpose-built workers' dormitories in Singapore, catering to foreign workers in the construction, marine, process and manufacturing industries. The dormitory will be self-sufficient to meet the needs of dormitory residents and will be outfitted with comprehensive communal facilities, including games rooms, TV rooms, multi-purpose halls, gymnasiums, reading rooms, a fitness corner, basketball courts, cricket fields, free Wi-Fi (local area wireless) access at communal areas, as well as sickbays and a postal service. It will also have commercial facilities such as a minimart, a canteen, a barber shop, a beer garden and automatic teller machines. The dormitory will also be conveniently located opposite one of the four recreation centres planned by the Singapore government for foreign workers, which is expected to be ready by end 2015¹.

Once operational, the Group will manage and operate one of the larger workers' accommodation facilities in Singapore and this will pave the way for increased recurring income. The units in these workers' dormitories will be rented out to companies in Singapore in various industries such as the construction, marine, process and manufacturing industries which employ foreign workers. In addition to income from the rental of the dormitory units, the Group will also derive rental income by leasing commercial spaces to third party operators who will operate amenities like canteens, fitness centres and laundry or provision shops.

With a prevailing shortage and sustained demand for quality workers' accommodation in Singapore, the Group is well-positioned to benefit from its expansion into this growth sector and intends to manage and grow this business into another core recurring revenue driver for the Group in the near future.

¹ Source: <http://news.asiaone.com/news/singapore/foreign-workers-get-four-more-recreation-centres>

4. STRATEGIES

A. General

I. Continue to focus on its core business and markets

The Group believes that its growth in the next few years will be primarily driven by its real estate development and construction business, while it continues to build and expand the business segments that generate recurring income (including its dormitory business, its distribution business, rental of its investment properties, and the operation of its training and test centres). Despite the current weak real estate market sentiment in Singapore, the Group's strategy is to focus on building niche residential developments targeting the middle to upper-middle income markets and mixed developments in locations that are highly sought-after. It will continue to offer purchasers quality finishes and well-located developments at competitive prices. The Group believes in the longer term viability of the Singapore private real estate market and will continue to be on the lookout for opportunities to purchase land plots that meet the Group's strategies.

Given its track record and well-established reputation as a reliable and quality builder capable of all types of building work (such as residential and commercial buildings, public institutions and A&A works), the Group remains optimistic about its prospects in both the private and public construction sectors. The Group will continue to focus on its construction business in Singapore.

The Group will also continue to grow its other businesses and complementary competencies. This includes the designing, installation and maintenance of ACMV for buildings and specialised users, steel fabrication and metal works, and its BCA-endorsed worker training and test centres. The Group believes that its ACMV business in Singapore has good growth potential given the country's hot and humid climate. The Group has expanded its ACMV business into Cambodia with Daikin Airconditioning (Singapore) Pte. Ltd. appointing Alpha Air (Cambodia) Ltd. as an authorised dealer of air conditioning systems for Daikin in Cambodia in 2014. With its successful penetration of the Cambodia market, the Group is continuing its efforts to expand its ACMV business to other regional markets.

The Group is also on an active lookout for synergistic complementary business opportunities in Singapore and in the neighbouring region. In line with this business strategy, the Group is in the process of setting up a concrete precast components factory in Johore, Malaysia, which is expected to be operational in 2016. When operational, this precast component factory will enhance the productivity of the Group's construction business by supplying precast components for construction use and hence reducing the use of labour. In addition to supplying precast components for in-house construction and real estate development projects, the Group also aims to supply such components to third parties.

The Group also believes that there is growth potential for the Group's business in the training and testing of construction workers, given that the Singapore government is advocating higher productivity, particularly through the upgrading of skills of construction workers. It is expected that demand for skilled construction workers will continue to rise since the levy imposed by the Singapore government in respect of construction workers with higher skill certificates is considerably lower compared to that imposed on unskilled labour.

The Group is also seeking acquisition opportunities into businesses in Singapore that will complement its existing businesses, enhance its value chain, and add value to its stakeholders.

II. Expand its business overseas

The Group will continue to seek growth opportunities in real estate development projects with local partners in the PRC, Cambodia, Thailand, Myanmar and other neighbouring countries, with a focus on the mid-range market.

As at the Latest Practicable Date, the Group's ongoing participation in regional joint venture real estate development projects include:

- (a) a 25.37% equity interest in a township project located in Dalian City, the PRC;
- (b) a 49% equity interest in a company in Cambodia (TACC (Tekthla) Ltd.) which was involved in the development of 21 semi-detached villas in Phnom Penh, Cambodia;
- (c) a 70% interest in two Thai subsidiaries (Sireerin Signature Co., Ltd., and Reesirin Signature Co., Ltd.) which are currently involved in property development projects in the Pathumthani province of Bangkok, Thailand;
- (d) a 85% interest in TACC (C.R.) Ltd. which owns a freehold land plot in Phnom Penh, Cambodia which is slated to be a high-rise mixed development comprising residential, office and commercial space; and
- (e) a 49% interest in a freehold land plot in Phnom Penh, Cambodia, which is slated to be a residential and commercial development.

In relation to its construction business, the Group plans to capitalise on its over 40 years of experience in the Singapore construction industry and its pool of experienced and professional management and staff to render project management services on building projects in the Southeast Asian region. With the Group's successful breakthrough into the Myanmar market through its distribution business, the Group is also exploring opportunities related to its core real estate development and construction businesses. It intends to leverage on its established reputation and deep skill set as a quality developer and contractor to provide construction and project management services for real estate development opportunities in major cities such as Yangon and Mandalay. With developers from Singapore and other regions seeking to capitalise on Myanmar's economic resurgence by building new residential, commercial and hospitality developments, the Group sees attractive opportunities in the less capital intensive domain of providing professional construction management services. In this regard, the Group's subsidiary, TA Construction (Myanmar) Company Limited, has successfully obtained a five-year permit from the Ministry of National Planning and Economic Development of Myanmar for the provision of construction related services and project management services in Myanmar.

In relation to its distribution business, in addition to the distribution of lubricants and tyres, the Group has successfully expanded into the distribution of commercial vehicles, buses and auto spare parts, and added more lubricant brands to its portfolio, in the Myanmar market. The Group has also secured the right to distribute the "Repsol" brand of motorcycle lubricants in Thailand, and added the "Synergy" brand of lubricants to its portfolio of products for distribution in the region. Considering the good growth potential in Myanmar's economy, the Group intends to seek opportunities to expand into the distribution of other synergistic products in the Myanmar market in the future. The Group also intends to tap into the expanding regional market to further grow its business in the distribution of lubricants, tyres, commercial vehicles, buses and auto spare parts.

In relation to its training and test centre business, the Group has operational BCA-approved training and test centres in Singapore and India to train and test construction workers who wish to work in Singapore, and is actively seeking opportunities to expand its training and testing facilities into neighbouring countries.

The Group is on a constant lookout for opportunities to work with joint venture partners as a way of expanding its businesses. Any investment into joint ventures has to be in line with the Group's overall business and investment strategy and subject to its due diligence process. Following such investments, it will, where appropriate, work with its joint venture partners to implement suitable control measures to safeguard its investments. The Group's strategy of forming joint ventures and partnerships gives it several advantages. Through joint ventures, the Group is able to be involved in larger scale real estate development projects which it may not have been able to due to limited resources. Joint ventures also allow the Group to share the risks associated with such projects with its joint venture partners and to seek out and forge alliances with strategic partners to complement its experience and strengths.

B. Real estate development

I. Acquisition of new development sites for its land bank

To ensure sustainable growth for the Group, it is important that the Group replenishes its land bank with suitable land parcels for future development. Thus, the Group intends to continue sourcing for development sites, both in Singapore and in the region, that are located at accessible and vibrant areas with well developed amenities to add to its land bank. This will enable the Group to expand its project profiles and capitalise on suitable development opportunities when market conditions are favourable. For projects in Singapore, the Group typically takes approximately three to four years to develop a land parcel from the time of launch. The Group will also continue to monitor the real estate market closely for new preferences among potential home buyers or emerging trends in the real estate market to adjust its land acquisition strategy accordingly. Notwithstanding the above, in view of the soft property market in Singapore currently, the Group is adopting a more selective approach in the replenishment of its land bank and the launch of new property projects.

II. Strategies for Singapore

The Group has been in the real estate development business in Singapore for almost 20 years.

One of the Group's first projects was the development of New World Centre — a commercial development. The Group currently owns 5,460 square metres of the development, representing approximately 85% of the development's total lettable area. The Group uses approximately 1,100 square metres for the Group's activities and lets out the balance to third parties. In recent years, the Group has focused mainly on the development of residential and mixed developments targeted at the middle to middle-upper income markets. Project sizes are typically small to medium-sized and located in prime locations such as the Central (Orchard, Tanglin and Newton), East Coast (Katong) and North-East (Hougang) districts. Where possible, the Group procures mainly freehold land located in estates with an array of amenities (such as malls, eateries, shops, entertainment, and communal and transportation facilities). Over the years, the Group has developed properties ranging from landed housing (such as terraces, semi-detached houses and bungalows), strata landed housing (such as terraces) to apartments and condominiums. The Group always aims to deliver quality finishes, high workmanship and practical designs that enhance the property's functionality of space and liveability.

With the ever-changing property landscape in Singapore, the Group also recognises the need to explore potential opportunities with joint venture partners on larger land parcels. The Group works continuously with joint venture partners to participate in government land sales programmes where the size of the land parcel and funding quantum is typically larger. The Group typically has a 20 per cent. to 70 per cent. stake in such joint ventures, depending on the number of partners involved. The Group has participated in joint ventures with two to five partners. Such alliances tap on each partner's strengths, diversify the Group's risks and allow the Group to spread its financial resources over different projects.

Through such joint ventures, the Group is also able to participate in larger-scale real estate developments which it may not otherwise be able to participate in individually due to limited resources. In addition, joint ventures allow the Group to seek out and forge alliances with strategic partners to complement its experiences and strengths.

This is also part of the Group's strategy not to engage in direct competition with clients from its construction business, which are predominantly blue-chip real estate developers which typically develop sizeable projects.

In addition, participation in joint ventures will allow the Group to secure the construction work in respect of the relevant development project for its construction arm. Further, the Group will also be in a position to secure other areas of work, such as the installation of air conditioning systems, metal fabrication, and the training and testing of construction workers in such joint venture projects.

III. Strategies for China

The Group has an existing joint venture with a group of Singapore-incorporated companies, in which the Group owns a 25.37 per cent. stake. This consortium of companies is involved in the phased development of a township in Dalian, the PRC. The township consists of residential dwellings, commercial shop spaces, an international school and a service apartment. This joint venture allows the Group to gain a foothold in Dalian, the PRC without significant investment and hence minimises the Group's risk exposure. The Group is optimistic about the PRC real estate market in the longer term and will continue to be on the lookout for suitable real estate investments in the PRC.

IV. Strategies for Cambodia

The Group has partnered with a local land owner cum contractor to jointly develop its inaugural project in Cambodia — 21 units of semi-detached villas in Phnom Penh. The Group has a 49 per cent. stake in the joint venture. The partnership taps on the experience that its Cambodian partner has in securing land, constructing and handling matters on local regulations, as well as the Group's experience in planning, construction, project management, project marketing and design, its financial resources and its established banking relationships with its bankers. With the growth of the Cambodian economy, the Group sees strong growth opportunities in Cambodia, particularly in the city of Phnom Penh, and the Group's key focus in the medium-term will be the development of mid-range residences, shophouses and office buildings in this area. The Group plans to undertake such developments through joint ventures with its existing local partner and/or other Cambodian entities.

The Group has also entered into a joint venture with its Cambodian partner to develop a freehold plot of land in Phnom Penh, Cambodia. The Group holds a 49% equity stake in the joint venture. In addition, the Group has entered into another joint venture with its Cambodian partner to develop another freehold plot of land in Phnom Penh into a high-rise mixed development comprising residential, office and commercial spaces. These real estate developments will be launched at an appropriate time.

When venturing into developing countries such as Cambodia, the Group's strategy is to begin with small-scale projects, and only progress to larger-scale projects when it has gained sufficient experience and is comfortable with working with its joint venture partners.

V. Strategies for Thailand

The Group has ventured into Thailand by partnering a local firm in the development of three mixed-use property development projects in the suburbs of Bangkok, Thailand, namely De lyara, De lyara Share and De lyara Grande. The Group has a 70 per cent. stake in the joint

venture, with the balance 30 per cent. owned by the Group's joint venture partner. By tapping on the joint venture partner's knowledge and contacts in the local real estate market, their familiarity with local regulations, as well as the Group's expertise in planning, construction, project management and design, its financial resources and its established banking relationships with its bankers, the De lyara and the De lyara Share development projects have been fully sold. As at the Latest Practicable Date, the De lyara Grande, which is the Group's largest real estate project in Thailand to-date, is 61.1% sold, with only 28 units remaining. Given Thailand's large population and sustainable economy, the Group will focus on the development of affordable mid-range developments in Bangkok's suburbs with a higher up-side potential.

Similar to Cambodia, the Group's strategy for venturing into Thailand is to begin with small-scale projects, and to progress to larger-scale projects when it has gained sufficient experience and is comfortable with working with its joint venture partners.

C. Construction

I. Expand its construction-related businesses

The Group will from time to time explore the possibility of expanding its construction-related businesses. For example, the Group, which started its first training and test centre in Chennai, India, has expanded this line of business and has one other training and test centre in Singapore. The Group is also expanding into the manufacture of precast components, with its establishment of a concrete precast manufacturing plant in Johore, Malaysia, which is slated to commence production in 2016.

D. Others

I. Sale and distribution of petroleum-based products, lubricants, tyres, commercial vehicles, buses and auto spare parts

While the Group's distribution business is currently the smallest revenue generator, it is a fast growing unit within the Group. The Group's strategy is to continue to leverage on the Shell brand name to penetrate various distribution channels with high business potential and to establish a brand leader position for lubricant products in Myanmar.

For the Group's business in Myanmar, which is undertaken through joint ventures with Synergy Resources Group, the Group plans to leverage on its joint venture partner's established sales channels for the initial startup of the business. Synergy Resources Group has extensive sub-distributor, wholesaler and dealer networks that will help to ensure convenient product availability through Myanmar. In addition, Synergy Resources Group's strong presence in the mining industry in Myanmar places the joint venture company in a good position to establish its sale and distribution business in the mining sector.

The Group will focus on business dealings with high sale and distribution volumes, such as business-to-business dealings, business-to-consumer dealings, as well as business dealings with government ministries and government institutions in Myanmar.

The Group also aims to focus on the sale and distribution of products that will have a strong demand during the current period of industrial and infrastructural development in Myanmar. This includes products that are required in the mining and quarry industry, the building and construction industry and the manufacturing industry in Myanmar. In line with this business strategy, the Group has secured the distributorship right for the distribution of passenger and

light truck tyres bearing the “Continental” brand in Myanmar. In addition, the Group has, together with its joint venture partner, secured distribution right for the “GS Oil” brand of lubricants, and commercial vehicles and related auto spare parts under the “Iveco” and “Astra” brands, for the Myanmar market.

The Group also intends to use its lubricants business as a platform to expand into other businesses in Myanmar, such as entering into the related product market with Shell and the real estate development and construction sector, in the medium term. In line with this business strategy, the Group has secured the distribution right from Shell for the distribution of aviation lubricant products in Myanmar.

As a testimony to the success of the Group’s strategy, the Group has recently secured the distribution right for the “Repsol” brand of lubricants in the Thailand market and acquired the “Synergy” brand of lubricant products through its 50:50 joint ventures with Mr Than Tun Win and Mr Myint Thein Zaw.

In Singapore, the Group intends to leverage on its well-established working relationship with BP to expand into other BP petroleum-based products. The Group is also on a lookout for other synergistic projects to add to its distribution business in Singapore and the region.

II. Dormitory business

As a testimony that the Group’s strategy in expanding its dormitory business is on track, the Group’s 62%-owned 9,200-bed workers’ dormitory, Tuas South Dormitory, is scheduled to be completed by 2016. The Group aims to increase its recurring income base once this dormitory becomes operational. The Group will continue to be on the lookout for suitable land parcels or tender for suitable dormitory projects in Singapore to further expand its dormitory business. It will also consider entering into joint ventures if the opportunity arises. The Group also intends to expand the dormitory business into other countries in Southeast Asia if suitable business opportunities are available in the future, and subject to further studies and external factors such as the state of the economy and the availability of suitable projects and partners (if required).

5. COMPETITIVE STRENGTHS

In the competitive market environment of Singapore, the PRC, Cambodia, Thailand and Myanmar, the Group believes that it enjoys the following competitive strengths:

- (a) The Group has an established track record and strong reputation in its real estate development and construction businesses;
- (b) The Group has a highly experienced and professional management team supported by a pool of core technical staff;
- (c) The Group has expertise across its various businesses that complement each other;
- (d) The Group has a strong focus on cost efficiencies, quality and reliability;
- (e) The Group is capable of handling a wide spectrum of projects; and
- (f) The Group is well-positioned in its distribution business.

A. The Group has an established track record and strong reputation in its real estate development and construction businesses

The Group has been involved in the real estate development business since 1995 and has weathered several fluctuations in the property industry since then. Over the years, it has established a track record in completing its projects on time and has built a reputation in delivering quality well-located real estate developments. The Group also has in-depth experience in the real estate industry that will put it in good stead to anticipate property supply, demands and trends and to develop projects to meet the needs of buyers. The Group has gained a reputation with home buyers for its quality, well-located and reasonably priced projects over the years.

For its construction business, the Group has over 40 years of experience as a building contractor in the Singapore construction industry with the capability to undertake building work for a wide range of sectors (including commercial, industrial and residential buildings, schools and hotels) and it believes that it has established its reputation as a reliable builder. Its established track record has enabled it to gain its customers' confidence in its services and this is evident from the long-standing relationships that the Group shares with its existing blue-chip clientele. The reliability of its services, its technical expertise and its ability to deliver quality projects on time at competitive costs has also earned the Group repeat business, recommendations and referrals from its customers.

Tiong Aik Construction is currently registered with the BCA with the highest BCA grading of A1 under the category of CW01 for general building which qualifies the Group to undertake public sector construction projects with unlimited contract value. As at the Latest Practicable Date, there were a total of 3,888 contractors registered with BCA for general building, of which only 70 were awarded the BCA grading of A1 for general building².

B. The Group has an experienced and professional management team supported by a pool of core staff

The Group has an experienced and dedicated management team, led by the Issuer's Executive Chairman, Mr Liong Kiam Teck, its Deputy Executive Chairman, Mr Neo Tiam Poon @ Neo Thiam Poon, its Chief Executive Officer and Executive Director, Mr Neo Tiam Boon, PBM and its Executive Director, Mr Neo Thiam An, each of whom has between 17 to 41 years of experience in the construction and real estate industries. The Group also has a team of experienced building professionals who, individually, have been with the Group for more than 10 years as well as a pool of qualified technical staff for the core real estate and construction businesses. The Group places strong emphasis on professional development, and members of its management team regularly attend training and education programmes to update themselves on management techniques and the latest market developments relating to the Group's businesses. The Group's management is also supported by a team of key executives who are experienced and competent in their respective functions. With a very experienced management team and a pool of experienced and professional staff, the Group is able to recommend value engineering to its projects that saves costs and time without compromising on quality and design.

² Source: http://www.bcadirectory.sg/search_result.php?workhead=MjA=&subworkhead=NA==&grade=Ng==

C. The Group has expertise across its various businesses that complement each other

The Group can tap on its experience in the construction industry and apply it to its real estate arm. In particular, the knowledge and experience of the Group's management gained over more than 40 years as a design-and-build contractor and the relationships established with professional consultants (such as project and landscape architects, interior designers, structural, mechanical and electrical engineers) are complementary and can also be translated to its real estate development business.

As mentioned above, the Group has also established several businesses, including the ACMV business, steel and metal work fabrication, training and test centres for workers, workers' dormitories and the up-coming precast components factory, providing specialised services that complement its construction business. The Group believes that it is one of the few industry players that is able to offer this suite of complementary services to its customers.

D. The Group has a strong focus on cost efficiencies, quality and reliability

Over the years, the Group has also developed and grown its capabilities in the real estate development and construction businesses with the objective of improving cost efficiencies and providing quality service to its customers. Its clients have benefited from cost and time savings as a result of adopting value-adding options proposed by it. The Group has since leveraged on these skills to undertake more design and build projects where it is able to offer value to its clients.

For its construction business, in order to improve productivity, the Group has continually invested in equipment and machinery, such as an aluminium formwork system which is a lightweight modular formwork system which improves constructability, results in better quality finishes and is less labour-intensive. The Group has also used a combination of advanced formwork system and aluminium formwork system in some of its projects. The Group is also utilising safety screens for some of its projects which is an enhanced option as compared to the traditional scaffolding system. Other methods include the use of grout mix pile as a temporary work system and the use of external access scaffold and self climbing scaffold, both of which reduce the deployment of workers. The Group continually explores and adopts construction techniques and systems to improve productivity and deliver projects within the time, cost and quality standards as required by each project.

The Group also enjoys synergy in costs when procuring supplies and materials for both its real estate development and construction arms. The Group can then pass on such savings to its customers by offering its buildings and developments at competitive prices without compromising on quality finishes and workmanship.

E. The Group is capable of handling a wide spectrum of projects

The Group is capable of handling a diversified range of projects from different sectors, such as residential, commercial and industrial properties as well as hotels and educational institutions. Hence, it is less likely to be affected by any adverse change in market conditions affecting any single sector. Over the years, the Group has successfully completed a wide range of real estate development and construction projects and has undertaken projects for both the private and public sectors. As opposed to purely construction projects, it is also capable of taking on design-and-build projects which provide diversification to its business.

F. The Group is well-positioned in its distribution business

In relation to its distribution of petroleum-based products, lubricants, tyres, commercial vehicles, buses and auto spare parts, the Group believes that it enjoys the following competitive strengths.

In Singapore, the Group is able to tap on the experience of Sino Tac Resources, which has been in the business of the wholesale and distribution of petroleum-based products and lubricants since 1999, and which has been the exclusive distributor of BP's lubricating fluids in Singapore since 2007.

In Myanmar, Que Holdings has established the sales, marketing and distribution network to serve various key industries which include construction, mining and power generation. It holds a business-to-business and business-to-consumer distributorship licence for automotive and industrial lubricants, and a distribution right for aviation lubricant products, from Shell, which is an internationally renowned brand that has been ranked among the top in the list of leading lubricants suppliers around the world³ and which is well-accepted by the Myanmar market (including government ministries and government institutions which provide the Group with a significant volume of business dealings). In addition, Shell has a comprehensive range of lubricants to meet the needs of various automotive and industrial sectors and applications, and provides a comprehensive range of marketing and technical support to the market, thereby supporting the Group's distribution business. The Group has also secured the distributorship right for the distribution of passenger and light truck tyres bearing the "Continental" brand in Myanmar. Continental is a wholly-owned subsidiary of Continental AG, which is one of the largest tyre manufacturers worldwide and one of the world's leading suppliers to the automotive industry for tyre and brake technology, vehicle dynamic control as well as electronic and sensor systems.

Further, Que Holdings has strong financial support from the Group as well as from financial institutions. The Group's joint venture partner in Myanmar, Synergy Resources Group, has an established sales and distribution network with a good coverage of the market in Myanmar, facilitating smooth and quick business start-up and sales generation. In addition, the key management personnel and major shareholders of Synergy Resources Group are Myanmar nationals who have extensive experience and business networks in the Myanmar market, including the gold mining and jade mining industries.

Through its joint ventures with Synergy Resources Group, the Group has also expanded into the distribution of commercial vehicles and related auto spare parts under the "Iveco" and "Astra" brands, and the distribution of lubricants under the "GS Oil" brand, in Myanmar. The Group has further added to its portfolio the "Repsol" brand of motorcycle lubricants for the Thailand market, and the "Synergy" brand of lubricants and related products for the regional markets.

In addition, the personnel involved in the business operations in Myanmar have in-depth knowledge and expertise in the lubricants industry and commercial vehicles distribution, extensive experiences in promoting the products distributed by the Group, extensive business networks and a good understanding of the Myanmar market.

As the Group continues to maintain an excellent working relationship with its joint venture partners, the joint venture is able to work effectively to adopt and implement the best practices for the business.

³ Research conducted by Kline & Company report "Global Lubricants Industry 2010: Market Analysis and Assessment".

6. INSURANCE

The Group has taken up workmen's compensation under the Work Injury Compensation Act, Chapter 354 of Singapore, public liability insurance and contractors' all-risks insurance in connection with its projects in Singapore, based on contract requirements.

For its office and other working premises, the Group maintains insurance policies which cover such premises for losses due to fire. It also maintains insurance policies covering its machinery and formwork. For its training and test centres in Singapore and India, the Group maintains insurance policies which cover for losses due to fire. In relation to staff and employees, the Group has taken up policies for group hospitalisation and surgical insurance, personal accident insurance as well as insurances for its directors and officers. In addition, the Group also maintains cash in transit insurance policies.

7. AWARDS

Set out below are some of the recent awards and accreditations which the Group has received from various statutory and industry bodies:

Awards/ Accreditations	Year	Awarded to entity/project	Criteria/Significance
BCA			
BCA Construction Excellence Award (Merit)	2014	Tiong Aik Construction/Viva	This award gives recognition to construction projects which have been judged to have demonstrated performance excellence in Singapore and aims to serve as an incentive for contractors operating in Singapore to pay particular attention to high standards of management, technical expertise and workmanship.
BCA Quality Mark(QM) For Good Workmanship	2013	Tiong Aik Construction /Nouvel 18	This award recognises individual apartment units that achieve the stipulated quality workmanship standard set by BCA.
BCA Quality Mark(QM) For Good Workmanship	2013	Tiong Aik Construction/Viva	This award recognises individual apartment units that achieve the stipulated quality workmanship standard set by BCA.
BCA Design and Engineering Safety Excellences Award	2011	Tiong Aik Construction/Ascott Raffles Place Singapore	This award serves to provide recognition to project parties for their efforts in devising ingenious design processes and solutions to overcoming project challenges to ensure safety in the design and construction of building.
BCA Green and Gracious Builder Award (Excellent)	2009	Tiong Aik Construction	This award serves to recognise the efforts of progressive builders in addressing environmental and public concerns arising from construction works and hence enhances the image of the industry.
BCA Construction Excellence Award (Merit)	2008 2007 2007 2005	The Nexus The Shelford The Waterina The Tessarina	This award gives recognition to construction projects which have been judged to have demonstrated performance excellence in Singapore and aims to serve as an incentive for contractors operating in Singapore to pay particular attention to high standards of management, technical expertise and workmanship.

Awards/ Accreditations	Year	Awarded to entity/project	Criteria/Significance
ISO 14001:2004 and SS ISO 14001:2004 Certificate of Registration (Environmental Management System) — for Building Construction Services	Since 2002	Tiong Aik Construction	This certification is due to the Group's continuous commitment in ensuring that its activities, products and services do not have an adverse impact on the environment. This certification certifies firms which implement the management system at various levels of environmental maturity. Firms which demonstrate compliance with applicable environmental legislation and regulation with a commitment to continuous improvement will be awarded this certification.
OHSAS 18001:2007 Certificate of Registration (Occupational Health and Safety Management System) — for Building Construction Services	Since 2002	Tiong Aik Construction	This certification is in recognition of the Group's provision of a safe and healthy working environment for its employees. This certification certifies firms that implement the management systems at various levels of health and safety maturity. Firms which demonstrate compliance with applicable occupational health and safety legislation and regulation with a commitment to continuous improvement will be awarded this certification.
ISO 9001:2008 and SS ISO 9001:2008 Certificate of Registration (Quality Management System) — for Design Management and Building Construction Services	Since 1995	Tiong Aik Construction	The ISO 9001 standard is a global standard for product and process quality, adopted by more than 90 countries which comprise the International Organisation for Standardisation (ISO). ISO 9001 is best known to European countries which use the certification as a means of identifying companies dedicated to providing a customer with the best product and service possible.
Workplace Safety & Health Council			
bizSAFE Star Certificate	2011	Tiong Aik Construction	This certification recognises companies which have fulfilled the requirements to attain bizSAFE Level Star in ensuring workplace safety and health for employees.
bizSAFE Partner Certificate	2010	Tiong Aik Construction	This certification recognises companies that build up their work, safety and health capabilities in order to achieve improvements in safety and health standards at the workplace.
Singapore Structural Steel Society			
Structural Steel Design Merit Awards for Community, Residential & Institution Structures	2010	School of the Arts (SOTA)	This award recognises steel structural excellence, and rewards the work of the most talented structural designers/architects and steel fabricators for their indispensable contribution to the built environment. The Award for Community, Residential & Institutional Structures is for achievement in the structural design of community, residential or institutional structures.

Awards/ Accreditations	Year	Awarded to entity/project	Criteria/Significance
URA			
Architectural Heritage Awards — Category A	2010	3 Sentosa Gateway (St. James Power Station)	The annual architectural heritage awards recognise owners, professionals and contractors who have gone the extra mile to sensitively restore their heritage buildings to their former glory for today's use. The awards promote quality restoration of monuments and buildings with preservation and conservation status in Singapore. Category A is for national monuments and fully conserved buildings in the historic districts and good class bungalow areas. Buildings fully conserved according to the restoration principles in other areas can also be considered under this category. Buildings are assessed on how closely they adhere to quality restoration principles.
	2009	2 Finlayson Green (Ascott Raffles Place)	
	2008	43 Amber Road (The Seaview)	
Others			
President's Design Award Singapore 2011 — Design Of The Year	2011	Tiong Aik Construction/ School of the Arts (SOTA)	This award recognises excellence across all design disciplines, including advertising design and visual communication, architect and urban design, fashion design, interior design, landscape design, product and industrial design.

8. BOARD OF DIRECTORS AND SENIOR MANAGEMENT

A. Board of directors

Mr Liong Kiam Teck

Executive Chairman

Mr Liong Kiam Teck is the Executive Chairman of the Group. He was appointed to the Issuer's board of directors on 7 March 2011 and was last re-elected as a director on 24 April 2013. As the Group's Executive Chairman, Mr Liong is responsible for the overall development of the Group's corporate direction and policies and plays an active role in the development, maintenance and strengthening of client relations. His other responsibilities also include overall business development, strategic planning, and project management. Mr Liong is one of the founders of the Group and has over 40 years of management experience. Over the years, he has established a network of relationships with developers, customers, consultants and architects within the construction industry.

Mr Neo Tiam Poon @ Neo Thiam Poon

Deputy Executive Chairman

Mr Neo Tiam Poon @ Neo Thiam Poon is the Deputy Executive Chairman of the Group. He was appointed to the Issuer's board of directors on 7 March 2011 and was last re-elected as a director on 23 April 2014. Mr Neo Tiam Poon @ Neo Thiam Poon is in charge of the overall project management of the Group's various construction projects, conducts periodic quality and safety checks to ensure that quality and safety management systems are adhered to closely, sources for real estate development opportunities, and conducts feasibility studies for

project development viabilities. Mr Neo Tiam Poon @ Neo Thiam Poon has been with the Group since 1976 and has over 36 years of management experience. Over the years, he has established a strong network of relationships with developers, customers, consultants and architects, within the construction industry.

Mr Neo Tiam Boon, PBM

Chief Executive Officer and Executive Director

Mr Neo Tiam Boon, PBM is the Chief Executive Officer of the Group and an Executive Director of the Issuer. He was appointed to the Issuer's board of directors on 7 March 2011 and was last re-elected as a director on 22 April 2015. As the Group's Chief Executive Officer, his responsibilities include overall business development, financial and strategic planning, sales and marketing as well as human resources of the Group. Mr Neo Tiam Boon, PBM has been with the Group since 1996 and has over 17 years of management experience. Over the years, he has established a network of relationships with developers, customers, consultants and architects within both the construction and real estate industries. Mr Neo Tiam Boon, PBM graduated with a Bachelor of Science in Business Administration from the University of Arkansas in 1986 and was conferred the Public Service Medal (Pingat Bakti Masyarakat) by the President of the Republic of Singapore in 2005.

Mr Neo Thiam An

Executive Director

Mr Neo Thiam An is an Executive Director of the Issuer. He was appointed to the Issuer's board of directors on 7 March 2011 and was last re-elected as a director on 24 April 2013. Mr Neo Thiam An is in charge of the management of the site operations of developments for external developers as well as the Group's in-house developments. Mr Neo Thiam An has been with the Group since 1977 and has over 36 years of management experience. Over the years, he has established a network of relationships with developers, customers, consultants and architects within the construction industry.

Mr Lim Hock Beng

Lead Independent Director

Mr Lim Hock Beng was appointed as the Issuer's Independent Director on 20 September 2011 and was last re-elected as a director on 22 April 2015. He serves as the Chairman of the Issuer's Audit Committee and is a member of the Issuer's Remuneration Committee and Nominating Committee. Mr Lim is also the Issuer's Lead Independent Director. Since 1996, Mr Lim has been the Managing Director of Aries Investments Pte Ltd, a private investment holding company with its principal interests in the investment of quoted securities and overseas properties. Prior to that, he founded Lim Associates (Private) Limited (now known as Boardroom Corporate & Advisory Services Pte. Ltd.) in 1968 and was its Managing Director until his retirement in 1995. Mr Lim has more than 30 years of experience and knowledge in the corporate secretarial field, which includes advising listed companies on compliance with the listing rules. Mr Lim holds a Diploma in Management Accounting and Finance and is a fellow member of the Singapore Institute of Directors. Mr Lim is also an Independent Director of four public listed companies in Singapore, namely King Wan Corporation Limited, Huan Hsin Holdings Ltd, GP Industries Limited and Colex Holdings Limited. He currently serves as the chairman of the Audit Committees of King Wan Corporation Limited and Huan Hsin Holdings Ltd, chairman of the Nominating Committee of GP Industries Limited as well as chairman of the Remuneration Committee of Colex Holdings Limited.

Mr Lee Ah Fong
Independent Director

Mr Lee Ah Fong was appointed as the Issuer's Independent Director on 20 September 2011 and was last re-elected as a director on 22 April 2015. He serves as the Chairman of the Issuer's Remuneration Committee and is a member of the Issuer's Audit Committee. Mr Lee was a civil servant before becoming a practicing lawyer in 1981 after he was called to the English Bar as a Barrister-at-Law on 24 July 1980. He is currently a partner of Ng, Lee & Partners. Mr Lee is an Honorary Management Committee Member of the Singapore Federation of Chinese Clan Associations and the Chairman of Yuying Secondary School Management Committee, and has been serving in various capacities in non-government organisations and clan associations for many years. Mr Lee is also an Independent Director, member of the Audit Committees and the Remuneration Committees as well as chairman of the Nominating Committees of two other public listed companies in Singapore, namely Cortina Holdings Limited and TEE International Limited.

Mr Mervyn Goh Bin Guan
Independent Director

Mr Mervyn Goh Bin Guan was appointed as the Issuer's Independent Director on 20 September 2011 and was last re-elected as a director on 23 April 2014. He serves as Chairman of the Issuer's Nominating Committee and is a member of the Issuer's Audit Committee and Remuneration Committee. Mr Goh is currently a consultant with Lawhub LLC. Prior to this, he was the Vice President (Legal) for The Great Eastern Life Assurance Company Limited from 2008 to 2010, a partner with Wee Woon Hong & Associates from 2006 to 2008, and a partner with Chui Sim Goh & Lim from 1994 to 2006. Mr Goh graduated from the National University of Singapore with a Bachelor of Laws (Honours) in 1989 and was called to the Singapore Bar in 1990. Mr Goh also previously served as a committee member in the Kampong Kembangan Community Club Management Committee from 2005 to 2010.

B. Senior management

Ms Yap Ming Choo
Chief Financial Officer and Joint Company Secretary

Ms Yap Ming Choo has been the Chief Financial Officer of the Group since December 2010 and is responsible for the overall financial functions and corporate matters of the Group. Ms Yap has more than 25 years of extensive experience in the finance and corporate management field, having worked as an external auditor with major international accounting firms, held senior positions and head of finance in local listed companies, including Banyan Tree Ltd., Amara Holdings Limited and BBR Holdings (S) Ltd. She is a Fellow Member of the Association of Chartered Certified Accountants (UK), a Certified Public Accountant (Malaysia) and a Chartered Accountant (Malaysia). Ms Yap holds a Master of Business Administration from the University of Leicester (UK).

Mr Chow Yew Seng
Executive Director of Tiong Aik Construction

Mr Chow Yew Seng is the Executive Director of Tiong Aik Construction and has been with the Group since 1991. Mr Chow has more than 30 years extensive of experience in the construction industry. He has established a strong network of client base, good working relationship with consultants, architects, suppliers and sub-contractors. Mr Chow's last appointment was as a senior project manager with the HDB from 1980 to 1991, where he was in charge of a project management team. Mr Chow graduated from The University of Singapore with a Bachelor of Science (Building) (Honours) in 1980.

Mr Soon Boon Chin, Eugene*General Manager of Tiong Aik Construction*

Mr Soon Boon Chin is the General Manager of Tiong Aik Construction and has been with the Group since 1997. He is in charge of the day-to-day operations of Tiong Aik Construction. Mr Soon has more than 18 years of experience in the construction business. His initial two and a half years were spent in consultant set-ups where he worked as a consultant quantity surveyor and project manager. He joined Tiong Aik Construction as a contracts manager for which he was in charge of the tenders, contracts administration and purchasing functions of the company. He had been playing this role until his promotion to Deputy General Manager in 2011 and recently to General Manager. Mr Soon graduated from the National University of Singapore with a Bachelor of Science (Building) (Honours) in 1995 and was a recipient of the Singapore Institute of Building Gold Medal Award in 1995.

Mr Soong Kar Leong*General Manager of SinoTac Builder's*

Mr Soong Kar Leong is the General Manager of SinoTac Builder's and has been with the Group since 1998. He is the overall in-charge of SinoTac Builder's, which undertakes most of the Group's property development projects. Mr Soong has more than 17 years of experience in the construction and project management business and has established good relationships with consultants, sub-contractors, architects and suppliers. Mr Soong graduated from the National University of Singapore with a Bachelor of Science (Building) (Honours) in 1995 and holds a Master of Business Administration from the University of Adelaide.

Mr Goh Yong Joo*Chief Executive Officer of Aston Air Control*

Mr Goh Yong Joo is the Chief Executive Officer of Aston Air Control and has been with the Group since 2000. He is in charge of the day-to-day operations of Aston Air Control. Mr Goh has more than 25 years of experience in the ACMV business, having started his career in this field since 1988. He has established a strong reputation in the ACMV business. Mr Goh holds a diploma in sales and marketing from the Marketing Institute of Singapore.

Ms Liong Cailin, Wendy*Assistant General Manager (Business Development/Property)*

Ms Liong Cailin, Wendy is the Assistant General Manager (Business Development/Property) of the Group and has been with the Group since 2005. She is in charge of sourcing and assessing the viability of potential development sites and assisting the Issuer's board of directors in assessing the viability of business opportunities. She has more than 10 years of experience in the real estate development business. Ms Liong Cailin, Wendy graduated from the Curtin University of Technology, Western Australia in 2002 with a Bachelor of Commerce (Banking & Finance).

Ms Liong Chai Yin, Fiona*Manager (Marketing/Business Development (Overseas))*

Ms Liong Chai Yin, Fiona is the Manager (Marketing/Business Development (Overseas)) of the Group and has been with the Group since 2002. She has more than 10 years of experience in the real estate development business. She is in charge of the marketing and project-related aspects of the Group's real estate development division, and the sourcing for real estate development and construction opportunities overseas. Ms Liong Chai Yin, Fiona graduated from the Curtin University of Technology, Western Australia in 2001 with a Bachelor of Commerce (Accounting & Marketing), and received a Post Graduate Diploma (Marketing) from the same university in 2002.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables set out the Group's consolidated statements of financial position as at 31 December 2012, 31 December 2013, 31 December 2014 and 31 March 2015 and the Group's consolidated income statements for the financial years ended 31 December 2012 ("FY2012"), 31 December 2013 ("FY2013") and 31 December 2014 ("FY2014"), and the first quarter financial periods ended 31 March 2014 ("1Q2014") and 31 March 2015 ("1Q2015"). The selected consolidated financial data for FY2012, FY2013, FY2014, 1Q2014 and 1Q2015 in the tables below are derived from the historical financial statements of the Group. The audited financial statements of the Group have been drawn up in accordance with the Singapore Financial Reporting Standards.

The audited consolidated income statements of the Group for FY2012, FY2013, FY2014 and the unaudited consolidated income statements of the Group for 1Q2014 and 1Q2015 are set out below:

	----- Unaudited-----		----- Audited -----		
	1Q2015	1Q2014	FY2014	FY2013	FY2012
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Revenue	67,739	65,995	302,942	297,234	371,099
Cost of sales	(56,315)	(54,408)	(250,604)	(240,322)	(290,875)
Gross profit	11,424	11,587	52,338	56,912	80,224
Other income	1,629	1,604	9,203	5,934	5,426
Other items of expenses					
Selling and distribution costs	(234)	(1,084)	(1,741)	(439)	(6,085)
General and administrative expenses	(3,646)	(3,716)	(16,523)	(15,271)	(14,933)
Other operating expenses	(6,146)	(1,191)	(10,270)	(5,379)	(5,389)
Share of profit (losses) of associates and joint ventures	357	(1,005)	(1,128)	(1,058)	(142)
Finance costs	(1,373)	(293)	(4,279)	(1,369)	(2,488)
Profit before income tax	2,011	5,902	27,600	39,330	56,613
Income tax expense	(1,210)	(1,083)	(5,857)	(7,484)	(8,974)
Profit for the period/year	801	4,819	21,743	31,846	47,639
Other comprehensive income for the period/year:					
Exchange differences on translation of foreign operations	1,257	(118)	1,311	(236)	(154)
Gain (Loss) in fair value on available-for-sale investments	50	-	(41)	-	-
	1,307	(118)	1,270	(236)	(154)
Total comprehensive income for the period/year	2,108	4,701	23,013	31,610	47,485
Profit attributable to:					
Owners of the Company	559	4,459	20,331	29,289	39,621
Non-controlling interests	242	360	1,412	2,557	8,018
	801	4,819	21,743	31,846	47,639
Total comprehensive income attributable to:					
Owners of the Company	1,697	4,333	21,452	29,087	39,426
Non-controlling interests	411	368	1,561	2,523	8,059
	2,108	4,701	23,013	31,610	47,485

The consolidated statements of financial position of the Group as at 31 December 2012, 31 December 2013, 31 December 2014 and 31 March 2015 are set out below:

	As at 31 March 2015 (Unaudited) (S\$'000)	As at 31 December 2014 (Audited) (S\$'000)	As at 31 December 2013 (Audited) (S\$'000)	As at 31 December 2012 (Audited) (S\$'000)
ASSETS				
Current assets				
Cash and bank balances	114,196	116,803	96,301	105,151
Trade and other receivables	163,880	173,417	191,263	228,005
Deposits and prepayments	3,211	3,257	6,542	4,530
Available-for-sale investments	9,487	9,437	-	-
Inventories	4,313	4,871	2,901	1,178
Development properties	217,714	235,456	196,066	143,528
Total current assets	512,801	543,241	493,073	482,392
Non-current assets				
Property, plant and equipment	37,096	35,656	20,862	15,957
Investment properties	211,649	192,669	60,175	61,290
Goodwill	2,595	2,595	2,594	2,593
Associates and joint ventures	8,996	6,530	8,054	17,310
Other non-current assets	16,347	400	416	127
Deferred tax assets	315	269	65	945
Total non-current assets	276,998	238,119	92,166	98,222
Total assets	789,799	781,360	585,239	580,614
LIABILITIES AND EQUITY				
Current liabilities				
Borrowings	91,210	91,291	35,330	51,094
Trade and other payables	159,818	163,157	135,369	159,543
Current portion of finance leases	347	388	409	578
Income tax payable	5,264	4,710	12,334	12,555
Total current liabilities	256,639	259,546	183,442	223,770
Non-current liabilities				
Borrowings	201,728	191,110	159,934	121,643
Finance leases	654	725	434	619
Term notes	74,208	74,082	-	-
Deferred tax liabilities	1,962	1,952	654	6,905
Total non-current liabilities	278,552	267,869	161,022	129,167
EQUITY AND RESERVES				
Share capital	142,185	142,185	142,185	142,185
Capital reserve	644	644	644	644
Translation and other reserves	1,899	761	(360)	(158)
Retained earnings	101,357	100,798	85,117	61,873
Equity attributable to owners of the Company	246,085	244,388	227,586	204,544
Non-controlling interests	8,523	9,557	13,189	23,133
Total equity	254,608	253,945	240,775	227,677
Total liabilities and equity	789,799	781,360	585,239	580,614

REVIEW OF THE GROUP'S FINANCIAL PERFORMANCE

1Q2015 compared with 1Q2014

Revenue

Revenue increased by S\$1.7 million from S\$66.0 million in 1Q2014 to S\$67.7 million in 1Q2015. This marginal increase was mainly attributed to higher revenue contributed by the Group's real estate development and distribution segments, and partially offset by lower revenue for the construction segment.

The real estate development business contributed S\$20.7 million to the Group's revenue in 1Q2015, an increase of S\$11.9 million or 135.2% as compared to S\$8.8 million in 1Q2014. While two ongoing projects, Gambir Ridge and Ascent@456 contributed to the higher revenue in 1Q2015, there was lower revenue contribution in 1Q2015 from The Cristallo which obtained TOP in February 2015. The Group's mixed development projects in Thailand contributed revenue of S\$1.8 million in 1Q2015 pursuant to the completion of the projects and the progressive handover of sold units to buyers.

The construction business contributed S\$43.0 million to the Group's revenue in 1Q2015, a decrease of S\$10.9 million or 20.2% as compared to S\$53.9 million in 1Q2014. While higher revenue was recognised from progressive construction work completed for The Skywoods and Highline Residences, lower revenue was recognised from progressive construction work completed for Riversails, Marine Blue, The Sorrento, Nouvel 18 and Foresque Residences.

The distribution business contributed S\$4.0 million to the Group's revenue in 1Q2015, a marginal increase of S\$0.7 million or 21.2% as compared to S\$3.3 million in 1Q2014. The increase was mainly due to higher contribution from the Group's distribution business in Myanmar.

Cost of sales and gross profit margin

Cost of sales increased by S\$1.9 million or 3.5% from S\$54.4 million in 1Q2014 to S\$56.3 million in 1Q2015. This increase was mainly due to higher construction cost and reduced margins for the Group's real estate development business. Gross profit for 1Q2015 amounted to S\$11.4 million, a 1.4% decrease from S\$11.6 million in 1Q2014. Gross profit margin decreased by 0.7 percentage points to 16.9% in 1Q2015, from 17.6% in 1Q2014.

Other items of expenses

Selling and distribution costs decreased by S\$0.9 million from S\$1.1 million in 1Q2014 to S\$0.2 million in 1Q2015. This decrease was mainly due to the absence of show-flat cost in 1Q2015.

Other operating expenses increased by S\$4.9 million from S\$1.2 million in 1Q2014 to S\$6.1 million in 1Q2015. This increase was mainly due to the Group's impairment of the carrying amount of investment in the associate, Dalian Shicheng Property Development (S) Pte Ltd ("DLSC") by S\$4.8 million in 1Q2015. This impairment arose in view of the continuing depressed real estate market in Dalian, China, where DLSC's subsidiary operates.

Finance costs increased by S\$1.1 million from S\$0.3 million in 1Q2014 to S\$1.4 million in 1Q2015. This increase was mainly due to interest cost on the fixed rate medium term notes issued in April 2014.

Profit before income tax

The Group achieved profit before income tax of S\$2.0 million in 1Q2015 as compared to S\$5.9 million in 1Q2014. Income tax expense was higher than the statutory tax rate as the impairment of S\$4.8 million on the carrying amount of DLSC is not tax deductible.

FY2014 compared with FY2013

Revenue

Revenue increased by S\$5.7 million from S\$297.2 million in FY2013 to S\$302.9 million in FY2014. The increase was mainly attributed to higher revenue contributed by the Group's real estate development and distribution segments, and partially offset by lower revenue for the construction segment.

The real estate development business contributed S\$75.2 million to the Group's revenue in FY2014, an increase of S\$9.0 million or 13.6% as compared to S\$66.2 million in FY2013. While two ongoing projects, The Cristallo and Gambir Ridge contributed higher revenue in FY2014 as compared to FY2013, there was absence of revenue contribution in FY2014 from Auralis and Coralis, both of which obtained TOP in FY2013. The Group's mixed development project in Thailand, the De lyara, contributed its maiden revenue of S\$12.0 million pursuant to the completion of the project and the progressive handover of sold units to buyers.

The construction business contributed S\$212.4 million to the Group's revenue in FY2014, a decrease of S\$8.5 million or 3.8% as compared to S\$220.9 million in FY2013. In FY2014, while higher revenue was recognised from progressive construction work completed for the Group's ongoing projects, including Riversails, The Skywoods, Marine Blue and Highline Residences, lower revenue was recognised from progressive construction work completed for Foresque Residences, Nouvel 18 and The Sorrento, as compared to FY2013.

The distribution business contributed S\$15.3 million to the Group's revenue in FY2014, an increase of S\$5.2 million or 51.5% as compared to S\$10.1 million in FY2013. The increase was mainly due to higher contribution from the Group's distribution business in Myanmar.

Cost of sales and gross profit margin

Cost of sales increased by S\$10.3 million or 4.3% from S\$240.3 million in FY2013 to S\$250.6 million in FY2014. This increase was mainly due to higher construction cost and reduced margins for the Group's real estate development business. Gross profit for FY2014 amounted to S\$52.3 million, an 8.1% decrease from S\$56.9 million in FY2013. Gross profit margin decreased by 1.8 percentage points from 19.1% in FY2013 to 17.3% in FY2014.

Other income

Other income increased by S\$3.3 million from S\$5.9 million in FY2013 to S\$9.2 million in FY2014. The increase was mainly due to net gain in fair value of investment properties of S\$1.4 million and higher interest income of S\$2.2 million.

Other items of expenses

Selling and distribution costs increased by S\$1.3 million from S\$0.4 million in FY2013 to S\$1.7 million in FY2014. This increase was mainly due to the cost of show flats for the project, Ascent@456, which was launched in FY2014 and marketing expenses incurred on the Group's development projects in Thailand.

Other operating expenses increased by S\$4.9 million from S\$5.4 million in FY2013 to S\$10.3 million in FY2014. This increase was mainly due to a provision for impairment loss on development properties of S\$5.0 million.

Finance costs increased by S\$2.9 million from S\$1.4 million in FY2013 to S\$4.3 million in FY2014. The increase was mainly due to interest cost on the fixed rate medium term notes issued in April 2014.

Profit before income tax

The Group achieved profit before income tax of S\$27.6 million in FY2014 as compared to S\$39.3 million in FY2013. In line with lower profit earned in FY2014, income tax expense decreased by S\$1.6 million to S\$5.9 million.

FY2013 compared with FY2012

Revenue

Revenue decreased by S\$73.9 million from S\$371.1 million in FY2012 to S\$297.2 million in FY2013. This decrease was mainly attributed to lower revenue contributed by the Group's real estate development business.

The Group's real estate development business contributed S\$66.2 million to the Group's revenue in FY2013, a decrease of S\$85.1 million or 56.2% as compared to S\$151.3 million in FY2012. While ongoing projects, The Cristallo and Gambir Ridge contributed higher revenue in FY2013 as compared to FY2012, lower revenue was recorded for Auralis and Coralys in FY2013, both of which obtained TOP in third quarter of 2013 and the absence of revenue contribution in FY2013 from Parc Seabreeze which obtained TOP in FY2012.

The construction business contributed S\$220.9 million to the Group's revenue in FY2013, an increase of S\$4.5 million or 2.1% as compared to S\$216.4 million in FY2012. While lower revenue was recognised from progressive construction work completed for Nouvel 18 in FY2013 as compared to FY2012 and no revenue was recognised in FY2013 for those projects completed in FY2012, higher revenue was recognised from progressive construction work completed on the Group's ongoing projects, including Foresque Residences, Starlight Suites, Riversails, The Sorrento and The Skywoods.

The distribution business contributed S\$10.1 million to the Group's revenue in FY2013, an increase of S\$6.7 million or 197% as compared to S\$3.4 million in FY2012. The consolidation of full year results in 2013 as compared to four months in 2012 for a wholly-owned subsidiary, Sino Tac Resources Pte Ltd, which was acquired in September 2012 and the maiden contribution from the Group's distribution business in Myanmar resulted in the increase.

Cost of sales and gross profit margin

Cost of sales decreased by S\$50.6 million or 17.4% from S\$290.9 million in FY2012 to S\$240.3 million in FY2013 in line with the decrease in construction progress from both the Group's real estate development and construction businesses. Gross profit for FY2013 amounted to S\$56.9 million, a 29.1% decrease from S\$80.2 million in FY2012. Gross profit margin decreased by 2.5 percentage points to 19.1% in FY2013, from 21.6% in FY2012.

Other items of expenses

Selling and distribution costs decreased by S\$5.7 million from S\$6.1 million in FY2012 to S\$0.4 million in FY2013. This decrease was mainly due to lower sales commission incurred which resulted from the slowdown in real estate development units sold and the absence of show flats costs as no project was launched in FY2013.

Finance costs decreased by S\$1.1 million from S\$2.5 million in FY2012 to S\$1.4 million in FY2013. The decrease was mainly due to repayment of loans upon TOP being obtained in respect of Auralis and Coralis and the capitalisation of finance costs to development properties.

Profit before income tax

The Group recorded profit before income tax of S\$39.3 million in FY2013 as compared to S\$56.6 million in FY2012. In line with lower profit earned in FY2013, income tax expense decreased by S\$1.5 million to S\$7.5 million.

REVIEW OF THE GROUP'S FINANCIAL POSITION

1Q2015 compared with FY2014

The movement in assets and liabilities are as follows:

- (i) Decrease in cash and bank balances by S\$2.6 million in 1Q2015 was mainly due to the investment of S\$32.5 million in the construction of the Tuas South dormitory project and the investment in the three new joint ventures. This decrease was partially mitigated by S\$21.4 million cash flows derived from profit made in 1Q2015 and collection of progress billings on properties sold. In addition, the proceeds from new bank loans net of repayment on old bank loans was S\$10.7 million while dividends paid to non-controlling shareholders amounted to S\$1.7 million.
- (ii) Decrease in trade and other receivables by S\$9.5 million was mainly due to the reclassification of amount due from an associate, DLSC, from current asset to non-current asset of S\$15.9 million.
- (iii) Decrease in development properties by S\$17.7 million was mainly due to the additional progress billings to buyers deducted from development cost as the projects progress and the removal of cost of project completed in 1Q2015.
- (iv) Increase in investment properties by S\$19.0 million was due to costs incurred in respect of the construction of the Tuas South dormitory at Tuas. Construction of the dormitory is scheduled to be completed by mid-2016.
- (v) Increase in associates and joint ventures by S\$2.5 million was mainly due to investment in three new joint ventures, namely, (a) Synergy Performance Oil Pte. Ltd., which distributes lubricants and related products in the region, (b) Synergy Truck Pte. Ltd., which distributes commercial vehicles, including trucks and buses in Myanmar and (c) Eternal Synergy Pte. Ltd., which distributes lubricants and related products in Myanmar. This was partially offset by the impairment loss of S\$4.8 million on the investment in an associate, DLSC.
- (vi) Increase in net borrowings by S\$10.5 million was mainly due to financing of the construction of the Tuas South dormitory.

FY2014 compared with FY2013

The movement in assets and liabilities are as follows:

- (i) Increase in cash and bank balances by S\$20.5 million was mainly due to the net proceeds from the issuance of fixed rate medium term notes of S\$74.1 million and collections from buyers of real estate development units (mainly from Auralis and Coralis, which obtained certificate of statutory completion in FY2014), and partially offset by income tax paid of S\$12.4 million, available-for-sale investments of S\$9.4 million, FY2013 dividends paid of S\$4.7 million and purchases of fixed assets of S\$16.9 million.
- (ii) Decrease in trade and other receivables by S\$17.8 million was mainly due to collections from buyers of real estate development units (in particular, from Auralis and Coralis), and partially offset by the higher amount due from contract customers of the Group's construction business at year-end.
- (iii) Decrease in deposits and prepayment by S\$3.3 million was mainly due to the reclassification of deposits to property, plant and equipment on completion of land purchases and showflat costs expensed off upon launch of the project, Ascent@456.
- (iv) Increase in available-for-sale investments by S\$9.4 million was for purchases of quoted debt securities.
- (v) Increase in inventories by S\$2.0 million was mainly due to increase in product range and higher inventory held for the Group's distribution business.
- (vi) Increase in development properties by S\$39.4 million was mainly due to the acquisition cost of land banks and the development costs incurred for projects not yet launched.
- (vii) Increase in property, plant and equipment by S\$14.8 million was mainly due to the purchases of leasehold and freehold properties and the reclassification of a unit of investment property to property, plant and equipment, and partially offset by depreciation charged for FY2014.
- (viii) Increase in investment properties by S\$132.5 million was due to costs incurred on the purchase and construction of the dormitory site. Construction of the dormitory site is scheduled to be completed by mid-2016.
- (ix) Increase in net borrowings by S\$87.1 million was mainly due to the financing of the purchase of a dormitory site at Tuas.
- (x) Increase in trade and other payables by S\$27.8 million was mainly due to progress payments received from sold units of development projects, namely, Ascent@456, De lyara Share and De lyara Grande and higher accruals for costs on the construction contracts.
- (xi) Decrease in income tax payable by S\$7.6 million was due to income tax paid of S\$12.4 million, which was offset by a tax provision of S\$4.8 million.
- (xii) Increase in net term notes by S\$74.1 million arose from the issuance of S\$75 million fixed rate medium term notes due October 2016 with a coupon rate of 5.25% under the S\$150 million multicurrency medium term note programme established in 2013, net of issue costs.
- (xiii) Increase in deferred tax liabilities of S\$1.3 million was mainly due to the higher provision made on the projects, The Cristallo and Gambir Ridge.

FY2013 compared with FY2012

The movement in assets and liabilities are as follows:

- (i) Decrease in cash and bank balances by S\$8.9 million was mainly due to income tax paid of S\$13.1 million, FY2012 dividends paid of S\$6.0 million, purchases of fixed assets of S\$6.8 million and acquisitions of land bank, and partially offset by net proceeds from bank borrowings of S\$22.5 million and collections from buyers of real estate development units (mainly from Auralis and Coral, both of which obtained TOP in FY2013).
- (ii) Decrease in trade and other receivables by S\$36.7 million was mainly due to collections from buyers of real estate development units (in particular, from Auralis and Coral), and partially offset by higher billings by the Group's construction business at year-end, dividends receivable from an associate of S\$11.9 million and additional loans extended to (and interest receivables from) associates in aggregate of S\$5.7 million.
- (iii) Increase in deposits and prepayment by S\$2.0 million was mainly due to deposits for acquisitions of land bank and tendering of projects.
- (iv) Increase in development properties by S\$52.5 million was mainly due to the acquisition cost of land banks and the development costs incurred for projects not yet launched, and partially offset by lower attributable profits from projects due to TOP being obtained in respect of Auralis and Coral in FY2013.
- (v) Increase in property, plant and equipment by S\$4.9 million was mainly due to purchases of construction equipment and equipment for the Group's distribution business made during the year of S\$6.8 million and the reclassification of some units of investment properties to property, plant and equipment of S\$1.5 million, and partially offset by depreciation charged for FY2013.
- (vi) Decrease in associates and joint venture by S\$9.3 million was mainly due to dividend receivable of S\$11.9 million from an associate deducted from carrying amount of investment, and partially offset by additional investment in that associate and investment in a joint venture.
- (vii) Increase in borrowings by S\$22.5 million was mainly due to net increase in borrowings for real estate development land banks and projects.
- (viii) Decrease in trade and other payables by S\$24.2 million was mainly due to repayment of creditors, the reclassification of progress payments received from sold units of Gambir Ridge to revenue on certification of progressive work done, and partially offset by higher trade payables for the Group's distribution business.
- (ix) Decrease in income tax payable by S\$0.2 million was due to income tax paid of S\$13.1 million, offset by tax provision and the reclassification from deferred tax liabilities, in aggregate of S\$12.9 million.
- (x) Decrease in deferred tax liabilities of S\$6.3 million was mainly due to the reclassification to tax liabilities upon TOP being obtained in respect of Auralis and Coral.

INVESTMENT CONSIDERATIONS

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 investment considerations and risk factors set out below.

The investment considerations and risk factors set out below do not purport to be complete or comprehensive of all the investment considerations and risk factors that may be involved in the business, assets, financial condition, performance or prospects of the Issuer and its subsidiaries or the properties owned by the Group or any decision to purchase, own or dispose of the Notes. Additional investment considerations and risk factors which the Issuer is currently unaware of may also impair its and/or the Group's business, assets, financial condition, performance or prospects. If any of the following investment considerations or 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. Further, the market price of the Notes could decline, and investors may lose all or part of their investments in the Notes. The investment considerations and risk factors discussed below also include forward-looking statements and the Issuer's and the Group's actual results may differ substantially from those discussed in these forward-looking statements. Sub-headings are for convenience only and investment considerations and risk factors that appear under a particular sub-heading may also apply to one or more other sub-headings.

Limitations of this Information Memorandum

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

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

This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Notes only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Notes is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such a determination. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, its subsidiaries, its associated companies (if any) and/or its joint venture companies (if any), either of the Arrangers, any of the Dealers or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Notes should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely on its own independent investigation of the financial

condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and 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 RELATING TO NOTES

Limited liquidity of the Notes issued under the Programme.

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

Liquidity may have a severely adverse effect on the market value of the 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 the market value of the Notes.

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

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

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

Inflation risk.

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

Singapore tax risk.

The Notes to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2018 are, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled “Extension and Refinement of Tax Concessions for Promoting the Debt Market” issued by the MAS on 28 June 2013, intended to be “qualifying debt securities” for the purposes of the ITA, subject to the fulfillment of certain conditions more particularly described in the section “Singapore Taxation” herein.

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

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:

- (i) 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 or incorporated by reference in this Information Memorandum or any applicable supplement to this Information Memorandum;
- (ii) 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;
- (iii) 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;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

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 Paying Agents 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 circumstance, be able to fulfill its obligations to the Noteholders and the Couponholders.

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

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

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 also may 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 as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Notes may be issued at a substantial discount or premium.

The market values 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.

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

The Issuer will pay principal and interest on the Notes in the currency specified. This presents certain risks relating to currency conversions if Noteholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the currency in which the Notes are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency in which the Notes are denominated or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An

appreciation in the value of the Investor's Currency relative to the currency in which the Notes are denominated would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Provisions in the Trust Deed and the Terms and Conditions of the Notes may be modified.

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

The Terms and Conditions of the Notes also provide that the Trustee may agree, without the consent of Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which is in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or the Terms and Conditions of the Notes which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Variable Rate Notes may have a multiplier or other leverage factor.

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

The Issuer's ability to comply with its obligation to repay the Notes may be dependent upon the earnings of, and distributions by, the members of the Group and future performance of the Group.

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

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

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

The Group's business is dependent on the economies of the countries in which it operates.

The Group's real estate development business is dependent on the continued expansion of the Singapore economy and the economies of the other countries in which it operates. The real estate development market in each of these countries may be adversely affected by political, economic, regulatory, social or diplomatic developments affecting the respective property sectors generally. Changes in inflation, interest rates, taxation or other regulatory, economic, social or political factors affecting the cities where the Group's real estate developments are located or any adverse developments in the supply, demand and prices of housing in the property sector, may have an adverse effect on its business. The Group's real estate development business is also subject to the cyclical nature of the property industry and as such, any downturn in the real estate development markets in the countries in which the Group operates will materially and adversely affect its business operations, financial performance and financial condition.

The Group's construction activities are dependent on the health of the Singapore property market which in turn is dependent on the general health of the Singapore economy. A downturn in the Singapore economy will dampen general sentiments in the local property market and reduce construction demand and demand for its distributed products which will invariably have a material adverse effect on the Group's business operations, financial performance and financial condition. In addition, dampened general sentiments in the local property market and reduced construction demand may also erode profit margins for any available construction projects due to keen competition. This will also have a material adverse effect on the Group's business operations, financial performance and financial condition.

The Group is subject to intense competition and may not be able to maintain its competitiveness in the industries it operates in.

The industries in which the Group operates, namely real estate development, construction and the distribution of petroleum-based products, lubricants, tyres, commercial vehicles, buses and auto spare parts, are highly competitive. For the Group's real estate development business, it faces competition from existing property developers as well as new entrants to the real estate development business. Some of these competitors may possess stronger financial resources that enable them to compete more effectively as compared to the Group. In order to maintain the Group's competitiveness in the real estate development market, it may have to offer more competitive prices or try to differentiate itself using more innovative marketing strategies and property designs. For the Group's construction business, in order to secure tenders, it may have to compete aggressively in its bid price and in terms of service quality. If it needs to lower bid prices and yet face high operating costs from providing additional services, this will adversely affect the Group's profit margins. For the distribution of petroleum-based products, lubricants, tyres, commercial vehicles, buses and auto spare parts, the Group may face more intense competition in the future from existing competitors and new market entrants. Its competitors or potential competitors, some of whom may have longer operating histories, a larger customer base, a wider range of products and/or services or greater financial resources, may be in a better position to expand their market share.

There is therefore no assurance that the Group will be able to compete effectively with its existing and future competitors and adapt quickly to changing market conditions and trends. In the event that the Group is not able to compete successfully against the Group's competitors or adapt to market conditions, the Group's business operations, financial performance and financial condition may be adversely affected.

The Group is subject to risks associated with joint ventures.

The Group may, as a matter of business strategy, from time to time enter into real estate development, real estate investment, construction projects and distribution activities through the formation of joint ventures. There is a potential alliance risk that may arise from disagreement between the Group and its business partners.

These joint venture partners may have economic or business interests or goals that are inconsistent with those of the Group's, or take actions which are not aligned with the Group's objectives, or are unable or unwilling to fulfil their obligations or differ with the Group as to the scope of their responsibilities and obligations. Accordingly, disputes may arise from such differences. Any of these may materially and adversely affect the performance of the joint ventures, which may in turn materially and adversely affect the Group's financial condition and performance.

If any disputes with the Group's joint venture partners cannot be resolved amicably, there is a risk that such disputes could escalate and become litigious or result in the early termination of such joint ventures or cooperation arrangements which in turn could adversely affect the Group's business, financial condition and results of operation.

Political uncertainties or new government regulations such as restrictions on ownership can also result in a decline in the value of the Group's investments in these joint ventures or a loss in its ability to influence the management, directors and decisions made by these companies. There is no assurance that it will not, in the future, encounter such business risks which, if financially material, will have an adverse effect on the Group's business operations, financial performance and financial condition.

The Group may not be able to successfully implement its future plans.

The Group's future plans as set out in the section "The Issuer — Strategies", involve numerous risks, including but not limited to, the incurrence of working capital requirements. Further, these plans will also require substantial capital expenditure and financial resources. There is no assurance that these plans will achieve revenue that will be commensurate with the Group's investment costs, or that it will be successful in securing more projects. If the Group fails to achieve a sufficient level of revenue or if it fails to manage its costs efficiently, it will not be able to recover its investment and its future financial performance and financial condition would be adversely affected.

There is no assurance on the sustainability of the growth of the Group.

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

The Group may be involved in legal and other proceedings arising from its operations from time to time.

The Group may be involved from time to time in disputes with various parties involved in the real estate development and construction projects and distribution and other activities that it undertakes. These parties include contractors, sub-contractors, suppliers, construction companies, purchasers, licence principals and other partners. These disputes may lead to legal and other proceedings. In relation to the Group's real estate development and construction business, the Group may also have disagreements with regulatory bodies in the countries it operates in and these may subject it to administrative proceedings. In the event

that unfavourable decrees are determined by the courts or the regulatory bodies, the Group may suffer not only financial losses but also a delay in the construction or completion of the Group's projects. In addition, as the main contractor of residential developments such as condominium projects and commercial projects, the Group is exposed to the risk of legal suits, by either the management corporation or the Group's clients who in turn are being sued by the management corporation in respect of defective works in common areas and common property. In such an event, the Group may be liable for damages and incur legal costs, which will have an adverse effect on its financial performance and financial condition.

The Group relies on external financing.

Due to the large capital requirements for its real estate development business, the Group finances a substantial portion of its real estate development projects, especially for the acquisition of land sites and the construction of properties, through external financing, including bank loans and debt capital financing. As such, the availability of adequate financing is crucial to the Group's business. The Group's ability to obtain such debt financing depends on the prevailing economic conditions, its ongoing performance, the general condition of the property market and the acceptability of the financing terms offered. The majority of the Group's banking facilities have variable interest rates and accordingly, any increase in such interest rates will have an adverse effect on the Group's profitability and financial performance. The Group may also require additional debt financing to fund its activities in the future. Additional debt financing may restrict the Group's freedom to operate its business as new debt covenants may (i) increase its vulnerability to general adverse economic and industry conditions, (ii) limit its ability to pay dividends or require it to seek consent for the payment of dividends, (iii) require it to dedicate a portion of its cash flow from operations to payments of its debts, which would consequently reduce the availability of its cash flow to fund capital expenditures, working capital requirements and other general corporate purposes, and (iv) limit its flexibility in planning for, or reacting to, changes in its business and its industry.

When planning for financing as well as project expenses and earnings for its projects, the Group needs to take into account various factors such as potential consumer response to the Group's development projects, the timing of completion, the expected interest charges to be incurred for the entire duration of the project, the risk of recall of loans and the possibility that financial institutions may require that it provides additional security for its loans. Any variation in any of the factors mentioned above may lead to a corresponding change in the Group's estimated project expenses, including the cost of financing and earnings.

The Group cannot be assured that additional financing will be available when needed or that, if available, such financing may be obtained on terms and interest rates that are acceptable to it. There is also no guarantee that the terms for additional financing will be as favourable as those previously obtained. In the event that the Group is unable to obtain acceptable financing, it may not be able to undertake certain new projects and the Group's business operations, financial performance and financial condition may be adversely affected.

The Group may be affected by natural disasters, wars, terrorist attacks, riots, civil commotions or other acts of violence, outbreaks of communicable diseases and other events beyond the control of the Group.

The operations of the Group's business may be adversely affected by natural disasters, wars, terrorist attacks, riots, civil commotions or other acts of violence, outbreaks of communicable diseases and other events beyond the control of the Group. These could include disruptions to the transportation of raw materials, as well as temporary closure of the Group's construction sites. The day-to-day operations of the dormitories may also be adversely affected by such events. In particular, riots or outbreaks of communicable diseases could result in the closure of the Group's dormitories temporarily or even permanently.

The occurrence of such events may also cause damage or disruption to the Group's facilities, adversely affect the Group's employees and clients, and affect consumer sentiment and spending, as well as the overall economies and financial markets of the countries in which the Group has operations. This may in turn adversely affect the Group's business operations, financial performance and financial condition.

The Group faces significant capital outlay from its real estate development and construction businesses and may experience negative operating cash flow from time to time.

Due to the nature of the real estate development business, the Group's real estate development projects typically require substantial capital outlay during the land acquisition and construction phases. Typically, a real estate development project will have net cash outflow in its early phases, where significant cash outlay is required for the purchase of land for development and most of the payment for units sold would be received in the later phases, on a progressive basis. Due to the nature of the construction business, the same can also be said for the Group's construction business, in which a substantial amount of cash is required for the initial stages of construction to purchase building materials and for the erection of structural frameworks.

To finance the significant capital outlay arising from its real estate development and construction businesses, the Group relies largely on facilities from banks. As such, in the event that the Group is unable to obtain the required financing and does not have sufficient cash flow to fund projects and sustain business operations, its business operations, financial performance and financial condition may be adversely affected.

The Group is subject to revenue and profit volatility.

As the Group's revenue is currently derived principally from its real estate development and construction business, the Group is vulnerable to revenue volatility which is characteristic of real estate development and construction companies. The amount of revenue to be recognised in a financial year is dependent on the number, value and stage of completion of projects undertaken by the Group, which in turn depends on various factors, such as the availability of the Group's resources, market sentiment, market competition and general economic conditions. Thus, there is no assurance that the amount of revenue from the sale of real estate development projects will remain comparable every year. Should there be any reasons that cause the Group to undertake fewer or no new real estate development projects or should there be any delay in the progress of any of the projects in the Group's portfolio, its revenue recognised in a particular year will be adversely affected. The historical financial performance and position of the Group is therefore not indicative of its future performance.

In accordance with current Singapore Financial Reporting Standards ("**SFRS**"), the Group's revenue from the sale of real estate development projects in Singapore is recognised using the percentage of completion method while revenue from the sale of overseas real estate development projects is recognised using the completion of construction method. Under the percentage of completion method, revenue is recognised by reference to the stage of completion as certified by the independent architects or quantity surveyors. Under the completion of construction method, revenue is recognised when ownership of sold development units are transferred to the purchasers. The above revenue recognition policy may change on the adoption of new or revised SFRS in future periods. Should the SFRS be amended and the Group be required to change its accounting policy in relation to revenue recognition from the percentage of completion method to the completion method or vice versa, the Group's revenue on a year-to-year basis may be adversely affected.

For the Group's construction business, revenue is generated by way of contracts secured through the competitive process of tenders and there is no guarantee that the Group will be able to secure a tender every time it submits a bid. Therefore, there may be fluctuations in the number and value of projects it undertakes and there is no assurance that it will be able to continuously secure new projects of similar value and volume as the projects undertaken by its construction business are non-recurring. In the event that the Group is not able to continually and consistently secure new projects, its business operations, financial performance and financial condition may be adversely affected.

The Group is dependent on key personnel and skilled labour for the Group's continued success and growth.

The Group's success to date is attributable to the contributions and expertise of the Group's Executive Directors and Executive Officers. The Group's continued success and growth will depend on its ability to retain the services of its Executive Directors and Executive Officers. Any loss of services of the Group's key management personnel without suitable and timely replacement, or the inability to attract and retain other qualified personnel, would have an adverse effect on its business operations, financial performance and financial condition.

The Group's business is also highly dependent on skilled personnel. Having a team of experienced and skilled personnel is essential in maintaining the quality of services. A high turnover of such personnel without suitable and timely replacements could have an adverse impact on the Group's business operations and competitiveness.

The Group's insurance coverage may not be adequate.

The Group faces the risk of loss or damage to its properties and machinery due to fire, theft and natural disasters, such as earthquakes and floods. Such events may cause disruption or cessation in the Group's operations, thus adversely affecting its business operations, financial performance and financial condition.

Whilst the Group's insurance policies cover some losses in respect of loss or damage to its properties and machinery, the Group's insurance may not be sufficient to cover all of the Group's potential losses in extraordinary events. In the event that such loss exceeds the insurance coverage or is not covered by the insurance policies that the Group has taken up, it may be liable to cover the shortfall of the amounts claimed and its financial performance and financial condition may be adversely affected.

In relation to the construction projects which the Group undertakes as the main contractor, it obtains the contractors' all risks insurance and workmen's compensation under the Work Injury Compensation Act, Chapter 354 of Singapore. In the event that insurance coverage is insufficient to meet the claims arising in respect of the projects, the Group may be exposed to losses which may adversely affect its profitability.

Additionally, certain insurance policies are currently not yet available in Myanmar. The Group's distribution business in Myanmar may therefore not have sufficient insurance coverage to cater for all its operational requirements. In the event that claims arising in respect of the Group's distribution business in Myanmar are not covered (or sufficiently covered) by its insurance policies, the Group may be exposed to losses which may adversely affect its financial condition and profitability.

The Group is susceptible to fluctuations in foreign exchange rates that could result in it incurring foreign exchange losses.

The Group is subject to translation risks as the Group's combined financial statements are denominated in Singapore Dollar while the financial statements of its foreign subsidiaries, joint

venture companies and associated companies are prepared in the respective functional currencies. For the purposes of consolidating the results of the Group's foreign subsidiaries and sharing in the results of the Group's joint venture companies and associated companies, the balance sheets of the Group's foreign subsidiaries, joint venture companies and associated companies are translated from the functional currencies based on the year end exchange rates for the relevant financial period or year. The profit or loss statements of the Group's foreign subsidiaries, joint venture companies and associated companies are translated using the average exchange rates for the relevant financial year or period. Any significant fluctuation of the Singapore Dollar against the respective functional currencies of the Group's foreign subsidiaries, joint venture companies and associated companies may adversely affect the Group's financial performance and financial condition. In addition, to the extent that the Group's revenue and operating costs are not naturally matched in the same currency, it may be exposed to any adverse foreign exchange fluctuation.

The Group and the Group's associates and joint venture companies have to renew, maintain and obtain statutory and regulatory permits and licences as may be required to operate the Group's businesses and any delay or inability to obtain the same may have an adverse impact on its businesses.

Being in the real estate development, construction and distribution business, the Group and its associates and joint venture companies require statutory and regulatory permits, consents and approvals to operate their respective businesses. Many of these permits, consents and approvals are granted for fixed periods of time after the expiry of which these need to be renewed from time to time. The Group is not able to assure that it, its associates or its joint venture companies will apply for and obtain the relevant permits, consents and approvals required for their respective projects and activities or otherwise within the statutory time limits, and there can be no assurance that the relevant authorities will issue any such permits, consents or approvals in time or at all. Failure by the Group, its associates or its joint venture companies to renew, maintain or obtain the required permits, consents or approvals, or cancellation, suspension or revocation of any of their respective permits, consents or approvals may result in the interruption of their respective operations and this may in turn have a material adverse effect on the Group's financial performance.

The Group is subject to the general risk of doing business overseas.

Although the Issuer is based in Singapore, it has business presence in various other countries including China, India, Cambodia, Thailand, Myanmar and Malaysia and it may also expand into other countries in the future.

There are inherent risks in doing business overseas. These include unexpected changes in regulatory requirements, government policies, difficulties in and increase in costs of staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates and interest rates, inflation, potentially adverse tax consequences, price and wage controls, risks of nationalisation and expropriation of assets, tariffs and other trade barriers, variable and unexpected changes in local laws and regulations (including barriers to the repatriation of profits and regulations relating to the industries for which the Group has foreign operations) and terrorism threats, any of which could materially affect the Group's overseas operations.

For instance, if there are policy changes involving, for instance, trade barriers which serve to limit or prevent international trade, the Group's overseas operations will be affected. Some governments may request additional funds or tariffs in exchange for the right to export items into their country. This may have an effect on the profits of the Group because it either cuts revenues from the result of a tax on exports or restricts the amount of revenues that can be earned.

In addition, the legal and regulatory regimes in these countries may be uncertain and subject to unforeseen changes. The interpretation or application of laws and regulations in these jurisdictions may be unclear. This could affect issues such as rights to real property. These risks, if materialised, may affect the Group's business and financial condition. The Group has no control over such conditions and developments and can provide no assurance that such conditions and developments will not have a material adverse effect on its business, profitability, results of operations and financial condition.

Furthermore, repatriation of investment income, capital and the proceeds from sales of securities by foreign investors, such as the Group, may require certain governmental registration and approval. If the governments of the jurisdictions in which the Group operates tighten or otherwise adversely change their laws and regulations relating to the repatriation of their local currency, the ability of the Group's overseas operations to repatriate profits may be affected and accordingly, the Group's cash flow will be adversely affected.

As for the acquisition of land, the Group may be subject to a variety of risks incidental to the ownership of and investments in land and real estate in these countries, including changes in the supply of, or demand for, investment property in an area, changes in interest rates and the availability of financing, difficulties in mortgaging due to uncertainty in land and security regulations, difficulties at land or security registries, changes in property tax rates and/or land use and lease laws, problems caused by zoning or urban planning, credit risks of tenants, suppliers, contractors and borrowers, and environmental factors. The feasibility, marketability and value of any project in these countries may therefore be affected by factors beyond the Group's control.

The Group may incur additional cost or liability in relation to environmental issues.

The Group may incur additional cost or liability arising from increasing awareness by both residents and government authorities of potential pollution caused by effluent discharges and the need to maintain a sustainable environment. While the Group pays attention to these laws and regulations, it may be possible that the Group will encounter legal or social liability or additional cost to clean up the environment, regardless of whether it is at fault or not, with respect to its past or present business activities or properties. Such additional costs could adversely affect the Group's business, financial condition and results of operation.

The Group has business operations in Myanmar, a country that is currently subject to certain U.S. and other international trade restrictions, economic embargoes and sanctions.

The U.S. and other jurisdictions, including the European Union and the United Nations, have comprehensive or broad economic sanctions targeting certain countries, including Cuba, Iran, North Korea, Sudan, Syria and Myanmar.

The Group holds the distribution right from Shell for the distribution of automotive, industrial and aviation lubricant products, as well as the distribution right from Continental for the distribution of the "Continental" brand of passenger and light truck tyres, in Myanmar. It is currently involved in the sale and distribution of these products in Myanmar through a 51%-owned joint venture company, Que Holdings. In addition, the Group's 50%-held joint venture companies hold the distribution rights from Iveco S.p.A., Italy and Astra Veicoli Industriali S.p.A., Italy for the distribution of commercial vehicles and buses under the "Iveco" and "Astra" brands respectively, and the distribution right from GS Caltex Corporation, Korea for the distribution of lubricants under the "GS Oil" brand, in the Myanmar market.

The Issuer has undertaken to the Dealers that it will ensure that proceeds raised in connection with the issue of any Notes will not directly or indirectly be used for the purpose of funding activities of or business with any person, or in any country or territory, that, at the time of such

funding, is the subject of any applicable U.S. or international sanctions, or in a manner that would otherwise cause any person (including any person in or facilitating the offering, whether as underwriter, advisor or otherwise) to violate any such sanctions. Further, as far as the Issuer is aware, it has not been put on notice that its current operations in Myanmar are the target of, or breach any applicable U.S. or international sanctions.

However, there can be no assurance that entities with whom the Group engages in transactions and employs will not be subject to U.S. and international sanctions. There can also be no assurance that the countries in which the Group currently operates will not be subject to further and more restrictive sanctions in the future, or that the Office of Foreign Assets Control of the U.S. Department of the Treasury or other U.S. and international government agencies will not impose sanctions on other countries in which the Group currently operates or may in the future operate, or entities with whom the Group currently engages or employs or may in the future engage or employ. Any business activities with countries that are subject to international sanctions may result in the Group being subject to negative media or investor attention. In addition, there can be no assurance that the Group will not make future or additional investments in countries subject to U.S. or international sanctions, or itself become subject to sanctions. Further, if more sanctions are imposed on countries in which the Group does business, this could have a negative impact on its operations in these countries. If the Group were to increase its business in or with these countries, this could have a negative impact on its ability to raise money in international capital markets and on the international marketability of the Notes.

RISKS RELATING TO THE GROUP'S REAL ESTATE DEVELOPMENT BUSINESS

The Group may be affected by changes in government regulations and policies in Singapore and in the countries where the Group operates.

The Group may be affected by changes in government regulations and policies in Singapore and in the countries where the Group operates its real estate development business. These changes may have a material adverse impact on the overall performance of the property market in the country where the Group has operations, which may in turn adversely affect the Group's business, financial condition and results of operation.

For example, the Singapore government monitors the property market closely and adopts measures as and when it deems necessary to promote a stable and sustainable property market. Thus, the Singapore government may introduce new policies or amend or abolish existing policies at any time. The Group may be affected by changes in government regulations and policies in Singapore such as the introduction of new property-cooling measures, revisions to the terms of the housing developer's licence, zoning changes and new compulsory acquisition policies. These changes may have a material adverse impact on the overall performance of the Singapore property market and may adversely affect the Group's profitability and financial performance.

Property-cooling measures

The Group may be affected by property-cooling measures introduced by the Singapore government from time to time. In recent years, the Singapore government has implemented several rounds of such measures to regulate the movement in property prices in Singapore to promote a stable and sustainable property market. For example, with effect from 12 January 2013, the Singapore government has imposed Additional Buyer's Stamp Duty ("ABSD") ranging from five per cent. to 15 per cent. in respect of purchases of residential property. ABSD is payable in addition to the prevailing Buyer's Stamp Duty applicable to all property transactions.

Additionally, Loan-to-Value (“**LTV**”) on housing loans has been tightened for individuals who already have at least one outstanding housing loan, as well as for non-individuals such as companies. Besides tighter LTV limits, the minimum cash down payment for individuals applying for a second or subsequent housing loan has also been raised to 25 per cent. Further tightening measures were also imposed by the Singapore government with the implementation of the Total Debt Servicing Ratio which limits the amount of property loans that may be granted by financial institutions to individuals. Such property cooling measures may have an adverse impact on the property development business and financial performance of the Group.

Moreover, 15 per cent. ABSD is payable by corporate property developers which purchase residential land or property, unless remission applies. Should the Group be unable to comply with any conditions to ABSD remission, the ABSD payable may contribute towards an increase in the cost of developing residential units, and in turn, may affect the profits of the Group.

Housing developer’s licence

The Issuer or its relevant subsidiaries that engage in the property development business are required to obtain a housing developer’s licence before undertaking a housing development project comprising more than four units. The Issuer is also required to obtain a Qualifying Certificate⁴ in order to acquire any interest in residential properties in Singapore.

Further, property developers are required to abide by the rules and regulations under the Housing Developer’s (Control and Licensing) Act, Chapter 130 of Singapore. For example, under the Housing Developers Rules, property developers are required to provide more information (such as a drawn-to-scale location and site plan of the project, a unit floor plan and a breakdown of the unit’s various spaces, such as bedrooms, balconies and bay windows) to buyers before the issuance of an option to purchase. To showcase the developer’s track record, property developers are also required to disclose at least one completed project before issuing the option to purchase.

In addition, property developers are required to obtain the buyer’s consent if any changes made would affect the buyer. Further, advertising rules applicable to newspapers and sales brochures have now been extended to online advertisements. Online advertisements must therefore not contain any false or misleading information.

Compulsory acquisition / zoning changes

From time to time, the relevant authorities may carry out redevelopment plans or effect zoning changes to particular areas. The supply of land to property developers is also regulated by the Singapore government. The Singapore government is also authorised under the Land Acquisition Act, Chapter 152 of Singapore, to compulsorily acquire land for particular purposes.

There may be similar regulations and policies in the other countries where the Group operates its real estate development business. Any changes to such regulations and policies may adversely affect the Group’s operations, profitability and financial performance.

⁴ Pursuant to the Residential Property Act, Chapter 274 of Singapore (the “**RPA**”), a Qualifying Certificate is required to be obtained from the Controller of Housing by companies, which are considered “foreign companies” for the purposes of the RPA, who wish to acquire residential property in Singapore. The Issuer and its subsidiaries are considered “foreign companies” under the RPA.

The Group is subject to the performance of the property industry in Singapore and in the countries where the Group operates.

The Group's business is subject to the performance of the property industry, which is cyclical in nature. Cyclical downturns may arise from changes in global and local economic conditions, periodic local oversupply of properties for sale or lease, competition from other developers, changes in wages, energy costs, construction and maintenance costs, government regulations or changes in interest rates, and availability of financing for operating and/or capital requirements. Should the property market experience a downturn, demand for the Group's real estate development projects may slow down significantly and this may cause a negative impact on the pricing of the Group's real estate development projects. On the other hand, cyclical upturns may prompt the authorities to implement cooling measures. These factors may adversely affect the Group's financial performance and profitability.

The Group may be affected by changes in consumer preferences.

The Group's real estate development properties are dependent on consumer preferences, the popularity of its properties in terms of design and consumer spending trends. Consumer preferences and spending trends are influenced by external factors including, amongst others, the income level of consumers and the markets' demographic profiles. The design of the properties which appeal to some customers may not appeal to others. It is therefore important that the Group is able to produce designs with sufficient market appeal to attract customers with different preferences. In the event that the Group's competitors are able to introduce more innovative and/or more functional designs or properties that can better cater to customers' needs or that are better accepted by the market, the Group may not be able to maintain its competitive edge and this may adversely affect the Group's profitability and financial performance.

The Group may be affected by disruptions and project delays to its real estate development projects.

The time required to complete a real estate development project depends on various factors, including the size of the project, prevailing market conditions and availability of resources. Delays may arise due to various factors, including adverse weather conditions, natural calamities, power failure, machinery and equipment breakdown, shortage of construction materials, shortage of labour, accidents, cessation of business of the Group's contractors, disputes with the contractors and unexpected delay in obtaining required approvals. Such delays may result in cost overruns and increased financing costs which will adversely affect the Group's profitability. Further, any delay in project completion may also expose the Group to claims for liquidated damages from the purchasers of the real estate development projects. Although the Group may be reimbursed by its contractors responsible for the delay or compensated from insurance under certain circumstances, there is no assurance that such reimbursement or compensation will cover the entire loss incurred and the Group's profitability and financial performance will be adversely affected.

The Group is subject to uncertainties in relation to its real estate development projects.

The Group's performance is dependent on its ability to identify real estate development projects with good potential returns and to complete such projects within a scheduled time frame to realise such returns. Such ability is based on the Group's understanding of the operational environment and/or anticipation of the market conditions. Hence, the viability and profitability of the Group's real estate development projects may be affected by factors such as unexpected project delays, changes in interest rates, construction costs, land costs and market conditions. Accordingly, there is no assurance that the Group will be consistently successful in identifying profitable real estate development projects, and completing and launching such projects under the best possible market conditions as planned. There is also

no assurance that a project, which may be assessed to be profitable at the initial phases, will not turn out to be a loss-making asset or investment of the Group due to changes in circumstances not within the Group's control. Should the Group fail to identify profitable real estate development projects and complete them profitably or within a reasonable time, its profitability and financial performance will be adversely affected.

The Group may face claims for delays and defective works.

In connection with the Group's real estate development business, claims relating to delays and defective works are sometimes made against the Group by the purchasers and/or the management corporations of such properties. Claims may also be made against the Group by the owners or occupiers of neighbouring properties in respect of the use and enjoyment of such properties.

The Group's business operations, financial performance and financial condition will also be affected if it has to pay a significant amount of compensation or spend a significant amount of resources in legal costs in the event of legal proceedings. The Group's reputation may also be adversely affected as a result of such proceedings.

The Group is subject to the risk of inability to collect progress payments from purchasers of its real estate development projects.

For its development properties, the Group is subject to the solvency or creditworthiness of its customers. In this respect, it may sometimes face delay or even non-payment in its collection of progress payments from the purchasers of its real estate development projects. Any significant delay or inability in collecting payment may impact the Group's financial performance negatively.

The Group may be subject to limitations of property valuations.

The valuations of the Group's properties are conducted by independent professional valuers and are valid as of the date of valuation. The valuations are based on certain assumptions and are not intended to be a prediction of the actual values likely to be realised by the Group from these investments. The valuations of the Group's properties will be adversely affected by unfavourable changes in economic or regulatory conditions or other relevant factors which could affect such valuations.

The Group's unsold real estate development assets may be illiquid.

The Group's unsold real estate development assets are relatively illiquid prior to their sale. Such illiquidity limits the Group's ability to convert its unsold real estate development assets into cash on short notice. Such illiquidity may also have a negative effect on determining the selling prices of the Group's unsold completed real estate development assets in the event that it requires a quick sale of these assets.

The Group is dependent on its ability to grow its land bank.

The Group needs to continue identifying land suited for real estate development in order to maintain and grow its real estate development business. The Group usually replenishes and sources for land by participating in property auctions, acquiring land from private owners, government tenders as well as sourcing for suitable development sites through external property agents. The Group competes with other property developers for land. If it is not successful in securing sizeable and appropriate land for real estate development, and as a result undertakes fewer real estate development projects, the Group's business operations, financial performance and financial condition may be adversely affected.

RISKS RELATING TO THE GROUP'S CONSTRUCTION BUSINESS

The Group may be adversely affected by any shortage in the supply of foreign workers or increase in levy for foreign workers, or any restriction on the number of foreign workers that it can employ for a project.

The construction industry is highly labour-intensive. As the pool of local workers employed in the construction industry in Singapore is scarce and the cost of local labour is high, the Group and its sub-contractors have to rely heavily on foreign labour for all the Group's construction projects. Most of the Group's construction workers are foreign workers who come mainly from India, Bangladesh and the PRC.

The supply of foreign labour and the number of foreign workers that the Group and its sub-contractors are allowed to employ are further subject to the policies and regulations imposed by the Ministry of Manpower of Singapore ("MOM"). For instance, the MOM imposes a quota on the number of foreign workers that can be employed in each of the Group's construction projects. In addition, any changes in the policies of the foreign workers' countries of origin may affect the supply of foreign labour and cause disruptions to the Group's business operations which may result in a delay in the completion of its projects. In the event that there are changes in policies that result in restrictions on the supply of foreign labour, the Group may have to seek alternative and more costly sources of labour for its projects. Further, foreign worker levies are payable by the Group to employ such foreign workers. If the Group is not able to increase its productivity when there is decrease in supply of foreign labour, or if there is an increase in foreign worker levies, the Group's overall construction costs will increase. If the Group is not able to pass on the increase in costs to its customers, its financial performance will be adversely affected. Even if the Group is able to pass on the increase in labour costs to its customers in the form of higher prices, its competitiveness may be affected if its competitors do not do the same.

The Group's earnings may be affected by fluctuations in construction material prices.

The construction materials used in the Group's construction business include concrete, sand, aggregates, cement, bricks, tiles, steel and aluminium. The prices of these construction materials may fluctuate due to changes in the supply and demand conditions. Any sudden shortage of supply or reduction in the allocation of construction materials to the Group from its suppliers for any reason may adversely affect the Group's business operations or result in it having to pay a higher cost for these construction materials.

Furthermore, a typical construction project generally spans more than one year. As a result, the Group's costs may increase beyond its initial projections and this may result in a reduction in its previously estimated profit margins or the Group incurring a loss. In the event of any significant increase in the costs of such construction materials and the Group failing to find a cheaper source of supply or pass on such increases in raw material prices to its customers, its business operations, financial performance and financial condition will be adversely affected.

The Group is liable for delays in the completion of projects and any liquidated damages arising from such delays.

The construction contract between a developer and its main contractor would normally include a provision for the payment of pre-determined liquidated damages by the latter to the former in the event that the project is completed after the stipulated date of completion stated in the contract.

Delays in the completion of a project could occur from time to time due to several factors including but not limited to adverse weather conditions, shortages of labour, equipment and

construction materials, the occurrence of natural disasters, labour disputes, disputes with suppliers and sub-contractors, industrial accidents, work stoppages arising from accidents or mishaps at the worksite or delays in the delivery of building materials by the suppliers. In the event of any delay in the completion of the project due to factors within the Group's control, it could be liable to pay liquidated damages under the construction contract and incur additional overheads that will adversely affect its earnings and erode its profit margin for the project. In such an event, the Group's financial performance and financial condition would be adversely affected.

The Group may be adversely affected by any cost overruns and/or increases in costs.

The Group's tender committee will prepare for a tender submission based on internal costing and budgetary estimates. Thereafter, the contract value that is quoted in the tender submission to the developer for construction projects is determined after having evaluated all related costs including the indicative pricing of the various suppliers and sub-contractors. However, owing to unforeseen circumstances such as adverse soil conditions, unfavourable weather conditions or unanticipated construction constraints at the worksite which may arise during the course of construction, additional work which was not previously factored into the contract value may have to be carried out and this may result in higher project costs. It is also possible for incorrect estimations of costs to be made during the tender submission or delays in the execution of construction projects to arise. These circumstances will lead to cost overruns which will erode the Group's profit margin for the project and may result in losses. This will have an adverse effect on the Group's financial performance and financial condition.

In submitting a tender, the developer would normally request for an affirmative quotation. However, the indicative pricing which the Group obtains from its suppliers and sub-contractors for the purpose of determining the contract value is only valid over a certain period. As the award of the tender is known only much later and the duration of construction normally stretches more than one year, there is a possibility that the final pricing agreed with the Group's suppliers and sub-contractors will be less favourable than the indicative pricing factored into its tender submission. As the construction contract would typically provide that no adjustment shall be made to the contract value for fluctuations in the cost of, amongst others, labour, construction materials, equipment rental and sub-contracting services, the Group would be unable to pass any cost increase to the developer. From the Group's past project experiences, the cost component which is most sensitive to price fluctuations is basic construction materials such as cement, sand, concrete, steel and bricks. A substantial increase in the cost of basic construction materials or any other cost components vis-à-vis the estimates factored into the contract value agreed with the developer will therefore erode the Group's profit margin for the construction project and may even result in losses. This will have an adverse effect on the Group's financial performance and financial condition.

Excessive warranty claims will adversely affect the Group's financial position.

The Group provides a limited warranty of up to 10 years for certain works in the Group's construction projects such as anti-termite treatment, waterproofing works, external painting works and aluminium windows and doors. The limited warranty covers defects and any premature wear and tear of the materials used in the projects. Rectification and repair works to be carried out by the Group that are covered under the limited warranty would not be chargeable to the customers. The Group provides such warranties jointly with its suppliers and/or sub-contractors. In the event the Group's suppliers and/or sub-contractors are not able to perform their obligations under the warranty, the Group will be liable for the claims pursuant to the warranty. Excessive warranty claims for rectification and repair works will have an adverse effect on its business operations, financial performance and financial condition.

The Group may be subject to disputes with, and/or claims from, developers and/or sub-contractors.

Disputes may arise between the developer and contractor in the construction industry for various reasons including differences in the interpretation of acceptable quality standards of workmanship and materials used, disagreements over the valuation of work-in-progress and general non-adherence to the contract specifications. Consequently, it is an industry practice for the developer to withhold an agreed percentage of the contract sum, typically up to five per cent, as retention monies to defray the costs of instituting any work for repair, reconstruction or rectification of any imperfection or other fault or defects which may surface or be identified only during the maintenance period, typically of about 12 to 24 months after the official handover of a building project. The Group may therefore encounter difficulties in collecting the full sum or any part of the retention monies due and may run the risk of incurring additional costs to make good the imperfection, fault or defect or reconstruction of works under dispute to the extent that the Group's profit margin is eroded or losses are incurred for the building project. Moreover, where the Group is in breach of any terms of the contract, the Group's clients are entitled to claim for liquidated damages for delay in completion or other losses suffered by them by off-setting the same from the retention monies or enforcing the performance bond. If the performance bond is called upon, it will be required to indemnify the relevant insurance company or financial institution for such payment, as well as any damages arising from disputes. This will have an adverse effect on the Group's financial performance and financial condition.

Disputes may also arise between the developer and contractor from disagreements over the cost of variation orders requested by the former. This is because the variation orders are sometimes carried out before the additional charges are agreed upon in order that the building project may be completed on schedule. However, as the cost of variation orders is not determined beforehand, their basis of valuation may become a source of dispute after the building project has been completed. In the event that a dispute were to arise between the developer and the Group such that the Group is required to bear part of the variation cost, the Group's profit margin for the building project will be eroded and it may result in losses. This will have an adverse effect on the Group's financial performance and financial condition. Disputes may also arise between the Group and its sub-contractors for various reasons, including defective works, disruption of sub-contract works and disputes over contract specifications and the final amount payable for work done on a project.

It is not uncommon in the Group's construction business for claims to be made against the Group from time to time by its sub-contractors and developers arising from such disputes. In the event that any such claims are successfully made against the Group, its financial performance and financial condition may be materially and adversely affected. Any legal proceedings relating to such claims may also have an adverse effect on the Group's market reputation.

The Group may be liable for defects or failure in the structural and M&E design for the design and build projects that the Group undertakes as the main contractor.

For design and build projects, a single contract is awarded by the developer to the main contractor who may be responsible for the structural and M&E designs and construction works of the entire project. Consultants such as engineers are always engaged to work on such projects and they will be liable for any defect or failure in the structural and M&E design of the building arising from their default, as the case may be. However, in the event that such defaults cannot be sufficiently covered by the professional indemnity insurance taken up by the respective consultants, the Group may be liable to the developer for the residual amount of such defaults.

If a developer were to succeed in obtaining a court judgment or an arbitration award against the Group for claims on the grounds of design defect or failure, such claims may have a material adverse effect on the Group's financial performance and financial condition.

The Group may be affected by accidents and/or violations of regulatory requirements at its construction sites.

Accidents or mishaps may occur at the construction sites for the Group's projects even though the Group has put in place certain safety measures. As such, the Group is subject to personal injury claims by workers who are involved in accidents at its worksites during the course of their work from time to time.

Such accidents or mishaps may severely disrupt the Group's operations and lead to a delay in the completion of a project, and in the event of such delay, the Group could be liable to pay liquidated damages under the construction contract with its customers. In such an event, the Group's business operations, financial performance and financial condition may be materially and adversely affected. Further, such accidents or mishaps may subject the Group to claims from workers or other persons involved in such accidents or mishaps for damages suffered by them, and any significant claims which are not covered by the Group's insurance policies may materially and adversely affect its financial performance and financial condition. In addition, any accidents or mishaps resulting in significant damage to the Group's premises, machinery or equipment may also have a significant adverse effect on its business operations, financial performance and financial condition.

Further, the Group is subject to the demerit points system ("**DPS**") administered by the MOM, under which it may face corrective actions and penalties if it is found to have violated safety and health requirements at its worksites. In March 2015, the MOM announced that the DPS will be enhanced with effect from 1 July 2015. Under the enhanced DPS, an accumulation of 25 demerit points would result in a contractor being immediately debarred from employing foreign workers for a three-month period. This is in contrast to the current DPS, where a contractor that has received more than 18 demerit points within a 12-month period will first receive a formal warning from the MOM, and will only be debarred from hiring foreign workers if it accumulates a further 18 demerit points. In addition, the number of demerit points issued under the enhanced DPS will be calibrated to increase its deterrent effect. For example, under the current DPS, a contractor would be issued 12 demerit points for a fatal accident leading to the death of one person, which would not trigger a debarment. However, under the enhanced DPS, the contractor would be issued 25 demerit points, which will result in a three-month debarment period. The period for which demerit points are accumulated will also be extended from the current 12-month period to an 18-month period, to ensure a longer period of adherence to good workplace safety and health practices. Further, contractors that are debarred from employing foreign workers will have such restrictions imposed company-wide, and not just at the affected worksites.⁵

In addition, in the event that its worksites contravene the requisite safety and health standards imposed by the regulatory authorities, the Group could be fined, or issued with partial or full stop-work orders. In the event that the Group is issued such stop work orders, this may severely disrupt its operations and lead to a delay in the completion of a project. These circumstances may generate negative publicity and adversely affect the Group's market reputation, and may also have a material adverse impact on its business operations, financial performance and financial condition.

⁵ Source: <http://www.mom.gov.sg/newsroom/speeches/2015/-/media/48c882928522417a93bd307d6e45a995.ashx>

The Group's business is dependent on the services of its sub-contractors.

The Group engages sub-contractors to provide various services for its construction projects, including piling and foundation works, engineering, landscaping, installation of air-conditioning units and elevators, M&E installation, utilities installation, interior decoration and any other specialist work. These sub-contractors are selected based on, amongst others, the Group's past working experience with them, their competitiveness in terms of their pricing and their past performance. The Group cannot be assured that the services rendered by sub-contractors will be satisfactory to it or that the sub-contractors will meet its requirements for quality. In the event of any loss or damage which arises from the default of the sub-contractors engaged by the Group, the Group, being the main contractor, will nevertheless be liable for the sub-contractors' default. Furthermore, these sub-contractors may experience financial or other difficulties that may affect their ability to carry out the work for which they were contracted, thus delaying the completion of or failing to complete the Group's construction projects, resulting in additional costs for the Group or exposing it to the risk of liquidated damages. Any of these factors could have a material adverse effect on the Group's business operations, financial performance and financial condition.

The Group may be adversely affected by changes in government legislation, regulations or policies which affect the construction industry in Singapore.

As the Group derives a significant portion of its revenue from its construction business in Singapore, any changes in government legislation, regulations or policies affecting the construction industry in Singapore could adversely affect the Group's business operations and/or have a negative effect on the demand for its construction services. The compliance with such changes may also increase the Group's costs and any significant increase in compliance costs arising from such changes may adversely affect its financial performance. There is no assurance that any changes in government legislation, regulations and policies will not have an adverse effect on its financial performance and financial condition.

The Group will be affected by the loss of its BCA grading.

Registration with the BCA is a pre-requisite for the Group to tender for contracts with the government sector in Singapore. Certain customers in the government sector in Singapore may also require that the Group achieves the specified ISO recognition as a tender pre-requisite. In addition, some customers in the private sector have also requested that contractors hold BCA registration.

Further, the BCA administers a contractors' registry to serve the procurement needs of government departments, statutory bodies and other public sector organisations. Contractors registered with the BCA are accorded grades ("**BCA Grades**") by the BCA, taking into consideration factors such as the contractor's resources, experience and technical expertise to undertake contracts of the relevant nature and size.

These BCA Grades have to be renewed on an annual basis. To maintain their existing BCA Grades, the Group's subsidiaries are required to comply with the prescribed requirements relating to financial capacity, personnel resources and track record. In the event that the Group's subsidiaries fail to maintain their BCA Grades because of inability to comply with any of the prescribed requirements, their BCA Grades would be revoked or downgraded accordingly. As such, the Group would not be able to tender for public sector projects as well as some private sector projects which require contractors to possess A1 or A2 BCA Grades. In any such event, the Group's market reputation will be adversely affected and its business, results of operations and financial performance may be adversely affected.

The Group is subject to licensing requirements for the Group's operations.

As a main contractor registered under General Builder Class 1 pursuant to the Building Control (Amendment) Act 2007, the Group is required to comply with requirements on Construction Registration of Tradesmen Scheme on construction personnel. In the event that such requirements are not met, the Group would not be able to obtain the necessary permits to carry out building works. This would then have an adverse impact on the Group's business, financial performance and results of operation.

In addition, the Group's operation of the test centres is subject to, amongst others, the following requirements: (i) compliance with the applicable laws and regulations in the respective countries in which its test centres are operated; (ii) annual endorsement by the BCA; and (iii) such other requirements as may be imposed by the BCA from time to time. In the event that the Group is unable to fulfill such requirements, it may not be able to continue operating the test centres and this would then have an adverse impact on the Group's business.

The Group is exposed to credit risks of the Group's customers.

The Group's financial performance and position are dependent, to a certain extent, on the creditworthiness of its customers. If there are any unforeseen circumstances affecting the Group's customers' ability or willingness to pay the Group, it may experience payment delays or non-payment. In any of such events, the Group's financial performance and financial position will be affected adversely.

RISKS RELATING TO THE GROUP'S DISTRIBUTION OF PETROLEUM-BASED PRODUCTS, LUBRICANTS, TYRES, COMMERCIAL VEHICLES, BUSES AND AUTO SPARE PARTS

The Group's distribution business may be adversely affected if the distribution agreements held by the Group and its joint venture companies are terminated.

The distribution agreements held by the Group and its joint venture companies may be terminated if certain terms are not complied with. The involuntary termination of such distribution agreements by key suppliers or licence principals without comparable or suitable replacements may adversely affect the Group's distribution business.

The Group's distribution business is highly dependent on market demand.

Sale of the petroleum-based products, lubricants, tyres, commercial vehicles, buses and auto spare parts distributed by the Group and its joint venture companies is affected by market demand for these products. If the demand for these products is reduced or ceases to exist, such as that resulting from a decrease in demand of automobiles amongst consumers, retailers may reduce or cease purchase orders for such products. This may lead to the Group and its joint venture companies being unable to maintain and/or expand their distribution channels which will in turn affect the Group's business, results of operations and financial condition.

The Group's distribution business is dependent on the Group and its joint venture companies forging and maintaining good relationships with their customers.

The Group and its joint venture companies depend on the ability to forge and maintain strong customer relationships across a spectrum of market channels to ensure that they are able to compete with other distributors. There is no assurance that the Group and its joint venture companies will always be able to maintain these connections or customer loyalty.

The Group's profits may be affected by increases in transportation and warehousing costs.

Any increase in the cost of transportation in the countries where the Group and its joint venture companies operate the distribution business, whether due to a rise in fuel price, electronic road pricing charges, price of certificates of entitlement, freight charges or otherwise, may drive up operating expenses and affect the overall profitability of the Group's distribution business segment.

The Group and its joint venture companies also lease their warehousing and storage spaces. Increases in rental costs of these premises will erode the Group's profit margin and hence its earnings.

The Group and its joint venture companies operate in highly competitive environments in the distribution business.

The distribution of petroleum-based products, lubricants, tyres, commercial vehicles, buses and auto spare parts is a highly competitive industry and any failure by the Group and its joint venture companies to compete effectively could result in the loss of market share and revenue. There are other brands of petroleum-based products, lubricants, tyres, commercial vehicles, buses and auto spare parts in Singapore, Myanmar and Thailand apart from those distributed by the Group and its joint venture companies. Moreover, the distributors of these competing brands may have more extensive experience, greater resources, and/or better relationships with customers, and hence may be better able to distribute their products and increase their market share.

There is no assurance that the Group and its joint venture companies will be able to compete against its competitors successfully in the future. If its competitors are able to offer, for example, a wider range of products or products at more competitive prices, the sales and market share of the Group and its joint venture companies may be adversely affected.

RISKS RELATING TO THE GROUP'S DORMITORY BUSINESS

The success of the Group's dormitory business is dependent on the Group's personnel having the necessary expertise to operate the dormitory business.

Notwithstanding that the Executive Directors have prior experience in the owning, developing, constructing, management and operation of construction workers' dormitories, the rest of the Group's personnel might not initially have the expertise necessary to run the Group's dormitory business. If the Group is unable to attract and retain a sufficient number of suitably skilled and qualified personnel to assist the Group's management team in the expansion of the Group's dormitory business, the Group's business and financial performance may be adversely affected.

The Group may not be able to acquire suitable properties for the expansion of its dormitory business, may not be granted a renewal of lease in relation to properties used in its dormitory business and may face the termination of such leases.

The Group may not be able to acquire properties suitable or zoned for use as dormitories, and properties which are zoned for use as dormitories may not be available at commercially suitable prices.

In addition, where such properties are leased, whether from the relevant authorities or otherwise, the Group may not be granted a renewal of such leases. Further, the lessor may have the right under a relevant lease agreement to terminate the lease by giving the requisite notice, or if the lessee breaches any covenants in the lease agreement.

In the event the Group is not able to acquire suitable properties for its dormitory business, or if the leases in respect of properties leased for its dormitory business are not renewed or are terminated, the Group's business and financial performance may be adversely affected.

The Group's dormitory business may be affected by policy changes that reduce the number of foreign workers in Singapore.

The worker dormitory industry in Singapore is dependent on the presence of a transient population of foreign workers in Singapore and is also subject to the policies (including those governing foreign worker levies and the granting of work permits) imposed by the MOM and other governmental bodies. Any change in such policies that increases the foreign worker levies payable by companies employing foreign workers in Singapore, or that reduces the number of work permits granted to foreign workers, could result in a reduction of foreign workers in Singapore. In addition, there could be pressure to reduce the number of foreign workers present in Singapore to minimise any potential social problems that may arise with a large foreign worker presence. If any of such policy changes materialise, this could reduce the population of foreign workers in Singapore and lead to a reduced demand for the Group's workers' dormitories. This may adversely affect the Group's business and financial performance.

The Group's dormitory business operates in a capital intensive industry which relies on the availability of a sizeable amount of capital for the acquisition or development of properties.

With the further expansion of the Group's dormitory business, the Group's resources may have to be committed to the development of workers' dormitories, which is capital intensive. One major factor that could affect the Group's ability to complete a dormitory development as planned is the adequacy of financing. The Group plans to finance projects relating to the dormitory business through a combination of its internal resources, external debt financing, and revenue generated from its business, and may also consider expanding the dormitory business through joint ventures or collaborations with other parties.

Additionally, the workers' dormitories may need to undergo renovation or redevelopment works from time to time to retain their serviceability and competitiveness. Refurbishment, renovation or improvement works may involve capital expenditure beyond the Group's estimates.

Failure to obtain financing for projects or for subsequent renovation, refurbishment or improvement works, or refinancing of debt facilities on commercially acceptable terms, when required may result in the Group not having adequate funds to fund its operations or to service its financing obligations and this could have an adverse effect on the Group's business and financial performance.

Renovation or redevelopment works or physical damage to the Group's workers' dormitories may disrupt the operations of the workers' dormitories and the collection of rental income or otherwise have an adverse impact on the Group.

The Group's workers' dormitories may need to undergo renovation or redevelopment works from time to time to retain their competitiveness and may also require unforeseen ad hoc maintenance or repairs in respect of faults or problems that may develop. The business and operations of the Group's workers' dormitories may suffer from some disruption and it may not be possible to collect the full or any rental income for the space affected by such works. In addition, physical damage to the Group's workers' dormitories resulting from fire or other causes may lead to a significant disruption to the business and operation of the Group's workers' dormitories. Any of the above events may impose unbudgeted costs on the Group and result in an adverse impact on the Group's business and financial performance.

The Group faces the risk of delays in the development its workers' dormitories.

The time required for the construction of a workers' dormitory depends on the size of the property being developed, prevailing market conditions and when the third party contractors (if any) engaged by the Group commence construction. Delays can arise due to several factors, including adverse weather conditions, shortage of construction materials, equipment and/or labour, accidents, cessation of business of the Group's contractors, disputes with the Group's contractors and delays in obtaining any necessary approvals. Such delays may result in cost overruns and increased financing costs and accordingly affect the Group's business and financial performance.

As the Group may only start collecting rental income after at least the first phase of such property has been developed and approved for TOP, any delays to the development of the property may affect the total revenue which can be generated from the relevant project and hence adversely affect the Group's business and financial performance.

The Group may face competition from its competitors and new entrants.

The dormitory business in Singapore is highly competitive and competition may become more intense in the near future due to the entry of new players. Should the Group's competitors be able to provide comparable or better services at lower prices or respond to changes in market conditions more swiftly or effectively than the Group, such that they are more successful at attracting and retaining tenants, the Group's business and financial performance may be adversely affected. There is no assurance that the Group will be able to compete effectively with its existing and future competitors and adapt quickly to changing market conditions and trends. Any failure by the Group to remain competitive will adversely affect the demand for the Group's services and hence its business and financial performance.

The Group's dormitory business may be dependent on the industries in which the Group's potential customers operate.

The Group's dormitory business may be dependent on the industries in which the Group's potential customers operate. The Group's potential customers in the dormitory business are likely to be made up of companies that rent the Group's dormitory units to house their foreign workers, and this could comprise companies operating in the construction, marine, process and manufacturing industries in Singapore. As such, the Group will be affected by the cyclical changes affecting such industries in Singapore. A downturn in these industries may result in a decline in the number of foreign workers brought into Singapore to work on projects in these industries. A downturn may also halt existing projects and result in existing foreign workers being repatriated to their home countries due to the lack of suitable employment for them. This may adversely affect the Group's business and financial performance.

The Group's dormitory business is subject to the policies of foreign governments relating to the employment of its nationals.

Demand for the Group's dormitories and related services will depend on the number of foreign workers in Singapore. The employers of these foreign workers may have to comply with the rules and conditions imposed by the immigration and other authorities of the countries where the foreign workers come from, with regard to the employment of these foreigners in Singapore. Any future changes to the policies of the immigration department of any country that restricts the travel and employment of these foreign workers may reduce the number of foreigners of that nationality who are employed to work in Singapore. This may result in an overall reduction in the number of foreign workers in Singapore and hence the occupancy rate of the Group's dormitory. This may in turn adversely affect the Group's business and financial performance.

The Group's dormitory business may be affected by changes in regulations relating to the worker dormitory industry.

The worker dormitory industry in Singapore is subject to various government regulations which regulate general matters such as compulsory land acquisition, urban redevelopment and planning, as well as restrictions on the design, construction and use of properties as worker dormitories. Compliance with such regulations may increase the Group's cost of operations.

Changes in laws, regulations and government policies relating to real estate, including those governing use, zoning, taxes and government charges, may lead to an increase in the costs of managing the Group's dormitories or unforeseen capital expenditure in order to ensure compliance. The Group's use of its worker dormitory may also be restricted by legislative action such as revisions to the relevant building standards laws, city planning laws, or the enactment of new laws relating to the use and/or redevelopment of properties.

In the event that any of the above occurs, the Group's business and financial performance may be adversely affected.

The Group's dormitory business may be exposed to increases in property-related expenses and other operating costs.

Factors that could increase the property-related expenses and other operating expenses in relation to the Group's dormitory business include, but are not limited to:

- increases in property taxes and other statutory charges;
- changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- increase in insurance premiums;
- increase in the rate of inflation;
- increase in labour costs;
- increase in repair and maintenance costs; and
- increase in management costs and utility charges.

Any increase in these expenses may have an adverse impact on the Group's business and financial performance.

The Group's dormitory business may be affected by an outbreak of severe acute respiratory syndrome ("SARS") or an outbreak of any other contagious or virulent disease.

The outbreak of SARS or other contagious or virulent diseases in Singapore or other parts of the world will disrupt global and regional businesses. Such an outbreak may have a material adverse effect on the operations of the Group's dormitory business, as well as the operations of the Group's customers. For example, in the event that the residents in the Group's dormitories are infected with SARS or other diseases, the Group's dormitories may be shut down and workers may be quarantined to prevent the spread of such diseases. In addition, the suspension of operations by the Group's customers may result in cashflow problems for them, potentially leading to a delay or default in the payment of rental to the Group. Should any of the above events arise, the Group's business and financial performance would be adversely affected.

The Group may not be able to put in place or maintain adequate insurance in relation to its workers' dormitories and its potential liabilities to third parties.

The Group's workers' dormitories face the risk of physical damage caused by fire, acts of God such as natural disasters, as well as potential third party liability claims, including claims arising from the operations of the Group's workers' dormitories.

The Group intends to take up and maintain a public liability policy with respect to accidental injury or damage to persons or property. The Group also intends to take up and maintain other insurance policies for claims arising from or in connection with the performance of works on the construction site and work-site related injuries sustained by persons on the work-site. The Group will ensure that its insurance coverage in relation to its dormitory business is in line with industry practices.

However, should an uninsured loss or a loss in excess of insured limits occur, the Group may be required to pay compensation and may lose the capital invested in, or the anticipated future revenue from, that property. The Group will also be liable for any debt or other financial obligation relating to that property. In the event that any of the above occurs, the business and financial performance of the Group may be adversely affected.

The Group may be required to obtain licences, permits, accreditation and/or approvals to operate its dormitory business and any delay or inability to obtain the same may have an adverse impact on its business.

The Group may be required to obtain various licences, permits, accreditation and/or approvals to operate its dormitory business. Such licences, permits, accreditation and/or approvals are generally subject to conditions stipulated by the relevant issuing authorities or bodies such as the MOM, or under the relevant laws or regulations. Accordingly, the Group would be required to constantly assess and review its processes and operations to ensure that it is in compliance with such conditions, laws and regulations. Failure to comply with such conditions, laws and regulations could result in the revocation or non-renewal of the relevant licence, permit, accreditation and/or approval or the imposition of fines or other penalties on the Group. In such an event, the Group's business and financial performance will be adversely affected.

The Group is exposed to the risk of illegal immigrants found at its workers' dormitories.

Under the Immigration Act, Chapter 133 of Singapore, any person who is found guilty of harbouring illegal immigrants shall be subject to imprisonment or fine, or both. Landlords who rent out their premises to foreign tenants are required by law to ensure that these tenants have valid permits and/or passes to stay in Singapore before renting out their premises and landlords are required to perform checks to ensure that the premises are not rented out to illegal immigrants. The Group is required to ensure that any foreigners residing in the dormitory are not illegal immigrants and have valid work passes or permits. The Group will take the necessary precautions, such as conducting regular checks, to ensure that persons residing at the Group's dormitories have the necessary work passes or permits. However, there is no assurance that such measures will be foolproof and that no illegal immigrants will be found in the construction workers' dormitories.

In the event the Group is found to be harbouring illegal immigrants and the Group's procedures for verifying the immigration status of dormitory residents are found by the authorities to be inadequate, the Group and its officers may be subject to fines or imprisonment, or both, and this may adversely affect the Group's business and financial performance.

The Group is exposed to the risk of its dormitory residents engaging in smuggling and/or any unlawful activity.

The Group is required to ensure that the workers residing at its dormitory do not engage in smuggling and/or any unlawful activity such as, *inter alia*, being in possession of contraband tobacco, controlled substances or weapons. The Group will take the necessary precautions so as to detect and/or prevent such unlawful activities within the dormitory by operating electronic surveillance systems to monitor the security of the dormitory and by conducting regular checks on the workers and their living areas. However, there is no assurance that such measures are foolproof and that the workers will not be found to be engaging in such unlawful activities within the dormitory premises.

In the event that the workers are found to be engaging in any unlawful activities that had gone undetected, and the Group's security and monitoring procedures for the detection and prevention of such unlawful activities are found by the authorities to be inadequate, the Group may be subject to penalties which may adversely affect the Group's business and financial performance.

RISKS RELATING TO THE FURTHER EXPANSION OF THE GROUP'S BUSINESS IN SOUTHEAST ASIA

The Group will be subject to the laws and regulations of the countries into which it expands its business.

The Group will be subject to the laws and regulations of the countries into which it expands its business. Licences, permits, certificates, consents or regulatory approvals may be required for, among other things, property development, A&A works and building works. If the Group is unable to obtain the requisite approvals in a particular country, it will be unable to expand its business in such country.

The Group may also have to comply with applicable laws and regulations (for example, in relation to workplace health and safety, environmental public health and environmental pollution control) in further expanding its business. If the Group fails to comply with any applicable law or regulation, it may be subject to penalties, have its licences or approvals revoked, or lose its right to own, develop or manage its properties. This may in turn have a material and adverse impact on the Group's business, financial condition, results of operations and prospects. Further, any changes in applicable laws and regulations could result in higher compliance costs and hence adversely affect the business and financial performance of the Group. For example, changes in labour laws allowing the formation of labour unions may lead to higher operating costs for the Group.

In addition, there is no assurance that the licences, approvals and agreements held by the Group will be renewed upon their expiration on commercially reasonable terms, if at all.

The Group is subject to changes in economic situation, government regulations and property industry of the countries into which it expands its business.

The performance of the Group depends largely on the economic situation and the performance of the property industry and there is no assurance that the property sectors of the countries in which the Group expands its business will continue to grow. Should the economy or the property market experience a downturn, whether globally or in any country in which the Group expands its business, the Group's performance may be adversely affected. In addition, as the gestation period for a property development project is long — typically between two to three years — any downturn in the economy or the property market during the course of a development project may affect the profitability of such development project, thereby adversely affecting the Group's business and financial performance.

Changes in government regulations in any country in which the Group expands its business may also result in the Group being unable to complete its property development projects, or sell its completed property development projects or purchased property at a profit, or at all. This may adversely affect the Group's business and financial performance. In the event any government regulations are changed, the Group may not be able to comply with the new government regulations without incurring additional costs, and where insufficient notice of the change is provided, the Group may not be able to comply with the new government regulations within the stipulated time frame.

Changes in the business environment in the jurisdictions in which the Group operates may result in delays in procuring the necessary relevant approvals, licenses or certificates from government bodies, or involve changes in laws, regulations and policies in relation to property development, fluctuations in demand for properties, delays in construction schedules due to poor weather conditions, labour disputes and fluctuation in costs of construction materials and other costs of development. Such changes or delays may result in the Group incurring additional costs, thus affecting the business and financial performance of the Group.

The legal systems of certain countries in Southeast Asia are still maturing and the interpretation and application of laws and regulations involve uncertainty.

The Group's operations in Southeast Asia are subject to the laws and regulations promulgated by the respective countries. The laws and regulations of certain countries may be supplemented or otherwise modified by undocumented practices. Such practices may not have been ruled upon by the courts or enacted by legislative bodies and they may change without notice. There may also be limited precedents on the interpretation, implementation or enforcement of the laws and regulations of certain countries. Therefore, some degree of uncertainty exists in relation to the application of existing laws and regulations. As these countries are still in the process of developing a comprehensive set of laws and regulations, laws and regulations or the interpretation of the same may be subject to change on short notice.

In addition, certain countries in Southeast Asia adopt a civil law legal system, which is different from the common law legal system that Singapore adopts. Unlike in common law systems, prior court decisions may be cited for reference but have limited precedential value. Interpretations of laws, regulations and rules may not be uniform and enforcement of these laws, regulations and rules involve uncertainties, which may limit legal protections available to the Group.

The Group may face intense competition from existing competitors and new market entrants.

The industries in which the Group operates are highly competitive, with strong competition from established industry participants in the relevant countries who may have larger financial resources or stronger track records. The Group may not be able to provide comparable services at lower prices or respond more quickly to market trends than its potential or existing competitors who may have larger financial resources and stronger track records. In the event that the Group is unable to be competitive in the relevant country where it intends to expand its business, the Group's business and financial performance will be adversely affected.

The Group is susceptible to fluctuations in foreign exchange rates, currency control and other restrictions relating to remittance of money from its overseas operations.

As the Group's functional and presentation currency is denominated in Singapore Dollar, any depreciation in foreign exchange rates against the Singapore Dollar may affect the Group's profitability and financial position. For example, revenue derived from any work overseas which is denominated in foreign currencies may have an adverse impact on the Group's business and financial performance if there is unfavourable fluctuation of the foreign currencies against the Singapore Dollar.

The Group is subject to the general risk of doing business overseas.

The Group intends to further expand its business in Southeast Asia. There are inherent risks in doing business overseas. These risks include unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainty regarding liability, tariffs and other trade barriers, variable and unexpected changes in local law and barriers to the repatriation of capital or profits, any of which could materially affect the overseas operations of the Group. These risks if materialised may affect the Group's business and financial condition. In addition, if the governments in the jurisdictions which the Group intends to expand its business tighten or otherwise adversely change their laws and regulations relating to the repatriation of their local currency, the ability of the Group's overseas operations to repatriate profits to the Group may be affected and this may in turn adversely affect the business and financial performance of the Group.

The Group's current management may not have the expertise needed to ensure success of the Group's business in a particular country.

Operating in a new geographical area may cause the Group to face additional risks, uncertainties and problems commonly associated with the entry into any new country which it has no prior track record in, such as the countries in Southeast Asia save for Cambodia, Malaysia, Myanmar and Thailand. These risks, uncertainties and problems include, among other things, the inability to find the right joint venture, strategic or other business partnerships, the inability to manage expanding operations and costs, failure to attract and retain customers, difficulty in establishing a database of suppliers, failure to provide the results, level of revenue and margins the Group is expecting and failure to identify, attract, retain and motivate qualified personnel.

In addition, the Group's current management may not have the relevant expertise to ensure success in these areas. While the Group will seek to engage additional persons with the relevant experience for the Group's proposed operations in such countries, there is no assurance that the Group will be able to attract and retain the right persons. If the Group is unable to attract and retain a sufficient number of suitably skilled and qualified personnel with detailed knowledge of operating in such country, the Group's business and financial performance may be adversely affected.

The success of the Group's operations in Southeast Asia depends on the ability of its management to develop and implement the strategies to achieve the objectives of the Group. Decisions made by management or a general lack of management capability may cause the Group to incur losses or to miss profit opportunities or otherwise have an adverse effect on the business and financial performance of the Group.

There is no assurance that the Group will be able to form good working relationships with government authorities and joint venture partners.

The Group will seek to work in cooperation with the government authorities of the respective countries in which it operates. There is, however, no guarantee that the Group will be able to build good constructive working relationships with the authorities. Even if the Group manages to establish good constructive working relationships with the relevant governmental authorities, its business, financial condition and results of operations could be adversely affected if the Group is unable to maintain such relationships. The Group's business and financial performance could also be materially and adversely affected if the government officials which the Group has relationships with are replaced or removed from their posts.

In addition, as a matter of business strategy, the Group may from time to time enter into joint ventures. These joint ventures involve a certain amount of business risks such as the inability of the Group to build good constructive working relationships with joint venture partners, or the inability or unwillingness of joint venture partners to fulfil their obligations. There is no assurance that the Group will not, in the future, encounter such business risks. If such risks materialise, the business and financial performance of the Group may be adversely affected.

The Group may be affected by political, economic and social instability in Southeast Asia.

There is no assurance that the countries in Southeast Asia which the Group expand into will not face political, economic or social instability. There is no certainty that political and economic reforms implemented by a previous government will continue in the event that there is a change of government, and there is no certainty that the business environment will not worsen. Any unfavourable changes in the social and political conditions of a country may also adversely affect the Group's business and financial performance.

Changes in the laws and regulations or the interpretation and application of the same, as well as changes in the foreign exchange regulations, taxation and land ownership and development restrictions may adversely affect the Group's financial performance. The occurrence of local unrest or external tensions could adversely affect a country's political and economic stability and, consequently, adversely affect the Group's business and financial performance.

The Group may operate in countries which are subject to sanctions.

Certain countries in Southeast Asia, such as Myanmar, are the subject of, or have in the past been the subject of, certain sanctions implemented by other nations such as the United States. In the event that a country in which the Group operates is the subject of sanctions, the growth of the country may be hampered and this may adversely affect the Group's business and financial performance.

Access to publicly available information and statistics is limited.

Under the current business environment in certain countries in Southeast Asia, it may be very difficult to obtain up-to-date information and statistics on other businesses in such countries that may be comparable to the Group in terms of, *inter alia*, business activities, geographical spread, track record, operating and financial leverage, liquidity, quality of earnings and accounting, economic outlook, growth statistics and other relevant data. As such it may be difficult to gauge the performance of the Group which may lead to inefficient pricing of the Group's services and products due to incomplete market information. This may adversely affect the Group's business and financial performance.

The Group may be affected by political, terrorist and other risks in countries which the Group operates.

Wars, unsettled political conditions, social unrest, riots, terrorist attacks, piracy and government actions such as possible seizure of land and assets and import/export restrictions in countries where the Group may operate in the future could adversely affect the Group's business and financial performance.

Such developments may also affect the ability of the Group's customers to meet their payment obligations to the Group and increase the insurance premium for its operations. This would adversely affect the Group's business and financial performance.

Terrorist activities, anti-terrorist efforts, piracy or other armed conflict involving countries in Southeast Asia or their interests abroad may adversely affect the country and global economies. If events of this nature occur and persist, the associated political instability and societal disruption could reduce overall demand for the Group's projects or services and adversely affect the business and financial performance of the Group. The Group's business and financial performance could be adversely affected if any infrastructure or property integral to its operations is destroyed or damaged by such events. Insurance coverage may become more difficult to obtain, if available at all.

The Group could be adversely affected by strikes or work stoppages.

The Group may experience disruptions to its operations due to strikes, labour disputes or other labour unrest, which may adversely affect its business, financial condition, results of operations and prospects.

PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS

The net proceeds arising from the issue of the Notes under the Programme (after deducting issue expenses) will be used for corporate funding (including financing of working capital and refinancing of existing borrowings), investments (including mergers and acquisitions) and/or the capital expenditure requirements of the Issuer and its subsidiaries.

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

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

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

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

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

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

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Principal 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 relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the 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 Arrangers 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 20.0 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0 per cent. The rate of 15.0 per cent. may be reduced by applicable tax treaties. Pursuant to the Singapore Budget Statement 2015, it was announced that the highest marginal tax rate for Singapore-resident individuals will be increased to 22.0 per cent. with effect from the year of assessment 2017. It is therefore possible that the above-mentioned withholding tax rate for non-resident individuals may similarly be increased from 20.0 per cent. to 22.0 per cent.

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 The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch and United Overseas Bank Limited, each of which was a Financial Sector Incentive (Bond Market) (“**FSI-BM**”) 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, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled “Extension and Refinement of Tax Concessions for Promoting the Debt Market” (the “**MAS Circular**”) issued by MAS on 28 June 2013, 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 of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed, 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 of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed), 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 of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed,

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 of a return on debt securities in respect of the QDS in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the QDS as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed), 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 be redeemed, called, exchanged or converted within 10 years from the date 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:

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

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

The MAS Circular states that, with effect from 28 June 2013, the QDS Plus Scheme will be refined to allow QDS with certain standard early termination clauses (as prescribed in the MAS Circular) to qualify for the QDS Plus Scheme at the point of issuance of such debt securities. The MAS has also clarified that if such debt securities are subsequently redeemed prematurely pursuant to such standard early termination clauses before the 10th year from the date of issuance of such debt securities, the tax exemption granted under the QDS Plus Scheme to Qualifying Income accrued prior to such redemption will not be clawed back. Under such circumstances, the QDS Plus status of such debt securities will be revoked prospectively for such outstanding debt securities (if any), and holders thereof may still enjoy the tax benefits under the QDS scheme if the QDS conditions continue to be met.

The MAS has stated that, notwithstanding the above, QDS with embedded options with economic value (such as call, put, conversion or exchange options which can be triggered at specified prices or dates and are built into the pricing of such debt securities at the onset) which can be exercised within ten years from the date of issuance of such debt securities will continue to be excluded from the QDS Plus Scheme from such date of issuance.

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

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

The Inland Revenue Authority of Singapore has issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition and Measurement" (the "**FRS 39 Circular**"). 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 Issuer may also from time to time agree with the relevant Dealer(s) that the Issuer may pay certain third party commissions (including, without limitation, rebates to private bank investors in the Notes). 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.

United States

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

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 has agreed that, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the 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 relevant 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 relevant 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 meanings given to them by Regulation S.

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

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (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 (Cap. 571) of Hong Kong 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 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 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.

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 adviser(s) 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 Liong Kiam Teck	Executive Chairman
Mr Neo Tiam Poon @ Neo Thiam Poon	Deputy Executive Chairman
Mr Neo Tiam Boon, PBM	Chief Executive Officer and Executive Director
Mr Neo Thiam An	Executive Director
Mr Lim Hock Beng	Lead Independent Director
Mr Lee Ah Fong	Independent Director
Mr Mervyn Goh Bin Guan	Independent 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 named subject to any pending proceedings which may lead to such a conviction or judgment, or so far as such person is aware, any criminal investigation pending against him; or
- (c) the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

3. Save as disclosed below, the Directors are not related by blood or marriage to one another nor are they related to any substantial shareholder of the Issuer:

Mr Liong Kiam Teck, Mr Neo Tiam Poon @ Neo Thiam Poon, Mr Neo Tiam Boon, PBM and Mr Neo Tiam An are siblings.

4. The interests of the Directors and the substantial shareholders of the Issuer in the Shares as at the Latest Practicable Date are as follows:

Directors

Name	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Liong Kiam Teck ⁽¹⁾	152,923,950	32.89	20,000	0.00
Neo Tiam Poon @ Neo Thiam Poon	73,403,496	15.79	-	-
Neo Tiam Boon, PBM	77,141,637	16.59	-	-
Neo Tiam An	36,361,917	7.82	-	-
Lim Hock Beng	100,000	0.02	-	-

Substantial Shareholders (other than Directors)

Name	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Koh Wee Seng ⁽²⁾	47,910,000	10.30	-	-

Notes:

- (1) Mr Liong Kiam Teck is deemed to be interested in 20,000 Shares held by his spouse.
(2) The number of Shares is based on the notification from Mr Koh Wee Seng to the Issuer.

SHARE CAPITAL

5. 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 Articles of Association of the Issuer.
6. The issued share capital of the Issuer as at the Latest Practicable Date is as follows:

Share Designation	Issued Share Capital	
	Number of Shares	Amount
Ordinary Shares	465,000,000	S\$142,185,000

BORROWINGS

7. Save as disclosed in Appendix III, the Group had as at 31 December 2014 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

8. 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 its present requirements.

CHANGES IN ACCOUNTING POLICIES

9. There has been no significant change in the accounting policies of the Issuer since its audited financial accounts for the financial year ended 31 December 2014.

LITIGATION

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

MATERIAL ADVERSE CHANGE

11. There has been no material adverse change in the financial condition or business of the Issuer or the Group since 31 December 2014.

CONSENT

12. Deloitte & Touche LLP has given and has not withdrawn its written consent to the issue of this Information Memorandum with the references herein to its name and the inclusion of the auditor's reports under Appendix II and Appendix III of this Information Memorandum.

DOCUMENTS AVAILABLE FOR INSPECTION

13. Copies of the following documents may be inspected at the registered office of the Issuer at 1 Jalan Berseh #03-03, New World Centre, Singapore 209037 during normal business hours for a period of six months from the date of this Information Memorandum:
 - (a) the Memorandum and Articles of Association of the Issuer;
 - (b) the Trust Deed; and
 - (c) the audited financial statements of the Issuer and its subsidiaries for the financial years ended 31 December 2013 and 31 December 2014 and the announcement of the unaudited first quarter financial statements of the Issuer and its subsidiaries for the financial period ended 31 March 2015.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

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

**AUDITED FINANCIAL STATEMENTS OF TA CORPORATION LTD.
AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2013**

The information in this Appendix II has been reproduced from the annual report of TA Corporation Ltd. for the financial year ended 31 December 2013 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.

Independent Auditors' Report

To the Members of TA Corporation Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of TA Corporation Ltd (the "Company") and its subsidiaries (collectively, "the Group") which comprise the statements of financial position of the Group and the Company as at December 31, 2013, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 34 to 96.

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 (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.

Opinion

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

Independent Auditors' Report

To the Members of TA Corporation Ltd

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.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

March 18, 2014

Statements of Financial Position

As at December 31, 2013

		Group		Company	
		2013	2012	2013	2012
	Note	\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
Cash and bank balances	6	96,301	105,151	4,997	6,930
Trade and other receivables	7	191,263	228,005	33,658	33,660
Deposits and prepayments	8	6,542	4,530	28	33
Inventories	9	2,901	1,178	–	–
Development properties	11	196,066	143,528	–	–
Total current assets		493,073	482,392	38,683	40,623
Non-current assets					
Property, plant and equipment	12	20,862	15,957	–	–
Investment properties	13	60,175	61,290	–	–
Goodwill	14	2,594	2,593	–	–
Subsidiaries	15	–	–	116,965	116,465
Associates and joint venture	16	8,054	17,310	–	–
Other non-current assets	17	416	127	–	–
Deferred tax assets	18	65	945	–	–
Total non-current assets		92,166	98,222	116,965	116,465
Total assets		585,239	580,614	155,648	157,088

See accompanying notes to financial statements.

Statements of Financial Position

As at December 31, 2013

		Group		Company	
	Note	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	19	35,330	51,094	–	–
Trade and other payables	20	135,369	159,543	2,101	3,447
Current portion of finance leases	21	409	578	–	–
Income tax payable		12,334	12,555	10	–
Total current liabilities		183,442	223,770	2,111	3,447
Non-current liabilities					
Borrowings	19	159,934	121,643	–	–
Finance leases	21	434	619	–	–
Deferred tax liabilities	18	654	6,905	–	–
Total non-current liabilities		161,022	129,167	–	–
Capital, reserves and non-controlling interests					
Share capital	22	142,185	142,185	142,185	142,185
Capital reserve	23	644	644	–	–
Translation reserve		(360)	(158)	–	–
Retained earnings		85,117	61,873	11,352	11,456
Equity attributable to owners of the Company		227,586	204,544	153,537	153,641
Non-controlling interests		13,189	23,133	–	–
Total equity		240,775	227,677	153,537	153,641
Total liabilities and equity		585,239	580,614	155,648	157,088

See accompanying notes to financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2013

		Group	
	Note	2013 \$'000	2012 \$'000
Revenue	24	297,234	371,099
Cost of sales		(240,322)	(290,875)
Gross profit		56,912	80,224
Other income	25	5,934	5,426
Selling and distribution costs		(439)	(6,085)
General and administrative expenses		(15,271)	(14,933)
Other operating expenses	26	(5,379)	(5,389)
Share of loss of associates	16	(1,058)	(142)
Finance costs	27	(1,369)	(2,488)
Profit before income tax		39,330	56,613
Income tax expense	28	(7,484)	(8,974)
Profit for the year	29	31,846	47,639
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(236)	(154)
Total comprehensive income for the year		31,610	47,485
Profit attributable to:			
Owners of the Company		29,289	39,621
Non-controlling interests		2,557	8,018
		31,846	47,639
Total comprehensive income attributable to:			
Owners of the Company		29,087	39,426
Non-controlling interests		2,523	8,059
		31,610	47,485
Earnings per share (cents):			
Basic and diluted	30	6.3	8.5

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended December 31, 2013

		Share capital \$'000	Capital reserve \$'000	Translation reserve \$'000	Retained earnings \$'000	Equity attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total \$'000
	Note							
Group								
Balance at January 1, 2012		142,185	–	37	27,832	170,054	15,443	185,497
<i>Total comprehensive income for the year</i>								
Profit for the year		–	–	–	39,621	39,621	8,018	47,639
Other comprehensive income for the year		–	–	(195)	–	(195)	41	(154)
Total		–	–	(195)	39,621	39,426	8,059	47,485
<i>Transactions with owners, recognised directly in equity</i>								
Employee benefit expense	23	–	644	–	–	644	7	651
Non-controlling interest arising from acquisition of subsidiary	35	–	–	–	–	–	389	389
Proceeds from issue of shares in a subsidiary to non-controlling shareholder		–	–	–	–	–	735	735
Dividends	32	–	–	–	(5,580)	(5,580)	–	(5,580)
Dividends to non-controlling shareholder		–	–	–	–	–	(1,500)	(1,500)
Total		–	644	–	(5,580)	(4,936)	(369)	(5,305)
Balance at December 31, 2012		142,185	644	(158)	61,873	204,544	23,133	227,677

See accompanying notes to financial statements.

Statements of Changes in Equity (cont'd)

Year ended December 31, 2013

		Share capital \$'000	Capital reserve \$'000	Translation reserve \$'000	Retained earnings \$'000	Equity attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total \$'000
	Note							
Group								
Balance at December 31, 2012		142,185	644	(158)	61,873	204,544	23,133	227,677
<i>Total comprehensive income for the year</i>								
Profit for the year		-	-	-	29,289	29,289	2,557	31,846
Other comprehensive income for the year		-	-	(202)	-	(202)	(34)	(236)
Total		-	-	(202)	29,289	29,087	2,523	31,610
<i>Transactions with owners, recognised directly in equity</i>								
Proceeds from issue of shares in subsidiaries to non-controlling shareholders		-	-	-	-	-	1,410	1,410
Dividends	32	-	-	-	(6,045)	(6,045)	-	(6,045)
Dividends to non-controlling shareholders		-	-	-	-	-	(13,877)	(13,877)
Total		-	-	-	(6,045)	(6,045)	(12,467)	(18,512)
Balance at December 31, 2013		142,185	644	(360)	85,117	227,586	13,189	240,775

See accompanying notes to financial statements.

Statements of Changes in Equity (cont'd)

Year ended December 31, 2013

	Note	Share capital \$'000	Retained earnings \$'000	Total \$'000
Company				
Balance at January 1, 2012		142,185	6,082	148,267
<i>Total comprehensive income for the year</i>				
Profit for the year, representing total comprehensive income for the year		–	10,954	10,954
<i>Transactions with owners, recognised directly in equity</i>				
Dividends	32	–	(5,580)	(5,580)
Total		–	(5,580)	(5,580)
Balance at December 31, 2012		142,185	11,456	153,641
<i>Total comprehensive income for the year</i>				
Profit for the year, representing total comprehensive income for the year		–	5,941	5,941
<i>Transactions with owners, recognised directly in equity</i>				
Dividends	32	–	(6,045)	(6,045)
Total		–	(6,045)	(6,045)
Balance at December 31, 2013		142,185	11,352	153,537

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended December 31, 2013

	Group	
	2013 \$'000	2012 \$'000
Operating activities		
Profit before income tax	39,330	56,613
Adjustments for:		
Depreciation expense	3,565	2,521
Share of loss of associates	1,058	142
(Gain) Loss in fair value of investment properties, net	(335)	167
Impairment loss on development property	–	808
Employee benefit expense	–	651
Gain on disposal of property, plant and equipment	(55)	(269)
Property, plant and equipment written off	22	–
Interest expense	1,205	1,824
Deemed interest expense on retention amounts	164	664
Interest income	(1,465)	(841)
Deemed interest income on retention amounts	(76)	(301)
(Reversal of allowance) Allowance for doubtful debts, net	(495)	793
Operating cash flows before movements in working capital	42,918	62,772
Trade and other receivables	55,627	(61,031)
Deposits and prepayments	(2,012)	(349)
Inventories	(1,723)	416
Development properties	(49,698)	41,305
Trade and other payables	(26,524)	27,993
Cash generated from operations	18,588	71,106
Income tax paid	(13,076)	(2,831)
Interest paid	(4,045)	(4,553)
Net cash from operating activities	1,467	63,722
Investing activities		
Interest received	1,465	841
Purchase of property, plant and equipment [Note 12(b)]	(6,830)	(1,701)
Purchase of investment properties	–	(3,827)
Proceeds from disposal of property, plant and equipment	55	403
Proceeds from issue of shares in subsidiaries to non-controlling shareholders	1,410	735
Advance to associates	(6,389)	(26,118)
Acquisition of subsidiaries (Note 35)	(1)	(1,848)
Additional investment in associate	(551)	–
Additional other non-current assets	(289)	–
Interest in a joint venture	(2,216)	–
Net cash used in investing activities	(13,346)	(31,515)

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended December 31, 2013

	Group	
	2013	2012
	\$'000	\$'000
Financing activities		
Proceeds from borrowings	81,543	61,696
Repayment of borrowings	(58,986)	(73,459)
Repayment of obligations under finance leases	(605)	(808)
Pledged fixed deposits	(513)	–
Dividends paid to non-controlling shareholders	(12,300)	–
Dividends paid	(6,045)	(5,580)
Net cash generated from (used in) financing activities	3,094	(18,151)
(Decrease) Increase in cash and cash equivalents	(8,785)	14,056
Cash and cash equivalents at beginning of the year	105,121	90,958
Effect of exchange rate changes	(548)	107
Cash and cash equivalents at end of the year	95,788	105,121
Cash and cash equivalents at end of the year comprise the following:		
Cash and bank balances (Note 6)	71,261	79,140
Fixed deposits (Note 6)	25,040	26,011
	96,301	105,151
Less: pledged fixed deposits (Note 6)	(513)	–
Bank overdrafts (Note 19)	–	(30)
Cash and cash equivalents at end of the year	95,788	105,121

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 2013

1 GENERAL

The Company (Registration No. 201105512R) is incorporated in Singapore with its principal place of business and registered office at 1 Jalan Berseh, #03-03, New World Centre, Singapore 209037. The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 15.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2013 were authorised for issue by the Board of Directors on March 18, 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (“FRS”).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on the above basis, except for share-based payment transactions that are within the scope of FRS 102, leasing transactions that are within the scope of FRS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 or value in use in FRS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS – On January 1, 2013, the Group adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group’s and Company’s accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

Notes to Financial Statements

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*

The Group has applied the amendments to FRS 1 *Presentation of Items of Other Comprehensive Income* retrospectively for the first time in the current year, and renamed the 'statement of comprehensive income' as the 'statement of profit or loss and other comprehensive income'. Under the amendments to FRS 1, the Group also grouped items of other comprehensive income into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Other than the above mentioned presentation changes, the application of the amendments to FRS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

FRS 113 *Fair Value Measurement*

The Group has applied FRS 113 for the first time in the current year. FRS 113 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The fair value measurement requirements of FRS 113 apply to both financial instrument items and non-financial assets for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

Transitional provisions in FRS 113 do not require provision of comparative information for periods before the initial application of the Standard. Consequently, the Group has not provided disclosures required by FRS 113 for the comparative period.

Other than the additional disclosures, the application of FRS 113 has no material impact on the amounts recognised in the consolidated financial statements.

At the date of authorisation of these financial statements, the following new/revised FRSs, INT FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 27 (Revised) *Separate Financial Statements*
- FRS 28 (Revised) *Investments in Associates and Joint Ventures*
- FRS 110 *Consolidated Financial Statements*
- FRS 111 *Joint Arrangements*
- FRS 112 *Disclosure of Interests in Other Entities*
- Amendments to FRS 110 *Consolidated Financial Statements – Investment Entities*
- FRS 110, FRS 111, FRS 112 *Transition Guidance*
- Amendments to FRS 32 *Financial Instruments: Presentation*
- Amendments to FRS 36 *Impairment of Assets*

Notes to Financial Statements

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for additional disclosures.

FRS 110 Consolidated Financial Statements and FRS 27 Separate Financial Statements

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12 *Consolidation – Special Purpose Entities*.

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. FRS 27 remains as a standard applicable only to separate financial statements.

FRS 110 will take effect from financial years beginning on or after January 1, 2014, with retrospective application subject to transitional provisions.

FRS 111 Joint Arrangements and FRS 28 Investments in Associates and Joint Ventures

FRS 111 supersedes FRS 31 *Interests in Joint Ventures* and INT FRS 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*.

FRS 111 classifies a joint arrangement as either a joint operation or a joint venture based on the parties' rights and obligations under the arrangement. The existence of a separate legal vehicle is no longer the key factor. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

The joint venturer should use the equity method under the revised FRS 28 *Investments in Associates and Joint Ventures* to account for a joint venture. The option to use proportionate consolidation method has been removed. For joint operations, the Group directly recognises its rights to the assets, liabilities, revenues and expenses of the investee in accordance with applicable FRSs.

FRS 111 will take effect from financial years beginning on or after January 1, 2014, with retrospective application subject to transitional provisions.

When the Group adopts FRS 111, a jointly controlled entity may be classified as a joint operation or joint venture, depending on the rights and obligations of the parties to the joint arrangement. The Group is currently estimating the effects of FRS 111 in the period of initial adoption.

Notes to Financial Statements

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangement and unconsolidated structured entities.

FRS 112 will take effect from financial years beginning on or after January 1, 2014 and the Group is currently evaluating the extent of additional disclosures needed.

Amendments to FRS 32 *Financial Instruments: Presentation*

The amendments to FRS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legal enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to FRS 32 are effective for annual periods beginning on or after January 1, 2014, with retrospective application required.

Amendments to FRS 36 *Impairment of Assets*

The amendments to FRS 36 restrict the requirement to disclose the recoverable amount of an asset or cash generating unit ("CGU") to periods in which an impairment loss has been recognised or reversed. The amendments also expand and clarify the disclosure requirements applicable when such asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal, such as the level of 'fair value hierarchy'. Where the fair value measurements are at Level 2 or 3 of the fair value hierarchy, a description of the valuation techniques used and any changes in that valuation technique, key assumptions used including discount rates used.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the financial year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this may result in the non-controlling interests having a deficit balance.

Notes to Financial Statements

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values of assets given by the Group to the former owners of the acquiree, liabilities incurred by the Group and equity interests issued by the Group in exchange for control of the acquiree. The fair values are those prevailing at the acquisition date. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at their fair values prevailing at the acquisition date. Subsequent changes in such fair values are adjusted against the cost of acquisition if they qualify as measurement period adjustments. Accounting for subsequent changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Notes to Financial Statements

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period. Additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, subject to a maximum of one year from acquisition date.

The policy described above is applied to all business combinations that take place on or after January 1, 2010.

FINANCIAL INSTRUMENT – Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income or expense is recognised on an effective interest basis for debt instruments.

Notes to Financial Statements

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets “at fair value through profit or loss”, “held-to-maturity investments”, “available-for-sale” financial assets and “loans and receivables”. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as “loans and receivables”. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

Notes to Financial Statements

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value net of transactions costs, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Notes to Financial Statements

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (Continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

CONSTRUCTION CONTRACTS – Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, based on survey of work completed at the end of each reporting period performed by independent qualified surveyors. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are probably recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the period in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Notes to Financial Statements

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES – Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets, other than freehold land, over the estimated useful lives of the assets using the straight-line method, on the following bases:

Leasehold properties	–	Over remaining lease periods of 30 and 99 years
Plant and equipment	–	3 to 7 years
Motor vehicles	–	5 years

Depreciation is not provided on freehold land. Building on freehold land is depreciated over 30 years.

The estimated useful lives, residual values and depreciation method are reviewed at each financial year end, with the effect of any changes in estimates accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

INVESTMENT PROPERTY – Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

DEVELOPMENT PROPERTIES – Development properties are properties held for development and sale in the ordinary course of business. They include completed properties and properties in the course of development. Unsold properties are stated at the lower of cost and estimated net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing and selling.

Notes to Financial Statements

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Development properties are stated at cost plus attributable profits less progress billings. Progress billings yet to be paid by customers are included within "trade and other receivables". Attributable profits are recognised only in respect of properties with finalised sales agreements. The attributable profit recognised is the excess of contracted sales value over the estimated total cost on completion allocated to the units sold, extended by the percentage completion at the end of the reporting period. Percentage completion is estimated by reference to surveys of work done, performed by independent qualified surveyors. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately and the carrying amount of the development property is correspondingly reduced.

Cost includes all costs directly related to the development and attributable to development activities such as borrowings costs (see accounting policy for borrowing costs below).

GOODWILL – Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of (i) the consideration transferred; (ii) the amount of any non-controlling interest in the acquiree; and (iii) the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the business combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

OTHER NON-CURRENT ASSETS – Club memberships are stated at cost less impairment loss.

ASSOCIATES – An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Notes to Financial Statements

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

INTERESTS IN JOINT VENTURES – A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to its activities require the unanimous consent of the parties sharing control.

The joint venture is currently recorded at cost contributed towards acquisition of assets and has no operating results.

IMPAIRMENT OF ASSETS – At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Notes to Financial Statements

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period;
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Revenue from construction contracts

Revenue and profits from construction contracts are recognised in accordance with the accounting policy on construction contracts as described in a precedent paragraph.

Notes to Financial Statements

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sale of development properties

Revenue for sales of development properties is recognised when risks and rewards of ownership of the real estate are transferred to the buyer on a continuous basis. This policy applies to residential developments sold under standard sale and purchase agreements.

For such sales, revenue is recognised based on the percentage of completion of the development activity at the end of the reporting period as estimated from surveys of work done performed by independent qualified surveyors.

Profits from sale of development properties are recognised in accordance with the accounting policy on development properties as described in a precedent paragraph.

Interest income

Interest income is accrued on a time apportionment basis, by reference to the principal outstanding and the applicable effective interest rate.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive the dividend is legally established.

Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease.

BORROWING COSTS – Borrowing costs directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended sale, are added to the cost of those assets, until such time when the assets are substantially ready for their intended sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for inclusion as cost of the assets.

Borrowing costs relating to borrowings taken up specifically to finance development properties are added to the cost of the projects.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Notes to Financial Statements

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of currently taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is not recognised for the temporary difference arising from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on any taxable temporary differences arising from profits of subsidiaries, associates and interests in any joint ventures, which are recognised in the Group's financial statements and subject to additional tax on any future remittance when declared as dividends by the investees. Deferred tax liability in respect of unremitted profits is not recognised when the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from 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.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model the carrying amounts of such properties are presumed to be recovered through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items accounted for either in other comprehensive income or directly in equity, in which case the tax correspondingly accounted for in other comprehensive income or directly in equity. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Notes to Financial Statements

December 31, 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each entity within the Group are measured and presented in the currency of the primary economic environment in which the respective entities operate (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the relevant period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

On consolidation, exchange differences arising from the translation of income and expenses of foreign operations, the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and the translation of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in foreign currency translation reserve, a component of the Group's equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the end of the reporting period.

On the disposal of a foreign operation, accumulated foreign currency translation reserve related to that foreign operation is reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognised.

CASH AND CASH EQUIVALENTS – Cash and cash equivalents comprise cash on hand and cash at bank, fixed deposits less bank overdrafts and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Notes to Financial Statements

December 31, 2013

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has not made any judgements that will have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations as discussed below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Construction contracts and development properties

The Group recognises contract revenue and contract costs using the percentage of completion method. The stage of completion is measured by reference to certification of value of work performed to date.

Significant assumptions and judgements are involved in estimating costs to completion for both construction contracts and development of properties; and in the case of contract work, the recoverable amounts for any variation work. Estimates of cost to completion which have yet to be contracted for are based on past experience, prevailing market conditions, and factors specific to the construction or development property.

Management reviews development properties for foreseeable losses whenever there is indication that the estimated potential sales proceeds less cost to sell, may be lower than the total expected development cost. The estimated selling prices are based on selling prices for comparable developments and takes into consideration prevailing market conditions.

The above estimates affect the amount of revenue recognised (Note 24), the cost included in cost of sales; the recognised profits included in the carrying amounts of construction contracts (Note 10) and development properties (Note 11); and the foreseeable losses recognised (Note 11). Management's estimates take into account known significant events and information available when financial statements are prepared. They are subject to periodic evaluation and adjustments.

Notes to Financial Statements

December 31, 2013

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Fair value of investment properties

Investment properties (Note 13) are stated at fair value, as determined by independent valuers. The valuations take into consideration prices per square metre of comparable properties and adjustment for differences in age and lease period. These estimated market values may differ from the prices at which the Group's assets can be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers.

Allowance for impairment loss on trade and other receivables

Management assesses at the end of each reporting period whether there is any objective evidence that trade and other receivables are impaired. If there is objective evidence that an impairment loss on trade and other receivables has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the loss is recognised in the profit or loss. Where the loss subsequently reverses, the reversal is recognised in profit or loss. The carrying amount of the trade and other receivables is disclosed in Note 7 to the financial statements.

Recoverable amount of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill is disclosed in Note 14 to the financial statements.

Useful life of property, plant and equipment

As described in Note 2, the management reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. These estimates have been made based on past experience relating to useful lives of equipment and are also subject to assumptions about future deployment of assets.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Financial assets				
Loans and receivables at amortised cost (including cash and cash equivalents)	291,580	336,459	38,655	40,590
Financial liabilities				
Amortised cost	287,331	291,947	2,101	3,447

Notes to Financial Statements

December 31, 2013

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(a) Categories of financial instruments (Continued)

The Company does not have any significant financial instruments which are subject to enforceable master netting arrangements or similar netting agreements.

(b) Financial risk management policies and objectives

The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group arising from market risk (including pricing risk, foreign exchange risk, interest rate risk), credit risk and liquidity risk.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group's exposure to foreign currency risk is minimal as the Group transacts primarily in Singapore dollars. The Group has some investments in foreign subsidiaries and associates, whose net assets are exposed to currency translation risk. As far as possible, the Group relies on natural hedges of matching foreign currency denominated assets and liabilities of the same currency.

(ii) Interest rate risk management

The Group's exposure to interest rate risk relates primarily to debt obligations. The interest rates for borrowings are stated in Note 19 to the financial statements.

The Group may from time to time enter into interest rate swaps to manage its exposures to interest rate risk.

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and on the assumption that the change took place at the beginning of the financial year and is held constant throughout the reporting period. The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions.

Notes to Financial Statements

December 31, 2013

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(ii) Interest rate risk management (Continued)

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the amount of interest capitalised as part of the Group's property development as at December 31, 2013 would have increased/decreased by \$478,000 (2012: increased/decreased by \$462,000); and the Group's profit for the financial year ended December 31, 2013 would have increased/decreased by \$299,000 (2012: increased/decreased by \$426,000).

The Company's profit and loss and equity are not affected materially by the changes in interest rates.

(iii) Credit risk management

Credit risk refers to the risk that counterparties may default on their contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by the counterparty limits that are reviewed and approved by the management on an on-going basis.

Trade receivables consist of a number of customers from the construction and real estate industry. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at the end of the reporting period. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with good credit-ratings assigned by international credit-rating agencies.

The Group's exposure to credit risk on receivables arising from the sale of condominium real estate development units is not significant as such payments are arranged through loans taken up by customers with creditworthy financial institutions or the Group has recourse to the physical asset.

The Group carries out construction work mainly for the private sectors. Credit risks are taken into consideration in the decision to participate in tenders for construction contracts.

The Group monitors its potential losses on credit extended.

Notes to Financial Statements

December 31, 2013

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(iii) Credit risk management (Continued)

Rental deposits are received as security from tenants of its investment properties.

The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment on the receivables is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The maximum aggregate amount the Group could be liable under all the guarantees in Note 33 (a) is approximately \$76.4 million (2012: \$73.5 million) in aggregate, if the full amount of all the guarantees is claimed by the banks under each of the guarantee.

The maximum amount the Company could be liable to settle under the corporate guarantees given to banks in connection with facilities utilised by the subsidiaries is stated in Note 19.

Management monitors the financial performance of the parties in respect of which the Group or the Company have provided guarantees to third parties. There is currently no indication or expectation that any of these guarantees will or may be called on.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, and the exposure to calls on corporate guarantees above, represents the Group's and Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(iv) Liquidity risk management

The Group maintains sufficient cash and cash equivalents and committed credit lines available to support working capital requirements.

Liquidity risk analysis

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents future interest which are not included in the carrying amount of the financial liability on the statements of financial position.

Notes to Financial Statements

December 31, 2013

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(iv) Liquidity risk management (Continued)

Group	Weighted average effective interest rate %	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Adjustment \$'000	Total \$'000
2013						
Non-interest bearing	-	91,224	-	-	-	91,224
Finance leases (fixed rate)	3.5	455	484	-	(96)	843
Variable interest rate instruments	2.7	36,275	163,251	1,026	(5,288)	195,264
		127,954	163,735	1,026	(5,384)	287,331
2012						
Non-interest bearing	-	118,013	-	-	-	118,013
Finance leases (fixed rate)	2.9	631	678	-	(112)	1,197
Fixed interest rate instruments	5.0	884	188	-	(51)	1,021
Variable interest rate instruments	2.4	51,459	122,254	2,121	(4,118)	171,716
		170,987	123,120	2,121	(4,281)	291,947
Company						
2013						
Non-interest bearing	-	2,101	-	-	-	2,101
2012						
Non-interest bearing	-	3,447	-	-	-	3,447

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statements of financial position.

Notes to Financial Statements

December 31, 2013

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(iv) Liquidity risk management (Continued)

	Weighted average effective interest rate %	On demand or within 1 year \$'000	Adjustment \$'000	Total \$'000
Group				
2013				
Non-interest bearing	–	224,191	–	224,191
Variable interest rate	4.2	43,778	(1,429)	42,349
Fixed interest rate instruments	0.2	25,045	(5)	25,040
		293,014	(1,434)	291,580
2012				
Non-interest bearing	–	289,934	–	289,934
Variable interest rate	4.2	21,381	(867)	20,514
Fixed interest rate instruments	0.3	26,016	(5)	26,011
		337,331	(872)	336,459
Company				
2013				
Non-interest bearing	–	11,016	–	11,016
Variable interest rate	2.5	25,757	(628)	25,129
Fixed interest rate instruments	0.3	2,511	(1)	2,510
		39,284	(629)	38,655
2012				
Non-interest bearing	–	15,313	–	15,313
Variable interest rate	2.5	20,263	(494)	19,769
Fixed interest rate instruments	0.3	5,509	(1)	5,508
		41,085	(495)	40,590

Notes to Financial Statements

December 31, 2013

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(v) Fair value of financial assets and liabilities

The carrying amounts of cash and bank balances, trade and other current receivables and payables, and other liabilities approximate their respective fair values due to relatively short-term maturity of these financial instruments.

The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and
- the fair values of current financial assets and financial liabilities approximate the carrying amounts of those assets and liabilities reported in the statements of financial position due to the relatively short-term maturity of these financial instruments.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a. quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- b. 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 2); and
- c. inputs for the asset or liability that are not based on observable market data (observable inputs) (Level 3).

(c) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group is not subject to any externally imposed capital requirements.

Notes to Financial Statements

December 31, 2013

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(c) Capital risk management policies and objectives (Continued)

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital, other components of equity and retained earnings as disclosed in the statement of changes in equity, and debt, which includes the borrowings disclosed in Note 19.

The Group reviews the capital structure on an annual basis. As a part of this review, the Group considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends and issuance of new shares as well as the issuance of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged.

5 RELATED PARTY TRANSACTIONS

Some of the transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, Group entities entered into the following trading transactions with related parties:

	Group	
	2013	2012
	\$'000	\$'000
Associates		
Construction revenue	32,684	13,750
Interest income	1,349	763
Project management services	144	144
Accounts & administrative services	96	96
Companies in which certain directors have control		
Sales and service of air-conditioners	16	219
Sales of motor vehicle	20	–
Maintenance income	52	78
Management service fee income	480	480
Rental income	96	272
Miscellaneous income	7	33
Medical fee expense	(79)	(68)
Miscellaneous expenses	(49)	(117)
Purchase of motor vehicle	(5)	–
Acquisition of Sino Tac Resources Pte Ltd (Note 35)	–	(2,380)
Dormitory rental expense	(169)	(267)
Director		
Sales of property unit	1,779	–

Notes to Financial Statements

December 31, 2013

5 RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of directors and key management personnel

The remuneration of directors and other key management personnel during the year was as follows:

	Group	
	2013	2012
	\$'000	\$'000
Short-term benefits	5,296	5,574

The remuneration of directors and other key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

6 CASH AND BANK BALANCES

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Cash at bank and in hand	71,261	79,140	2,487	1,421
Fixed deposits	25,040	26,011	2,510	5,509
	96,301	105,151	4,997	6,930
Less: pledged fixed deposits	(513)	–	–	–
	95,788	105,151	4,997	6,930

Cash and bank balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amounts of these assets approximate their fair values.

Fixed deposits bear interest ranging from 0.20% to 0.38% (2012: 0.23% to 0.30%) per annum and for tenures ranging 1 to 12 months (2012: 1 to 3 months). Some of the fixed deposits are pledged to the bank for trade facilities granted to its subsidiaries.

Included in the cash and bank balances of the Group is an amount of \$18,287,000 (2012: \$47,619,000) held under the Housing Developers (Project Account) Rules, withdrawals from which are restricted to payments for expenditure incurred on the development properties (Note 11).

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7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Trade receivables from:				
Sale of goods and services	2,422	1,750	-	-
Property development customers	37,636	106,982	-	-
Construction contract customers:				
– Billed/Certified	40,241	39,075	-	-
– Unbilled (Note 10)	2,333	6,771	-	-
Retention monies on contract work	35,830	28,378	-	-
Associates (Note 5)	14,379	4,800	-	-
Companies in which certain directors have control (Note 5)	5	6	-	-
Less: Allowance for doubtful debts				
– Associates (Note 5)	(57)	(57)	-	-
– Third parties	(858)	(1,353)	-	-
	131,931	186,352	-	-
Other receivables due from:				
Third parties	73	1	29	-
Associates (Note 5)	59,172	41,579	-	-
Companies in which certain directors have control (Note 5)	39	24	-	-
Subsidiaries	-	-	33,629	33,660
	59,284	41,604	33,658	33,660
Staff loans	65	66	-	-
Less: Allowance for doubtful debts	(17)	(17)	-	-
	48	49	-	-
Total trade and other receivables	191,263	228,005	33,658	33,660

The average credit period ranges from 30 to 60 days (2012: 30 to 60 days). No interest is charged on the trade receivables. Interest is charged at 2.5% to 5.3% (2012: 2.5% to 5.3%) per annum by the Group and Company on other receivables due from associates and subsidiaries. For the purpose of determining present values of retention monies, the discount rate is 5% (2012: 5%) per annum. Retention sums are classified as current as they are expected to be received within the Group's normal operating cycle.

The Company's other receivables due from subsidiaries are repayable on demand.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed on a timely basis. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Notes to Financial Statements

December 31, 2013

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

The table below is an analysis of trade and other receivables:

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Not past due and not impaired ⁽ⁱ⁾	189,498	226,321	33,658	33,660
Past due but not impaired ⁽ⁱⁱ⁾	1,765	1,684	–	–
Impaired receivables				
– individually assessed and past due more than 12 months ⁽ⁱⁱⁱ⁾	932	1,427	–	–
Less: Allowance for impairment	(932)	(1,427)	–	–
Total trade and other receivables, net	191,263	228,005	33,658	33,660

⁽ⁱ⁾ There has not been a significant change in credit quality of these trade receivables that are not past due and not impaired.

⁽ⁱⁱ⁾ Aging of receivables that are past due but not impaired.

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
< 3 months	1,281	1,404	–	–
3 months to 6 months	99	98	–	–
6 months to 12 months	289	53	–	–
> 12 months	96	129	–	–
	1,765	1,684	–	–

The Group has not provided for any impairment losses as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

⁽ⁱⁱⁱ⁾ These amounts are stated before any deduction for impairment losses.

Notes to Financial Statements

December 31, 2013

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

Movement in the allowance for impairment of doubtful trade and non-trade receivables:

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Balance at beginning of the year	1,427	582	–	–
Amounts recovered during the year	(587)	(86)	–	–
Acquired through acquisition	–	52	–	–
Bad debts written off	(1)	–	–	–
Increase in allowance recognised in profit or loss	93	879	–	–
Balance at end of the year	932	1,427	–	–

8 DEPOSITS AND PREPAYMENTS

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Tender deposits placed with third parties	546	149	–	–
Deposits placed with third parties	3,470	3,154	–	–
Prepayments	2,526	1,227	28	33
	6,542	4,530	28	33

9 INVENTORIES

	Group	
	2013 \$'000	2012 \$'000
Goods held for sale	2,901	1,178

The cost of inventories recognised as an expense for the financial year amounted to \$8,335,000 (2012: \$2,872,000).

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10 CONSTRUCTION CONTRACTS

	Group	
	2013	2012
	\$'000	\$'000
Contracts work-in-progress at end of the reporting period:		
Aggregate amount of contract costs incurred plus recognised profits (less recognised losses) to date	711,621	529,437
Less: progress billings	(753,433)	(564,196)
	(41,812)	(34,759)
Represented by:		
Amounts due from contract customers included in trade and other receivables (Note 7)	2,333	6,771
Amounts due to contract customers included in trade and other payables (Note 20)	44,145	41,530

11 DEVELOPMENT PROPERTIES

	Group	
	2013	2012
	\$'000	\$'000
Costs incurred plus recognised profits less foreseeable losses	233,072	336,062
Less: progress billings	(37,006)	(192,534)
	196,066	143,528

Development properties are classified as current assets as they are expected to be realised in the normal operating cycle.

In 2012, an amount of \$808,000 was recognised as an expense in respect of impairment loss on development property (Note 26). No impairment was recognised in 2013.

All development properties were mortgaged to banks as security for credit facilities obtained by the Group (Note 19).

Notes to Financial Statements

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11 DEVELOPMENT PROPERTIES (CONTINUED)

The costs of development properties include the following items which have been charged during the financial year:

	Group
	2013
	\$'000
	2012
	\$'000
Property tax capitalised during the reporting period	643
Interest expense capitalised during the financial year (Note 27)	2,840
	3,483
	1,122
	2,729
	3,851

The weighted average rate of capitalisation of the interest expenses for the financial year ended 2013 is 2.7% (2012: 2.5%) per annum.

Particulars of the development properties as at December 31, 2013 are as follows:

Description	Location	Approximate saleable area (Sq. Metres)	Estimated date of completion	Tenure	Site area (Sq. Metres)
<u>Properties in Singapore</u>					
The Cristallo (Residential)	70 & 72-76B Lorong K Telok Kurau Road	5,012	January 2015	Freehold	3,227
Gambir Ridge (Residential)	16 Gambir Walk	6,194	December 2015	Freehold	3,763
Residential development	19, 21, 23 & 25 Jalan Sayang	2,231	September 2014	Freehold	1,278
Commercial and residential development	456 Balestier Road	2,805	December 2017	Freehold	1,084
Residential development	12 Shan Road	*	*	Freehold	1,918

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December 31, 2013

11 DEVELOPMENT PROPERTIES (CONTINUED)

Description	Location	Approximate saleable area (Sq. Metres)	Estimated date of completion	Tenure	Site area (Sq. Metres)
<u>Properties in Thailand</u>					
De Iyara (Commercial and residential)	Klong Luang District Pathumthani, Thailand	7,048	April 2014	Freehold	11,200
De Iyara Share (Commercial and residential)	Klong Luang District Pathumthani, Thailand	4,316	March 2015	Freehold	8,000
Mixed development	Klong Luang District Pathumthani, Thailand	*	*	Freehold	16,000

* Development plans have not been finalised.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold property \$'000	Leasehold properties \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Total \$'000
Group					
Cost:					
At January 1, 2012	742	18,400	14,259	3,136	36,537
Acquired through acquisitions	–	–	35	190	225
Additions	–	–	1,350	962	2,312
Exchange differences	(49)	–	(7)	–	(56)
Disposals	–	–	(423)	(688)	(1,111)
At December 31, 2012	693	18,400	15,214	3,600	37,907
Additions	–	–	6,176	905	7,081
Transfer from investment property	–	1,450	–	–	1,450
Exchange differences	(55)	–	(7)	(2)	(64)
Assets written off	–	–	(22)	–	(22)
Disposals	–	–	(33)	(236)	(269)
At December 31, 2013	638	19,850	21,328	4,267	46,083

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December 31, 2013

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold property \$'000	Leasehold properties \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Total \$'000
Accumulated depreciation:					
At January 1, 2012	196	6,407	11,517	2,302	20,422
Depreciation	18	673	1,435	395	2,521
Exchange differences	(19)	—	3	—	(16)
Disposals	—	—	(291)	(686)	(977)
At December 31, 2012	195	7,080	12,664	2,011	21,950
Depreciation	18	691	2,321	535	3,565
Exchange differences	(16)	—	(6)	(3)	(25)
Disposals	—	—	(33)	(236)	(269)
At December 31, 2013	197	7,771	14,946	2,307	25,221
Carrying amount:					
At December 31, 2013	441	12,079	6,382	1,960	20,862
At December 31, 2012	498	11,320	2,550	1,589	15,957

- (a) The carrying amount of the Group's property, plant and equipment includes \$1,343,000 (2012: \$1,519,000) of assets held under finance leases (Note 21).
- (b) During the financial year, the Group acquired property, plant and equipment with aggregate cost of \$7,081,000 (2012: \$2,312,000) of which \$251,000 (2012: \$611,000) were acquired through finance leases. Cash payments of \$6,830,000 (2012: \$1,701,000) were made to purchase property, plant and equipment.
- (c) All leasehold properties were mortgaged to banks as security for credit facilities obtained by the Group (Note 19).

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December 31, 2013

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(d) Details of properties are as follows:

Location	Description	Title	Gross area (Sq. Metres)
1 Jalan Berseh #03-01, #03-02, #03-03, #03-04, #03-05 and #03-07/08/09 New World Centre Singapore 209037	Commercial	Leasehold (99 years from March 31, 1994)	982
53 Sungei Kadut Loop Singapore 729502	Warehouse/ dormitory	Leasehold (30 years from March 16, 1995)	4,211
67/67A Sungei Kadut Drive Singapore 729567	Premises for provision of engineering services/ dormitory	Leasehold (30 years from December 16, 1990)	6,168
No. 224, 232/1-7 & 232/9 Okkiam Thoraippakkam Industrial Estate Chennai 600096 India	Test centre	Freehold	8,986

13 INVESTMENT PROPERTIES

	Group	
	2013 \$'000	2012 \$'000
At fair value		
Balance at beginning of year	61,290	57,630
Addition during the year	–	3,827
Transfer to property, plant and equipment (Note 12)	(1,450)	–
Changes in fair value included in profit or loss	335	(167)
Balance at end of year	60,175	61,290

Notes to Financial Statements

December 31, 2013

13 INVESTMENT PROPERTIES (CONTINUED)

Details of the investment properties are as follows:

Location	Description	Title	Gross area (Sq. Metres)
1 Jalan Berseh, #B1-02 to #B1-22, #01-03, #01-15, #01-16, #02-02 to #02-28, #03-10 to #03-16 New World Centre, Singapore 209037	Commercial	Leasehold (99 years from March 31, 1994)	4,478
83 Sungei Kadut Drive Singapore 729566	Industrial	Leasehold (29 years from October 16, 1991)	4,701
1 Leonie Hill Road, #28-01 Leonie Hill Residences, Singapore 239191	Residential	Freehold	260
586 Balestier Road #02-04 & #03-04, Singapore 329898	Residential	Freehold	260

The fair values of the Group's investment properties at respective reporting periods have been determined on the basis of valuations carried out at or close to the respective year end dates by independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. The valuations were arrived at by reference to market evidence of transacted prices per square metre in the open market for comparable properties, adjusted for differences in location, age and size.

The Group classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at December 31, 2013, the fair value measurements of the Group's investment properties are classified within Level 3 of the fair value hierarchy. There were no transfers between different levels during the year.

Management considers that the fair values of the Group's investment properties are sensitive to these unobservable adjustments to the price per square metre. The adjusted prices per square metre used in estimating fair values of the investment properties ranged from \$600 to \$20,000 per square metre for various investment properties. Any change to the unobservable inputs, to the extent that they increase or decrease the price per square metre, will result in a corresponding increase or decrease in the fair values of the respective properties.

All investment properties were mortgaged to banks as security for credit facilities obtained by the Group (Note 19).

Rental income from operating lease of the Group's investment properties amounted to \$2,209,000 (2012: \$2,476,000). Direct operating expenses (including repairs and maintenance) incurred for these investment properties amounted to \$878,000 (2012: \$793,000).

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December 31, 2013

14 GOODWILL

	Group	
	2013	2012
	\$'000	\$'000
At cost	2,594	2,593

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. The CGUs to which goodwill have been allocated as follows:

	Group	
	2013	2012
	\$'000	\$'000
<u>Cash-generating units</u>		
Tiong Aik Resources (S) Pte Ltd and its subsidiary	1,728	1,728
Sino Tac Resources Pte Ltd	835	835
Sireerin Signature Co., Ltd	30	30
Pure Genesis Sdn. Bhd.	1	–
	2,594	2,593

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

Tiong Aik Resources (S) Pte Ltd has been profit-generating for the past 2 years and management expects profits in future. The fair value of a property owned by the CGU has since increased by an amount which exceeds the amount of goodwill. The value of the property was determined by an independent valuer.

Sino Tac Resources Pte Ltd has been profit-generating for the past 2 years and management expects profits in future.

Goodwill of other CGUs are immaterial.

As at December 31, 2013, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the CGUs.

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15 SUBSIDIARIES

	Company	
	2013 \$'000	2012 \$'000
Unquoted equity shares at cost	116,965	116,465

Details of the Company's significant subsidiaries are as follows:

Name of significant subsidiaries	Principal activities/ Country of incorporation and operations	Group's proportion of ownership interest and voting power held	
		2013 %	2012 %
Aston Air Control Pte Ltd	Contractor of air conditioning installation, installation and servicing of air conditioning systems/Singapore	90	90
Credence Engineering Pte. Ltd.	Manufacture and repair of other oilfield and gasfield machinery and equipment/Singapore	100	100
Meadows Investment Pte. Ltd.	Investment holding/Singapore	100	100
Sino Holdings (S'pore) Pte Ltd	Investment holding/Singapore	100	100
SinoTac Builder's (S) Pte. Ltd.	Building construction/Singapore	100	100
Tiong Aik Construction Pte Ltd	Building construction/Singapore	100	100
Tiong Aik Development Pte. Ltd.	Real estate development/Singapore	100	100
Tiong Aik Holding Pte Ltd	Real estate development/Singapore	100	100
Tiong Aik Investments Pte Ltd	Real estate development/Singapore	100	100
Sino Tac Resources Pte Ltd	Trading in lubricants/Singapore	100	100

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15 SUBSIDIARIES (CONTINUED)

Name of significant subsidiaries	Principal activities/ Country of incorporation and operations	Group's proportion of ownership interest and voting power held	
		2013 %	2012 %
Held by Sino Holdings (S'pore) Pte Ltd			
Grovehill Pte. Ltd.	Real estate development/Singapore	70	70
Sino Tac Holding Pte Ltd	Real estate development, business and management consultancy services/Singapore	100	100
Held by SinoTac Builder's (S) Pte Ltd			
Quest Homes Pte. Ltd.	Real estate development/Singapore	100	100
Held by Tiong Aik Construction Pte Ltd			
Tiong Aik Resources (S) Pte Ltd	Investment holding, general wholesale trade (including general importers and exporters)/Singapore	57	57

All subsidiaries above are audited by Deloitte & Touche LLP, Singapore.

16 ASSOCIATES AND JOINT VENTURE

	Group	
	2013 \$'000	2012 \$'000
Cost of investment in associates	9,522	9,522
Add: Additional investment	551	–
	10,073	9,522
Share of post-acquisition (losses) profit, net of dividend received	(4,235)	7,788
	5,838	17,310
Interest in an unincorporated joint venture	2,216	–
Total of associates and joint venture	8,054	17,310

Notes to Financial Statements

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16 ASSOCIATES AND JOINT VENTURE (CONTINUED)

Details of the Group's significant associates are as follows:

Name of significant associates	Principal activities/ Country of incorporation and operations	Effective equity interest	
		2013 %	2012 %
Held by Sino Holdings (S'pore) Pte Ltd			
Meadows Bright Development Pte Ltd	Real estate development/Singapore	50.00	45.00
Dalian Shicheng Property Development (S) Pte. Ltd.	Real estate activities with owned or leased property/Singapore	25.37	25.37

The above significant associates are audited by Deloitte & Touche LLP, Singapore.

Summarised financial information in respect of the Group's associates is set out below:

	Group	
	2013 \$'000	2012 \$'000
Total assets	601,773	544,963
Total liabilities	(612,823)	(524,876)
Net (liabilities) assets	(11,050)	20,087
Group's share of associates' net (liabilities) assets	(2,169)	9,963
Revenue	49,922	77,158
Loss for the year	5,444	1,108
Group's share of associates' loss for the year	1,058	142

The Group has a 49% interest in an unincorporated joint venture formed in 2013 to develop three plots of land.

17 OTHER NON-CURRENT ASSETS

	Group	
	2013 \$'000	2012 \$'000
Club memberships, at cost	416	127

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December 31, 2013

18 DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the Group and the movements thereon, during the current and prior reporting period:

	Profits on uncompleted projects (taxable on completion) \$'000	Accelerated tax depreciation \$'000	Net \$'000
At January 1, 2012	9,135	84	9,219
Acquired through acquisition	–	33	33
(Credit) Charge to profit or loss (Note 28)	(3,317)	25	(3,292)
At December 31, 2012	5,818	142	5,960
(Credit) Charge to profit or loss (Note 28)	(5,578)	207	(5,371)
At December 31, 2013	240	349	589

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for purposes of the statements of financial position:

	Group	
	2013 \$'000	2012 \$'000
Deferred tax liabilities	654	6,905
Deferred tax assets	(65)	(945)
	589	5,960

Temporary differences arising in connection with interest in associates are insignificant.

19 BORROWINGS

	Group	
	2013 \$'000	2012 \$'000
Bank loans – unsecured	3,745	641
Secured – at amortised cost		
Invoice financing	596	–
Bank overdrafts	–	30
Bank loans	190,923	172,066
	195,264	172,737
Less: Amount due for settlement within 12 months (shown under current liabilities)	(35,330)	(51,094)
Amount due for settlement after 12 months	159,934	121,643

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19 BORROWINGS (CONTINUED)

The average effective interest rates paid were as follows:

	Group	
	2013	2012
Bank loans and overdrafts	3.0%	3.0%

The borrowings bear variable interest at margin above the bank's cost of funds. The interest rates are adjusted for periods ranging from 1 month to 1 year.

Management estimates that the carrying amounts of the bank loans and overdrafts approximate their fair values as market interest rates are charged on the bank loans and overdrafts.

The Group has the following bank loans:

- (a) Loans of \$36,961,000 (2012: \$38,243,000) secured by charges over the Group's investment properties (Note 13). The loans bear interest at rates ranging from 2.0% to 2.4% (2012: 2.1% to 2.5%) per annum.
- (b) Loans of \$151,314,000 (2012: \$119,070,000) secured by mortgages over the Group's development properties (Note 11). The loans bear interest at rates ranging from 2.0% to 2.6% (2012: 2.1% to 2.9%) per annum.
- (c) Loans of \$2,648,000 (2012: \$4,753,000) secured by mortgages over the Group's leasehold properties (Note 12). The loans bear interest at rates ranging from 1.9% to 2.4% (2012: 2.0% to 2.6%) per annum.
- (d) Loans of \$10,000,000 in 2012 were secured by mortgages over the Group's 70% of the shares of a subsidiary and corporate guarantees of the Company and bore interest at rates ranging from 2.3% to 2.5% per annum. The loans were fully paid during the current financial year.

The above loans are also secured by the corporate guarantees of the Company and certain loans are also secured by guarantees from certain minority shareholders of partially-owned subsidiaries. The fair value of the corporate guarantees is assessed by the management to be insignificant.

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20 TRADE AND OTHER PAYABLES

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Trade payables due to:				
– Subsidiaries (Note 15)	–	–	–	802
– Third parties	49,634	57,190	15	6
– Associates (Note 5)	7	7	–	–
– Companies in which certain directors have control (Note 5)	–	983	–	–
Other payables due to:				
– Third parties	3,247	2,173	–	–
– Associates (Note 5)	608	524	–	–
– Companies in which certain directors have control (Note 5)	16	93	–	–
– Non-controlling shareholders of subsidiaries	2,694	6,406	–	–
Accrued operating expenses	10,358	9,648	2,086	2,639
Accrued contract expenses	3,404	3,191	–	–
Amounts due to contract customers (Note 10)	44,145	41,530	–	–
Dividend payable to non-controlling shareholders of subsidiaries	3,077	1,500	–	–
Retention payables	13,303	10,913	–	–
Progress payment received	3,907	24,855	–	–
Deposits received	969	530	–	–
	135,369	159,543	2,101	3,447

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and sub-contractor costs. The balances with related parties are unsecured, interest-free and repayable on demand. For the purpose of determining present value of retention monies, the discount rate is 5% (2012: 5%) per annum. Retention payables are classified as current as they are expected to be repaid within the Group's normal operating cycle.

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21 FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Amounts payable under finance leases:				
Within 1 year	455	631	409	578
Within 2 to 5 years	484	678	434	619
	939	1,309	843	1,197
Less: Future finance charges	(96)	(112)	–	–
Present value of lease obligations	843	1,197	843	1,197
Less: Amount due for settlement within 12 months (shown under current liabilities)			(409)	(578)
Amount due for settlement after 12 months			434	619

The average lease term ranges from 3 to 5 years (2012: 3 to 5 years). The average effective interest rate is 3.5% (2012: 2.9%) per annum. Interest rates are fixed at the contract date. All finance leases are on a fixed repayment basis and there is no contingent amount payable.

The fair values of the Group's lease obligations approximate their carrying amounts.

The Group's obligations under finance lease are secured by the lessor's title to the leased assets.

22 SHARE CAPITAL

	Group and Company			
	2013 Number of ordinary shares	2012	2013 \$'000	2012 \$'000
Issued and paid up:				
At beginning and end of the year	465,000,000	465,000,000	142,185	142,185

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

23 CAPITAL RESERVE

The capital reserve arose from the gift of shares in the Company previously owned by the Executive Directors to certain employees of the Group.

Notes to Financial Statements

December 31, 2013

24 REVENUE

	Group	
	2013	2012
	\$'000	\$'000
Revenue from:		
Construction contracts	217,389	213,376
Sale of development properties	66,157	151,342
Sale of goods	10,182	3,404
Worker training and other complementary services	3,506	2,977
	297,234	371,099

25 OTHER INCOME

	Group	
	2013	2012
	\$'000	\$'000
Property rental income	2,209	2,476
Management service fee	480	480
Project management and administrative fee	240	240
Interest income	116	78
Interest income from associates	1,349	763
Deemed interest income on retention amounts	76	301
Gain in fair value of investment properties, net	335	–
Gain on disposal of property, plant and equipment	55	269
Grant from government	72	171
Net foreign exchange gain	–	33
Reversal of allowance for doubtful debts	495	–
Other sundry income	507	615
	5,934	5,426

26 OTHER OPERATING EXPENSES

	Group	
	2013	2012
	\$'000	\$'000
Depreciation	1,590	1,235
Property tax and repair and maintenance	1,344	1,046
Allowance for doubtful debts	–	793
Rental expenses	650	918
Impairment loss on development property	–	808
Loss in fair value of investment properties, net	–	167
Legal and professional fee	636	291
Net foreign exchange losses	185	–
Property, plant and equipment written off	22	–
Trainers' fee	138	–
Others	814	131
	5,379	5,389

Notes to Financial Statements

December 31, 2013

27 FINANCE COSTS

	Group	
	2013	2012
	\$'000	\$'000
Interest on borrowings	3,659	4,483
Interest from a non-controlling interest	324	–
Interest on obligations under finance leases	62	70
Deemed interest expense on retention amounts	164	664
Total borrowing costs	4,209	5,217
Less: Amounts included as cost of development properties (Note 11)	(2,840)	(2,729)
	1,369	2,488

28 INCOME TAX EXPENSE

	Group	
	2013	2012
	\$'000	\$'000
Current tax		
– for the year	12,846	12,283
– under (over) provision in prior years	9	(17)
Deferred tax (Note 18)	(5,371)	(3,292)
	7,484	8,974

Income tax in Singapore is calculated at 17% (2012: 17%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated as the rates prevailing in the relevant jurisdictions.

The total charge for the financial year can be reconciled to the accounting profit as follows:

	Group	
	2013	2012
	\$'000	\$'000
Profit before income tax	39,330	56,613
Tax at Singapore statutory rate of 17% (2012: 17%)	6,686	9,624
Tax effect of expenses that are not deductible in determining taxable profit	1,303	215
Deferred tax benefits previously not recognised	–	(52)
Under (Over) provision in prior years	9	(17)
Tax exempt income	(258)	(191)
Tax rebate	(254)	–
Utilisation of tax losses	–	(605)
Others	(2)	–
	7,484	8,974

Notes to Financial Statements

December 31, 2013

28 INCOME TAX EXPENSE (CONTINUED)

As at the end of the reporting period, the Group has tax losses of approximately \$534,000 (2012: \$Nil) that are available for offset against future taxable profits. No deferred tax asset is recognised due to uncertainty of recoverability. The use of these tax losses is subject to the agreement of the tax authorities.

No liability has been recognised in respect of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

29 PROFIT FOR THE YEAR

This has been arrived at after charging (crediting):

	Group	
	2013	2012
	\$'000	\$'000
Depreciation on property, plant and equipment	3,565	2,521
Allocated to construction projects in progress	(1,975)	(1,286)
	1,590	1,235
Cost of development properties recognised as expenses	50,503	110,020
Directors' remuneration:		
– of the Company	3,560	3,739
– of the subsidiaries	635	801
Employee benefits (excluding directors' remuneration)	22,823	19,675
Audit fees paid/payable to auditors of the Company	322	300
Non-audit fees paid/payable to auditors of the Company	73	18

30 EARNINGS PER SHARE

Earnings per share for 2013 have been calculated based on the profit attributable to the owners of the Company of \$29,289,000 (2012: \$39,621,000) and share capital of 465,000,000 shares for year ended December 31, 2013 (2012: 465,000,000 shares).

Notes to Financial Statements

December 31, 2013

31 SEGMENT INFORMATION

For the purpose of resource allocation and assessment of segment performance, the Group's chief operating decision makers have focused on the business operating units which in turn, are segregated based on their services.

The Group's reportable operating segments under FRS 108 are as follows:

Construction

General builders and construction contractors, training of workers, general engineering and sale of construction materials.

Real estate development and investment

Development of residential and commercial projects, investment in real estate and project management services.

Distribution

Sale and distribution of petroleum based lubricants products.

Others

This comprises management and administration services.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment.

All assets are allocated to reportable segments except for other non-current assets (Note 17). Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

All liabilities are allocated to reportable segments. Liabilities recorded jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

Notes to Financial Statements

December 31, 2013

31 SEGMENT INFORMATION (CONTINUED)

	Construction \$'000	Real estate development and investment \$'000	Distribution \$'000	Others \$'000	Elimination \$'000	Total \$'000
2013						
REVENUE						
External revenue	220,895	66,157	10,182	–	–	297,234
Inter-segment revenue	28,498	–	2,330	–	(30,828)	–
	249,393	66,157	12,512	–	(30,828)	297,234
RESULT						
Segment result	27,379	12,308	173	(702)	–	39,158
Interest income	138	1,393	–	10	–	1,541
Interest expense	(252)	(1,110)	(7)	–	–	(1,369)
Profit (Loss) before income tax	27,265	12,591	166	(692)	–	39,330
Income tax expense	(4,508)	(2,920)	(14)	(42)	–	(7,484)
Profit (Loss) for the year	22,757	9,671	152	(734)	–	31,846
STATEMENT OF FINANCIAL POSITION						
Segment assets	208,198	498,345	11,613	155,648	(288,981)	584,823
Unallocated corporate assets	416	–	–	–	–	416
Total assets	208,614	498,345	11,613	155,648	(288,981)	585,239
Segment liabilities	136,830	347,791	6,006	2,111	(148,274)	344,464
Total liabilities	136,830	347,791	6,006	2,111	(148,274)	344,464
OTHER INFORMATION						
Additions to non-current assets	5,746	466	869	–	–	7,081
Depreciation	3,123	286	156	–	–	3,565

Notes to Financial Statements

December 31, 2013

31 SEGMENT INFORMATION (CONTINUED)

	Construction \$'000	Real estate development and investment \$'000	Distribution \$'000	Others \$'000	Elimination \$'000	Total \$'000
2012						
REVENUE						
External revenue	216,353	151,342	3,404	–	–	371,099
Inter-segment revenue	45,586	–	–	–	(45,586)	–
	261,939	151,342	3,404	–	(45,586)	371,099
RESULT						
Segment result	26,376	31,853	200	(470)	–	57,959
Interest income	353	755	–	34	–	1,142
Interest expense	(979)	(1,504)	(5)	–	–	(2,488)
Profit (Loss) before income tax	25,750	31,104	195	(436)	–	56,613
Income tax expense	(3,886)	(5,095)	7	–	–	(8,974)
Profit (Loss) for the year	21,864	26,009	202	(436)	–	47,639
STATEMENT OF FINANCIAL POSITION						
Segment assets	195,720	489,840	8,323	153,641	(267,037)	580,487
Unallocated corporate assets	127	–	–	–	–	127
Total assets	195,847	489,840	8,323	153,641	(267,037)	580,614
Segment liabilities	146,918	352,140	1,286	3,447	(150,854)	352,937
Total liabilities	146,918	352,140	1,286	3,447	(150,854)	352,937
OTHER INFORMATION						
Additions to non-current assets	1,847	4,259	33	–	–	6,139
Depreciation	2,279	218	24	–	–	2,521
Impairment loss on development property	–	808	–	–	–	808

Geographical segments

The Group's revenue from external customers is principally generated from Singapore. Accordingly, no geographical segment assets and revenue from external customers' information are presented.

Notes to Financial Statements

December 31, 2013

32 DIVIDENDS

On May 17, 2013, a dividend of 1.3 cents per share (total dividends of \$6,045,000) was paid to the shareholders. In May 2012, the dividend paid was 1.2 cents per share (total dividends of \$5,580,000).

In respect of the current year, the directors propose that tax exempt (one-tier) final dividend of 1.0 cents (2012: 1.3 cents) per share be paid to shareholders. This dividend is subject to the approval by shareholders at the forthcoming Annual General Meeting and has not been included as a liability in these financial statements. The total estimated dividend to be paid is \$4,650,000 (2012: \$6,045,000).

33 CONTINGENT LIABILITIES AND GUARANTEES

(a) A subsidiary together with another major shareholder of an associate, Dalian Shicheng Property Development (S) Pte Ltd and its subsidiary, Dalian Shicheng Property Development Co., Ltd, provided joint and several corporate guarantees as follows:

- (i) RMB250 million (approximately \$51.9 million) (2012: RMB250 million (approximately \$49.0 million)) to a bank in respect of development loan facilities utilised by Dalian Shicheng Property Development Co., Ltd; and
- (ii) \$24.5 million (2012: \$24.5 million) to a bank in respect of bridging loan facilities utilised by Dalian Shicheng Property Development (S) Pte Ltd.

The fair values of the corporate guarantees are assessed by the management to be insignificant.

- (b) Corporate guarantees have been given by the Group to financial institutions in respect of bankers' guarantees amounting to \$12.7 million (2012: \$20.2 million) and performance bonds/guarantees amounting to \$65.5 million (2012: \$62.2 million).
- (c) In 2011, a third party has instituted legal proceedings for a claim. Management has made provision for rectification work and is of the view that there is no significant liability not already provided for.

34 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group	
	2013 \$'000	2012 \$'000
Minimum lease payments under operating leases (net of rebates) recognised as an expense in the financial year	801	840

Notes to Financial Statements

December 31, 2013

34 OPERATING LEASE ARRANGEMENTS (CONTINUED)

The Group as lessee (Continued)

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2013	2012
	\$'000	\$'000
Within one year	662	618
In the second to fifth year inclusive	1,684	1,741
> 5 years	1,301	1,667
	3,647	4,026

Operating lease payments represents rentals payable by the Group for warehouse premises, motor vehicles and certain office equipment. The lease terms of the warehouse premises are 30 years. Rentals are fixed for an average of 2 years. The remaining leases are negotiated for terms between 1 to 2 years and rentals are fixed for the term of the leases.

The Group as lessor

	Group	
	2013	2012
	\$'000	\$'000
Rental income	2,209	2,476

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	Group	
	2013	2012
	\$'000	\$'000
Within one year	1,469	1,575
In the second to fifth year inclusive	381	1,250
	1,850	2,825

Notes to Financial Statements

December 31, 2013

35 ACQUISITION OF SUBSIDIARIES

- (a) In November 2013, the Group acquired 100% of the issued share capital of Pure Genesis Sdn. Bhd. ("Pure Genesis") for a cash consideration of \$1,000 resulting in goodwill of \$1,000. This transaction has been accounted for by the acquisition method of accounting.

Pure Genesis is incorporated in Malaysia and remains dormant since its incorporation on December 12, 2012.

- (b) In September 2012, the Group acquired 100% of the issued share capital of Sino Tac Resources Pte Ltd ("Sino Tac Resources") for an aggregate cash consideration of \$2.8 million of which 85% of the equity was acquired from the executive directors of the Company and one of their siblings and the balance 15% from a director of Sino Tac Resources. This transaction had been accounted for by the acquisition method of accounting.

The consideration of \$2.8 million was based on negotiations on a willing-buyer willing-seller basis taking into account, inter alia, an independent valuation dated August 28, 2012 conducted on Sino Tac Resources.

Sino Tac Resources is incorporated in Singapore. Its principal activities are wholesale and distribution of mineral fuels and lubricants.

Acquisition related cost amounting to \$68,000 was recognised as an expense and included in 'general and administrative expenses' in 2012.

- (i) Assets acquired and liabilities assumed at the date of acquisition of Sino Tac Resources

	2012 \$'000
Current assets	
Cash and cash equivalents	1,014
Trade and other receivables	1,522
Inventories	1,536
	<u>4,072</u>
Non-current assets	
Plant and equipment	<u>221</u>
Current liabilities	
Borrowings	(419)
Finance lease	(5)
Trade and other payables	(1,828)
Income tax payable	(43)
	<u>(2,295)</u>
Non-current liability	
Deferred tax liability	<u>(33)</u>
Net assets acquired and liabilities assumed	<u>1,965</u>

Notes to Financial Statements

December 31, 2013

35 ACQUISITION OF SUBSIDIARIES (CONTINUED)

(b) (Continued)

(ii) Goodwill arising on acquisition of Sino Tac Resources

	2012 \$'000
Total consideration paid in cash	2,800
Fair value of identifiable net assets acquired	(1,965)
Goodwill arising from acquisition (Note 14)	835

Goodwill arising from the acquisition of Sino Tac Resources was attributed to the benefit of expected synergies, revenue growth and future market development.

The goodwill arising on the acquisition is not deductible for tax purposes.

(iii) Net cash outflow on acquisition of Sino Tac Resources

	2012 \$'000
Net cash outflow arising from acquisition:	
Cash consideration paid	2,800
Cash and cash equivalents acquired	(1,014)
	1,786

(iv) Impact of acquisition on the results of the Group

The Group's profit included \$0.1 million attributable to the business generated by Sino Tac Resources from date of acquisition to the end of 2012. Revenue for the same period from Sino Tac Resources amounted to \$3.4 million.

Had the business combination in 2012 been effected at January 1, 2012, the revenue of the Group from continuing operations would have been \$377.1 million, and the profit for the year from continuing operations would have been \$47.9 million.

- (c) In December 2012, the Group subscribed for 980,000 preference shares with approximately 70% voting rights in Sireerin Signature Co., Ltd ("Sireerin Signature") for cash consideration of \$0.4 million. This transaction had been accounted for by the acquisition method of accounting.

Sireerin Signature is incorporated in Thailand and its principal activity is real estate development.

Acquisition related costs amounting to \$34,000 was recognised as an expense and included in 'general and administrative expenses' in 2012.

Notes to Financial Statements

December 31, 2013

35 ACQUISITION OF SUBSIDIARIES (CONTINUED)

(c) (Continued)

(i) Assets acquired and liabilities assumed at the date of acquisition of Sireerin Signature

	2012 \$'000
Current assets	
Cash and cash equivalents	341
Other receivables	17
Development property	3,055
	<u>3,413</u>
Non-current assets	
Plant and equipment	<u>4</u>
Current liabilities	
Other payables	<u>(2,655)</u>
Net assets acquired and liabilities assumed	<u>762</u>

(ii) Goodwill arising on acquisition of Sireerin Signature

	2012 \$'000
Total consideration paid in cash	403
Non-controlling interest	389
Net assets acquired and liabilities assumed	<u>(762)</u>
Goodwill arising from acquisition (Note 14)	<u>30</u>

Goodwill arising from the acquisition of Sireerin Signature was attributed to the benefit of expected synergies, revenue growth and future market development.

The goodwill arising on the acquisition is not deductible for tax purposes.

Notes to Financial Statements

December 31, 2013

35 ACQUISITION OF SUBSIDIARIES (CONTINUED)

(c) (Continued)

(iii) Net cash outflow on acquisition of Sireerin Signature

	2012
	\$'000
Net cash outflow arising from acquisition:	
Cash consideration paid	403
Cash and cash equivalents acquired	(341)
	62

As at December 31, 2012, Sireerin Signature had yet to commence full operations and the impact of the acquisition on the results of the Group is immaterial.

36 RECLASSIFICATION AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, certain line items have been amended in the statement of profit or loss and other comprehensive income and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

The items were reclassified as follows:

	Previously reported 2012 \$'000	Group reclassification After 2012 \$'000
Other income	6,605	5,426
Finance costs	3,667	2,488
Other operating expenses	3,863	5,389
General and administrative expenses	16,459	14,933

**AUDITED FINANCIAL STATEMENTS OF TA CORPORATION LTD.
AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2014**

The information in this Appendix III has been reproduced from the annual report of TA Corporation Ltd. for the financial year ended 31 December 2014 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.

INDEPENDENT AUDITORS' REPORT

To the Members of TA Corporation Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of TA Corporation Ltd (the "Company") and its subsidiaries (collectively, the "Group") which comprise the statements of financial position of the Group and the Company as at December 31, 2014, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 33 to 95.

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 (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.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2014 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

INDEPENDENT AUDITORS' REPORT

To the Members of TA Corporation Ltd

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.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

March 26, 2015

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2014

		Group		Company	
	Note	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
ASSETS					
Current assets					
Cash and bank balances	6	116,803	96,301	32,596	4,997
Trade and other receivables	7	173,417	191,263	74,485	33,658
Deposits and prepayments	8	3,257	6,542	25	28
Available-for-sale investments	9	9,437	–	–	–
Inventories	10	4,871	2,901	–	–
Development properties	12	235,456	196,066	–	–
Total current assets		543,241	493,073	107,106	38,683
Non-current assets					
Property, plant and equipment	13	35,656	20,862	–	–
Investment properties	14	192,669	60,175	–	–
Goodwill	15	2,595	2,594	–	–
Subsidiaries	16	–	–	116,965	116,965
Associates and joint venture	17	6,530	8,054	–	–
Other non-current assets	18	400	416	–	–
Deferred tax assets	19	269	65	–	–
Total non-current assets		238,119	92,166	116,965	116,965
Total assets		781,360	585,239	224,071	155,648

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2014

		Group		Company	
	Note	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	20	91,291	35,330	-	-
Trade and other payables	21	163,157	135,369	2,343	2,101
Current portion of finance leases	22	388	409	-	-
Income tax payable		4,710	12,334	-	10
Total current liabilities		259,546	183,442	2,343	2,111
Non-current liabilities					
Borrowings	20	191,110	159,934	-	-
Finance leases	22	725	434	-	-
Term notes	23	74,082	-	74,082	-
Deferred tax liabilities	19	1,952	654	-	-
Total non-current liabilities		267,869	161,022	74,082	-
Capital, reserves and non-controlling interests					
Share capital	24	142,185	142,185	142,185	142,185
Capital reserve	25	644	644	-	-
Translation and other reserves		761	(360)	-	-
Retained earnings		100,798	85,117	5,461	11,352
Equity attributable to owners of the Company		244,388	227,586	147,646	153,537
Non-controlling interests		9,557	13,189	-	-
Total equity		253,945	240,775	147,646	153,537
Total liabilities and equity		781,360	585,239	224,071	155,648

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2014

		Group	
	Note	2014 \$'000	2013 \$'000
Revenue	26	302,942	297,234
Cost of sales		(250,604)	(240,322)
Gross profit		52,338	56,912
Other income	27	9,203	5,934
Selling and distribution costs		(1,741)	(439)
General and administrative expenses		(16,523)	(15,271)
Other operating expenses	28	(10,270)	(5,379)
Share of loss of associates		(1,128)	(1,058)
Finance costs	29	(4,279)	(1,369)
Profit before income tax		27,600	39,330
Income tax expense	30	(5,857)	(7,484)
Profit for the year	31	21,743	31,846
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		1,311	(236)
Loss in fair value on available-for-sale investments		(41)	-
		1,270	(236)
Total comprehensive income for the year		23,013	31,610
Profit attributable to:			
Owners of the Company		20,331	29,289
Non-controlling interests		1,412	2,557
		21,743	31,846
Total comprehensive income attributable to:			
Owners of the Company		21,452	29,087
Non-controlling interests		1,561	2,523
		23,013	31,610
Earnings per share (cents):			
Basic and diluted	32	4.4	6.3

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2014

		Share capital \$'000	Capital reserve \$'000	Translation reserve \$'000	Retained earnings \$'000	Equity attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total \$'000
	Note							
Group								
Balance at January 1, 2013		142,185	644	(158)	61,873	204,544	23,133	227,677
<i>Total comprehensive income for the year</i>								
Profit for the year		-	-	-	29,289	29,289	2,557	31,846
Other comprehensive loss for the year		-	-	(202)	-	(202)	(34)	(236)
Total		-	-	(202)	29,289	29,087	2,523	31,610
<i>Transactions with owners, recognised directly in equity</i>								
Proceeds from issue of shares in subsidiaries to non-controlling shareholders		-	-	-	-	-	1,410	1,410
Dividends	34	-	-	-	(6,045)	(6,045)	-	(6,045)
Dividends to non-controlling shareholders		-	-	-	-	-	(13,877)	(13,877)
Total		-	-	-	(6,045)	(6,045)	(12,467)	(18,512)
Balance at December 31, 2013		142,185	644	(360)	85,117	227,586	13,189	240,775

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2014

		Share capital \$'000	Capital reserve \$'000	Translation and other reserves \$'000	Retained earnings \$'000	Equity attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total \$'000
Group	Note							
Balance at January 1, 2014		142,185	644	(360)	85,117	227,586	13,189	240,775
<i>Total comprehensive income for the year</i>								
Profit for the year		-	-	-	20,331	20,331	1,412	21,743
Other comprehensive income for the year		-	-	1,121	-	1,121	149	1,270
Total		-	-	1,121	20,331	21,452	1,561	23,013
<i>Transactions with owners, recognised directly in equity</i>								
Proceeds from issue of shares in subsidiaries to non-controlling shareholders		-	-	-	-	-	871	871
Dividends	34	-	-	-	(4,650)	(4,650)	-	(4,650)
Dividends to non-controlling shareholders		-	-	-	-	-	(6,064)	(6,064)
Total		-	-	-	(4,650)	(4,650)	(5,193)	(9,843)
Balance at December 31, 2014		142,185	644	761	100,798	244,388	9,557	253,945

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2014

	Note	Share capital \$'000	Retained earnings \$'000	Total \$'000
Company				
Balance at January 1, 2013		142,185	11,456	153,641
<i>Total comprehensive income for the year</i>				
Profit for the year, representing total comprehensive income for the year		–	5,941	5,941
<i>Transactions with owners, recognised directly in equity</i>				
Dividends	34	–	(6,045)	(6,045)
Total		–	(6,045)	(6,045)
Balance at December 31, 2013		142,185	11,352	153,537
<i>Total comprehensive loss for the year</i>				
Loss for the year, representing total comprehensive loss for the year		–	(1,241)	(1,241)
<i>Transactions with owners, recognised directly in equity</i>				
Dividends	34	–	(4,650)	(4,650)
Total		–	(4,650)	(4,650)
Balance at December 31, 2014		142,185	5,461	147,646

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2014

	Group	
	2014 \$'000	2013 \$'000
Operating activities		
Profit before income tax	27,600	39,330
Adjustments for:		
Depreciation expense	4,793	3,565
Share of loss of associates	1,128	1,058
Provision for impairment loss on development properties	5,001	-
Provision for liquidated damages for development properties	428	-
Impairment loss on other non-current assets	16	-
Gain in fair value of investment properties	(1,440)	(335)
Gain on disposal of property, plant and equipment	(86)	(55)
Property, plant and equipment written off	-	22
Interest expense	4,233	1,205
Deemed interest expense on retention amounts	46	164
Interest income	(2,197)	(1,465)
Deemed interest income on retention amounts	(880)	(76)
Allowance (Reversal of allowance) for doubtful debts	20	(495)
Operating cash flows before movements in working capital	38,662	42,918
Trade and other receivables	23,617	55,627
Deposits and prepayments	3,285	(2,012)
Inventories	(1,970)	(1,723)
Development properties	(41,533)	(49,698)
Trade and other payables	31,654	(26,524)
Cash generated from operations	53,715	18,588
Income tax paid	(12,385)	(13,076)
Interest paid	(9,540)	(4,045)
Net cash from operating activities	31,790	1,467
Investing activities		
Interest received	2,197	1,465
Purchase of property, plant and equipment [Note 13(b)]	(17,717)	(6,830)
Purchase of investment properties	(130,553)	-
Proceeds from disposal of property, plant and equipment	143	55
Proceeds from issue of shares in subsidiaries to non-controlling shareholders	871	1,410
Advance to associates	(4,911)	(6,389)
Available-for-sale investments	(9,437)	-
Acquisition of subsidiaries	(1)	(1)
Additional investment in associate	(1)	(551)
Additional other non-current assets	-	(289)
Interest in a joint venture	-	(2,216)
Net cash used in investing activities	(159,409)	(13,346)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2014

	Group	
	2014 \$'000	2013 \$'000
Financing activities		
Proceeds from borrowings	106,633	81,543
Proceeds from term notes	74,082	-
Repayment of borrowings	(19,496)	(58,986)
Repayment of obligations under finance leases	(481)	(605)
Pledged fixed deposits	(579)	(513)
Dividends paid to non-controlling shareholders*	(9,077)	(12,300)
Dividends paid	(4,650)	(6,045)
Net cash from financing activities	146,432	3,094
Increase (Decrease) in cash and cash equivalents	18,813	(8,785)
Cash and cash equivalents at beginning of the year	95,788	105,121
Effect of exchange rate changes	1,110	(548)
Cash and cash equivalents at end of the year	115,711	95,788
Cash and cash equivalents at end of the year comprise the following:		
Cash and bank balances (Note 6)	80,036	71,261
Fixed deposits (Note 6)	36,767	25,040
	116,803	96,301
Less: pledged fixed deposits (Note 6)	(1,092)	(513)
Cash and cash equivalents at end of the year	115,711	95,788

* Amount in 2014 comprised dividends declared in 2014 and part of dividends declared in 2013.
Amount in 2013 comprised dividends declared in 2013 and part of dividends declared in 2012.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

1 GENERAL

The Company (Registration No. 201105512R) is incorporated in Singapore with its principal place of business and registered office at 1 Jalan Berseh, #03-03, New World Centre, Singapore 209037. The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 16.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2014 were authorised for issue by the Board of Directors on March 26, 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (“FRS”).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on the above basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payments*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories*, or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS – On January 1, 2014, the Group adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are effective from that date and are relevant to its operations.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In September 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising FRS 110 *Consolidated Financial Statements*, FRS 111 *Joint Arrangements*, FRS 112 *Disclosure of Interests in Other Entities*, FRS 27 (as revised in 2011) *Separate Financial Statements* and FRS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*. Subsequent to the issue of these standards, amendments to FRS 110, FRS 111 and FRS 112 were issued to clarify certain transitional guidance on the first-time application of these Standards.

In the current year, the Group has applied for the first time FRS 110, FRS 111, FRS 112, FRS 27 (as revised in 2011) and FRS 28 (as revised in 2011) together with the amendments to FRS 110, FRS 111 and FRS 112 regarding the transitional guidance.

The impact of the application of Standards which are relevant to the Group is set out below.

Impact of the application of FRS 110

FRS 110 replaces the parts of FRS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and INT FRS 12 *Consolidation – Special Purpose Entities*. FRS 110 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in FRS 110 to explain when an investor has control over an investee. Some guidance included in FRS 110 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

The adoption of FRS 110 has not changed the Group's identification of entities which the Group controls.

Impact of the application of FRS 111

FRS 111 replaces FRS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, INT FRS 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in FRS 28 (as revised in 2011). FRS 111 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under FRS 111, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under FRS 111 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, FRS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under FRS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method. Proportionate consolidation is no longer allowed. Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

Management assessed the Group's investment in a joint arrangement in accordance with the requirements of FRS 111 and concluded that the joint arrangement is a joint venture.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of the application of FRS 112

FRS 112 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of FRS 112 has resulted in more extensive disclosures in the consolidated financial statements. Disclosures are made in Note 17.

At the date of authorisation of these financial statements, the following new/revised FRSs, INT FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 109 *Financial Instruments*¹
- FRS 115 *Revenue from Contracts with Customers*²
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*³
- Amendments to FRS 110 *Consolidated Financial Statements* and FRS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*³
- Improvements to Financial Reporting Standards (January 2014)⁴

The following amendments are not expected to be relevant to the Group:

- Amendments to FRS 27 *Separate Financial Statements: Equity Method in Separate Financial Statements*³
- Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation*³
- Improvements to Financial Reporting Standards (February 2014)⁴
- Improvements to Financial Reporting Standards (November 2014)⁴

¹ Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

² Applies to annual periods beginning on or after January 1, 2017, with early application permitted.

³ Applies to annual periods beginning on or after January 1, 2016, with early application permitted.

⁴ Applies to annual periods beginning on or after July 1, 2014, with early application permitted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) derecognition (iii) general hedge accounting (iv) impairment requirements for financial assets.

Key requirements of FRS 109 that are currently relevant to the Group and the Company:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows comprising solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods.

Debt instruments that are held within a business model whose objective is achieved both by selling assets and collecting contractual cash flows comprising payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI).

All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods.

In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. In measurement of financial liabilities designated as at FVTPL, FRS 109 requires the change in fair value of the financial liability that is attributable to changes in the credit risk of that liability to be presented in other comprehensive income, unless this creates or enlarges an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.
- In the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

Management is currently evaluating the impact of the above FRS on the financial statements of the Group and the Company.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FRS 115 Revenue from Contracts with Customers

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

FRS 115 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contracts with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when a performance obligation is satisfied, i.e. when control of the goods is transferred to the customer. Performance obligation is discharged through the delivery of services to the customer. In addition, extensive disclosures are required by FRS 115.

FRS 115 will take effect from financial year beginning on or after January 1, 2017, with retrospective application required.

Management is currently evaluating the effects of FRS 115 on the financial statements of the Group.

Amendments to FRS 1 Presentation of Financial Statements: Disclosure Initiative

Amendments have been made to the following:

- Materiality and aggregation – An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.
- Statement of financial position and statement of profit or loss and other comprehensive income – The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.
- Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments – An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.
- Notes – Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes.

Management is currently evaluating the impact of the above FRS on the financial statements of the Group and the Company.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amendments to FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the requirements in dealing with the sale or contribution of assets between an investor and its associate or joint venture. In a transaction involving an associate or a joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

When an entity sells or contributes assets that constitute a business to a joint venture or associate, or loses control of a subsidiary that contains a business but it retains joint control or significant influence, the gain or loss resulting from that transaction is recognised in full. When an entity sells or contributes assets that do not constitute a business to a joint venture or associate, or loses control of a subsidiary that does not contain a business but it retains joint control or significant influence, the gain or loss resulting from that transaction is recognised only to the extent of the unrelated investors' interests in the joint venture or associate, i.e. the entity's share of the gain or loss is eliminated.

Management is currently evaluating the impact of the above FRS on the financial statements of the Group.

Improvements to Financial Reporting Standards (January 2014)

Standards included in this cycle of the improvements project that are relevant to the Group and the Company comprised of the following:

Standard	Key amendment
FRS 103 <i>Business Combinations</i>	Clarified that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of FRS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss.
FRS 103 <i>Operating Segments</i>	Amendments require an entity to disclose the judgement made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'. Clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.
FRS 24 <i>Related Party Disclosures</i>	Clarified that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity must disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However disclosure of the components for such compensation is not required.

The management is currently evaluating the impact of the above Improvements to Financial Reporting Standards (January 2014).

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 or the cost on initial recognition of an investment in an associate or a joint venture, whichever is applicable.

In the Company's financial statements, investments in subsidiaries, associates and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values of assets given by the Group to the former owners of the acquiree, liabilities incurred by the Group and equity interests issued by the Group in exchange for control of the acquiree. The fair values are those prevailing at the acquisition date. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at their fair values prevailing at the acquisition date. Subsequent changes in such fair values are adjusted against the cost of acquisition if they qualify as measurement period adjustments. Accounting for subsequent changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period. Additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, subject to a maximum of one year from acquisition date.

The policy described above is applied to all business combinations that take place on or after January 1, 2010.

FINANCIAL INSTRUMENT – Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income or expense is recognised on an effective interest basis for debt instruments.

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "held-to-maturity investments", "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans are initially measured at fair value net of transactions costs, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

CONSTRUCTION CONTRACTS – Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, based on survey of work completed at the end of each reporting period performed by independent qualified surveyors. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are probably recoverable. Contract costs are recognised as expense in the period in which they are incurred.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the period in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES – Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation is charged so as to write off the cost of assets, other than freehold land, over the estimated useful lives of the assets using the straight-line method, on the following bases:

Leasehold properties	–	Over remaining lease periods of 20 and 99 years
Plant and equipment	–	3 to 7 years
Motor vehicles	–	5 years

Depreciation is not provided on freehold land. Building on freehold land is depreciated over 30 years.

The estimated useful lives, residual values and depreciation method are reviewed at each financial year end, with the effect of any changes in estimates accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

INVESTMENT PROPERTY – Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

DEVELOPMENT PROPERTIES – Development properties are properties held for development and sale in the ordinary course of business. They include completed properties and properties in the course of development. Unsold properties are stated at the lower of cost and estimated net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing and selling.

Development properties are stated at cost plus attributable profits less progress billings. Progress billings yet to be paid by customers are included within “trade and other receivables”. Attributable profits are recognised only in respect of properties with finalised sales agreements. The attributable profit recognised is the excess of contracted sales value over the estimated total cost on completion allocated to the units sold, extended by the percentage completion at the end of the reporting period. Percentage completion is estimated by reference to surveys of work done, performed by independent qualified surveyors. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately and the carrying amount of the development property is correspondingly reduced.

Cost includes all costs directly related to the development and attributable to development activities such as borrowings costs (see accounting policy for borrowing costs below).

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOODWILL – Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of (i) the consideration transferred; (ii) the amount of any non-controlling interest in the acquiree; and (iii) the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the business combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

OTHER NON-CURRENT ASSETS – Club memberships are stated at cost less any impairment loss.

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

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTERESTS IN JOINT VENTURES – A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The joint venture is recorded at cost contributed towards acquisition of assets and has no operating results.

IMPAIRMENT OF ASSETS – At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period;
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Revenue from construction contracts

Revenue and profits from construction contracts are recognised in accordance with the accounting policy on construction contracts as described in a precedent paragraph.

Sale of development properties

Revenue for sales of development properties is recognised when risks and rewards of ownership of the real estate are transferred to the buyer on a continuous basis. This policy applies to residential developments sold under standard sale and purchase agreements and commercial properties sold under substantially similar terms and conditions.

For such sales, revenue is recognised based on the percentage of completion of the development activity at the end of the reporting period as estimated from surveys of work done performed by independent qualified surveyors.

Profits from sale of development properties are recognised in accordance with the accounting policy on development properties as described in a precedent paragraph.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest income

Interest income is accrued on a time apportionment basis, by reference to the principal outstanding and the applicable effective interest rate.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive the dividend is legally established.

Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease.

BORROWING COSTS – Borrowing costs directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended sale, are added to the cost of those assets, until such time when the assets are substantially ready for their intended sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for inclusion as cost of the assets.

Borrowing costs relating to borrowings taken up specifically to finance development properties are added to the cost of the projects.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of currently taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is not recognised for the temporary difference arising from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on any taxable temporary differences arising from profits of subsidiaries, associates and interests in any joint ventures, which are recognised in the Group's financial statements and subject to additional tax on any future remittance when declared as dividends by the investees. Deferred tax liability in respect of unremitted profits is not recognised when the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from 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.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model the carrying amounts of such properties are presumed to be recovered through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items accounted for either in other comprehensive income or directly in equity, in which case the tax correspondingly accounted for in other comprehensive income or directly in equity. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each entity within the Group are measured and presented in the currency of the primary economic environment in which the respective entities operate (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the relevant period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

On consolidation, exchange differences arising from the translation of income and expenses of foreign operations, the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and the translation of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in foreign currency translation reserve, a component of the Group's equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the end of the reporting period.

On the disposal of a foreign operation, accumulated foreign currency translation reserve related to that foreign operation is reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognised.

CASH AND CASH EQUIVALENTS – Cash and cash equivalents comprise cash on hand, cash at bank, fixed deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.1 Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has not made any judgements that will have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations as discussed below.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Construction contracts and development properties

The Group recognises revenue and costs using the percentage of completion method. The stage of completion is measured by reference to certification of value of work performed to date.

Significant assumptions and judgements are involved in estimating costs to completion for both construction contracts and development of properties; and in the case of contract work, the recoverable amounts for any variation work. Estimates of cost to completion which have yet to be contracted for are based on past experience, prevailing market conditions, and factors specific to the construction or development property.

Management reviews development properties for foreseeable losses whenever there is indication that the estimated potential sales proceeds less cost to sell, may be lower than the total expected development cost. The estimated selling prices are based on selling prices for comparable developments and takes into consideration prevailing market conditions.

Management similarly reviews construction contracts for foreseeable losses whenever there is indication that the sum of fixed price contract and any variation sums may be lower than the total expected construction cost.

The above estimates affect the amount of revenue recognised (Note 26), the cost included in cost of sales; the recognised profits included in the carrying amounts of construction contracts (Note 11) and development properties (Note 12); and the impairment loss recognised (Note 12). Management's estimates take into account known significant events and information available when financial statements are prepared. They are subject to periodic evaluation and adjustments.

(b) Fair value of investment properties

Investment properties (Note 14) are stated at fair value, as determined by independent valuers. The valuations take into consideration prices per square metre of comparable properties and adjustment for differences such as age and lease period. These estimated market values may differ from the prices at which the Group's assets can be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(c) *Recoverable amount of trade and other receivables*

Management assesses at the end of each reporting period whether there is any objective evidence that trade and other receivables are impaired. In making this assessment, management takes into consideration the age of debts, results of collection efforts and any significant change in credit quality of the receivables. If there is objective evidence that an impairment loss on trade and other receivables has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the loss is recognised in the profit or loss. Where the loss subsequently reverses, the reversal is recognised in profit or loss. The carrying amount of the trade and other receivables is disclosed in Note 7 to the financial statements.

(d) *Recoverable amount of receivables from associates and investment in associates*

Receivables from associate Dalian Shicheng Property Development (S) Pte. Ltd. ("DSPDS") amount to \$15,952,000 (2013: \$15,235,000). The ability to recover the receivables included in Note 7 and the carrying amount of investment of \$4,811,000 (2013: \$5,838,000) included in Note 17 is dependent on the ability to sell the properties of Dalian Shicheng Property Development Co., Ltd ("DSPDC") in Dalian, PRC at the values estimated by management and to develop the properties at the cost estimated by management so as to derive profits from future sales. The values have been estimated by management with the assistance of an independent valuer.

The right to recovery of these receivables is subordinated to the right of a bank to prior repayment of bank loans given to DSPDS and DSPDC.

A wholly-owned subsidiary of the Group together with another shareholder of DSPDS, have provided joint and several corporate guarantees for bank loans given to DSPDS. The Company together with that same shareholder of DSPDS, have provided joint and several corporate guarantees for bank loans given to DSPDC (Note 35(a)). The ability of DSPDS and DSPDC to pay the bank loans is dependent on sales of DSPDC's properties in Dalian, PRC.

Management is of the view that the amounts of receivables and investments are recoverable given time to realise the sales. No allowance for impairment of the receivables is needed.

(e) *Useful life of property, plant and equipment*

As described in Note 2, the management reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. These estimates have been made based on past experience relating to useful lives of equipment and are also subject to assumptions about future deployment of assets.

(f) *Recoverable amount of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill is disclosed in Note 15 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Loans and receivables at amortised cost (including cash and cash equivalents)	301,171	291,580	107,083	38,655
Financial liabilities				
Amortised cost	469,801	287,331	76,425	2,101

The Company does not have any significant financial instruments which are subject to enforceable master netting arrangements or similar netting agreements.

(b) Financial risk management policies and objectives

The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group arising from market risk (including pricing risk, foreign exchange risk, interest rate risk), credit risk and liquidity risk.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group's exposure to foreign currency risk is minimal as the Group transacts primarily in Singapore dollars. The Group has some investments in foreign subsidiaries and associates, whose net assets are exposed to currency translation risk. As far as possible, the Group relies on natural hedges of matching foreign currency denominated assets and liabilities of the same currency.

(ii) Interest rate risk management

The Group's exposure to interest rate risk relates primarily to debt obligations. The interest rates for borrowings are stated in Note 20 to the financial statements.

The Group may from time to time enter into interest rate swaps to manage its exposures to interest rate risk.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(ii) Interest rate risk management (Continued)

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and on the assumption that the change took place at the beginning of a financial year and is held constant throughout the reporting period. The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the amount of interest capitalised as part of the Group's property development as at December 31, 2014 would have increased/decreased by \$456,000 (2013: increased/decreased by \$478,000); and the Group's profit for the financial year ended December 31, 2014 would have increased/decreased by \$305,000 (2013: increased/decreased by \$299,000).

The Company's profit and loss and equity are not affected materially by the changes in interest rates.

(iii) Credit risk management

Credit risk refers to the risk that counterparties may default on their contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by the counterparty limits that are reviewed and approved by the management on an on-going basis.

Trade receivables consist of a number of customers from the construction and real estate industry. The Group does not have any significant credit risk exposure to any single counterparty or any group of related counterparties. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with good credit-ratings.

The Group's exposure to credit risk on receivables arising from the sale of condominium units under development is not significant as payments are arranged through loans taken up by customers with creditworthy financial institutions; and in the absence of such arrangement the Group has recourse to the physical asset if the buyer defaults in payment.

The Group carries out construction work mainly for the private sector. Credit risks are taken into consideration in the decision to participate in tenders for construction contracts.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(iii) Credit risk management (Continued)

Rental deposits are received as security from tenants of its investment properties.

The Group monitors collections due and follow up with debtors as part of the credit management process.

The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment on the receivables is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The maximum aggregate amount the Group can be liable under all the guarantees in Note 35 (a) is approximately \$78.4 million (2013: \$76.4 million).

The maximum amount the Company could be liable to settle under the corporate guarantees given to banks in connection with facilities utilised by the subsidiaries is stated in Note 20.

Management monitors the financial performance of the parties in respect of which the Group or the Company has provided guarantees to third parties. There is currently no expectation that any of these guarantees will or may be called on.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, and the exposure to calls on corporate guarantees above, represents the Group's and Company's maximum exposure to credit risk without taking account of the value of any collateral which can reduce the exposure.

(iv) Liquidity risk management

The Group maintains sufficient cash and cash equivalents and committed credit lines available to support working capital requirements.

Liquidity risk analysis

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents future interest which are not included in the carrying amount of the financial liability on the statements of financial position.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(iv) Liquidity risk management (Continued)

	Weighted average effective interest rate %	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Adjustment \$'000	Total \$'000
Financial liabilities						
Group						
2014						
Non-interest bearing		112,205	-	-	-	112,205
Finance leases (fixed rate)	3.5	470	753	-	(110)	1,113
Fixed interest rate instruments	5.3	3,938	77,275	-	(7,131)	74,082
Variable interest rate instruments	2.7	93,699	147,427	48,843	(7,568)	282,401
		210,312	225,455	48,843	(14,809)	469,801
2013						
Non-interest bearing	-	91,224	-	-	-	91,224
Finance leases (fixed rate)	3.5	455	484	-	(96)	843
Variable interest rate instruments	2.7	36,275	163,251	1,026	(5,288)	195,264
		127,954	163,735	1,026	(5,384)	287,331
Company						
2014						
Non-interest bearing	-	2,343	-	-	-	2,343
Fixed interest rate instruments	5.3	3,938	77,275	-	(7,131)	74,082
		6,281	77,275	-	(7,131)	76,425
2013						
Non-interest bearing	-	2,101	-	-	-	2,101

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The adjustment column represents the future interest which is not included in the carrying amount of the financial asset on the statements of financial position.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(iv) Liquidity risk management (Continued)

	Weighted average effective interest rate %	On demand or within 1 year \$'000	Adjustment \$'000	Total \$'000
Financial assets				
Group				
2014				
Non-interest bearing	–	207,741	–	207,741
Variable interest rate	3.3	48,783	(1,557)	47,226
Fixed interest rate instruments	1.4	46,316	(112)	46,204
		302,840	(1,669)	301,171
2013				
Non-interest bearing	–	224,191	–	224,191
Variable interest rate	3.3	43,778	(1,429)	42,349
Fixed interest rate instruments	0.2	25,045	(5)	25,040
		293,014	(1,434)	291,580
Financial assets				
Company				
2014				
Non-interest bearing	–	20,382	–	20,382
Variable interest rate	5.3	72,811	(3,658)	69,153
Fixed interest rate instruments	0.3	17,550	(2)	17,548
		110,743	(3,660)	107,083
2013				
Non-interest bearing	–	11,016	–	11,016
Variable interest rate	2.5	25,757	(628)	25,129
Fixed interest rate instruments	0.3	2,511	(1)	2,510
		39,284	(629)	38,655

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(v) Fair value of financial assets and liabilities

The carrying amounts of cash and bank balances, trade and other current receivables and payables, and other liabilities approximate their respective fair values due to relatively short-term maturity of these financial instruments.

The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- at quoted market prices of the financial assets and financial liabilities, traded on active liquid markets based on standard terms and conditions;
- derived from discounted cash flow analysis or generally accepted pricing models using prices from observable current market transactions and dealer quotes for similar instruments; or
- at the carrying amounts of those assets and liabilities reported in the statements of financial position due to the relatively short-term maturity of these financial instruments.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a. quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- b. 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 2); and
- c. inputs for the asset or liability that are not based on observable market data (observable inputs) (Level 3).

(c) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group is not subject to any externally imposed capital requirements.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital, other components of equity and retained earnings as disclosed in the statement of changes in equity; and debt, which includes the borrowings disclosed in Note 20.

The Group reviews the capital structure on an annual basis. As a part of this review, the Group considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends and issuance of new shares as well as the issuance of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

5 RELATED COMPANY AND RELATED PARTY TRANSACTIONS

Some of the transactions and arrangements are between members of the Group and with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Transactions between members of the Group have been eliminated on consolidation and are not disclosed.

During the year, Group entities entered into the following trading transactions with related parties:

	Group	
	2014	2013
	\$'000	\$'000
Associates		
Construction revenue	48,406	32,684
Interest income	1,487	1,349
Project management services	60	144
Accounts and administrative services	96	96
Companies in which certain directors have control		
Sales and service of air-conditioners	16	16
Sales of motor vehicle	-	20
Maintenance income	40	52
Management service fee income	777	480
Rental income	110	96
Miscellaneous income	3	7
Medical fee expense	(102)	(79)
Miscellaneous expenses	(81)	(49)
Purchase of motor vehicle	-	(5)
Dormitory rental expense	(185)	(169)
Director		
Construction revenue	1,148	-
Sales of property unit	-	1,779

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

5 RELATED COMPANY AND RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of directors and key management personnel

The remuneration of directors and other key management personnel during the year was as follows:

	Group	
	2014 \$'000	2013 \$'000
Short-term benefits	4,621	5,296

The remuneration of directors and other key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

6 CASH AND BANK BALANCES

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Cash at bank and in hand	80,036	71,261	15,048	2,487
Fixed deposits	36,767	25,040	17,548	2,510
	116,803	96,301	32,596	4,997
Less: pledged fixed deposits	(1,092)	(513)	–	–
	115,711	95,788	32,596	4,997

Cash and bank balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amounts of these assets approximate their fair values.

Fixed deposits bear interest ranging from 0.20% to 0.68% (2013: 0.20% to 0.38%) per annum and for tenures ranging 1 to 12 months (2013: 1 to 12 months). Some of the fixed deposits are pledged as security for trade facilities granted by banks to its subsidiaries.

Included in the cash and bank balances of the Group is an amount of \$13,399,000 (2013: \$18,287,000) held under the Housing Developers (Project Account) Rules, withdrawals from which are restricted to payments for expenditure incurred on the development properties (Note 12).

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Trade receivables from:				
Sale of goods and services	3,478	2,422	-	-
Property development customers	1,613	37,636	-	-
Construction contract customers:				
- Billed/Certified	35,392	40,241	-	-
- Unbilled (Note 11)	12,832	2,333	-	-
Retention monies on contract work:				
- Associates (Note 5)	6,249	3,742	-	-
- Third parties	26,939	32,088	-	-
Associates (Note 5)	23,196	14,379	-	-
Companies in which certain directors have control (Note 5)	226	5	-	-
Less: Allowance for doubtful receivables				
- Associates (Note 5)	(57)	(57)	-	-
- Third parties	(877)	(858)	-	-
	108,991	131,931	-	-
Other receivables due from:				
Third parties	198	73	111	29
Associates (Note 5)	64,083	59,172	-	-
Companies in which certain directors have control (Note 5)	90	39	-	-
Subsidiaries	-	-	74,374	33,629
	64,371	59,284	74,485	33,658
Staff loans	72	65	-	-
Less: Allowance for doubtful receivables	(17)	(17)	-	-
	55	48	-	-
Total trade and other receivables	173,417	191,263	74,485	33,658

Credit periods range from 30 to 60 days (2013: 30 to 60 days). No interest is charged on overdue trade receivables. Interest is charged at 2.5% to 5.3% (2013: 2.5% to 5.3%) per annum by the Group and Company on other receivables due from associates and subsidiaries. For the purpose of determining present values of retention monies, the discount rate is 5% (2013: 5%) per annum. Retention sums are classified as current as they are expected to be received within the Group's normal operating cycle.

The Company's other receivables due from subsidiaries are repayable on demand.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits granted to customers are reviewed periodically. The Group does not have any significant credit risk exposure to any single counterparty or any group of related counterparties.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

The table below is an analysis of trade and other receivables:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Not past due and not impaired ⁽ⁱ⁾	169,930	189,498	74,485	33,658
Past due but not impaired ⁽ⁱⁱ⁾	3,487	1,765	-	-
Impaired receivables				
– individually assessed and past due more than 12 months	951	932	-	-
Less: Allowance for doubtful receivables	(951)	(932)	-	-
Total trade and other receivables, net	173,417	191,263	74,485	33,658

⁽ⁱ⁾ There has not been a significant change in credit quality of trade receivables that are not past due and not impaired.

⁽ⁱⁱ⁾ Aging of receivables that are past due but not impaired.

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
< 3 months	2,029	1,281	-	-
3 months to 6 months	365	99	-	-
6 months to 12 months	591	289	-	-
> 12 months	502	96	-	-
	3,487	1,765	-	-

The Group has not provided for any impairment losses as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Movement in the allowance for impairment of doubtful trade and non-trade receivables:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Balance at beginning of the year	932	1,427	-	-
Amounts recovered during the year	(40)	(587)	-	-
Bad debts written off	-	(1)	-	-
Increase in allowance recognised in profit or loss	59	93	-	-
Balance at end of the year	951	932	-	-

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

8 DEPOSITS AND PREPAYMENTS

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Tender deposits placed with third parties	265	546	–	–
Deposits placed with third parties	1,249	3,470	2	–
Prepayments	1,743	2,526	23	28
	3,257	6,542	25	28

9 AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2014	2013
	\$'000	\$'000
Quoted debt securities, at fair value	9,437	–

The fair value measurements of the quoted debt securities are classified within Level 1 of the fair value hierarchy and are determined based on quoted bid prices in an active market.

10 INVENTORIES

	Group	
	2014	2013
	\$'000	\$'000
Goods held for sale	4,871	2,901

The cost of inventories recognised as an expense for the financial year amounted to \$12,681,000 (2013: \$8,335,000).

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

11 CONSTRUCTION CONTRACTS

	Group	
	2014	2013
	\$'000	\$'000
Contract work-in-progress at end of the reporting period:		
Aggregate amount of contract costs incurred plus recognised profits less recognised losses	773,949	711,621
Less: progress billings	(812,069)	(753,433)
	(38,120)	(41,812)
Represented by:		
Amounts due from contract customers included in trade and other receivables (Note 7)	12,832	2,333
Amounts due to contract customers included in trade and other payables (Note 21)	50,952	44,145

12 DEVELOPMENT PROPERTIES

	Group	
	2014	2013
	\$'000	\$'000
Costs incurred plus recognised profits less foreseeable losses	298,467	233,072
Less: progress billings	(63,011)	(37,006)
	235,456	196,066

Development properties are classified as current assets as they are expected to be realised in the normal operating cycle.

All development properties are mortgaged to banks as security for credit facilities obtained by the Group (Note 20).

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

12 DEVELOPMENT PROPERTIES (CONTINUED)

The cost of development properties include the following items which have been charged during the financial year:

	2014	Group 2013
	\$'000	\$'000
Property tax capitalised during the reporting period	687	643
Interest expense capitalised during the financial year (Note 29)	3,667	2,840
Provision for impairment loss on development properties	5,001	–
Provision for liquidated damages for development property	428	–

The weighted average rate of capitalisation of the interest expenses for the financial year ended 2014 is 3.1% (2013: 2.7%) per annum.

	Impairment loss on development property \$'000	Group Liquidated damages on development property \$'000
<u>Movement on provision</u>		
Balance at beginning of the year	808	–
Charge in profit or loss	5,809	428
Write-back in profit or loss	(808)	–
	5,001	428
Balance at end of the year	5,809	428

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

12 DEVELOPMENT PROPERTIES (CONTINUED)

Particulars of the development properties as at December 31, 2014 are as follows:

Description	Location	Approximate saleable area (Sq. Metres)	Completed/ estimated date of completion	Tenure	Site area (Sq. Metres)
<u>Properties in Singapore</u>					
The Cristallo (Residential)	70 & 72 – 76B Lorong K Telok Kurau Road	5,012	February 2015	Freehold	3,227
Gambir Ridge (Residential)	16 Gambir Walk	6,194	December 2015	Freehold	3,763
Terra Villas (Residential)	19, 21, 23 & 25 Jalan Sayang	2,231	December 2016	Freehold	1,278
Ascent @ 456 (Commercial and residential)	456 Balestier Road	2,805	December 2017	Freehold	1,084
Residential development	12 Shan Road	*	*	Freehold	1,918
<u>Properties in Thailand</u>					
De lyara (Commercial and residential)	Klong Luang District Pathumthani, Thailand	440	August 2014	Freehold	11,200
De lyara Share (Commercial and residential)	Klong Luang District Pathumthani, Thailand	4,316	March 2015	Freehold	8,000
De lyara Grande (Commercial and residential)	Klong Luang District Pathumthani, Thailand	7,200	June 2015	Freehold	16,000

* Development plan has not been finalised.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold property \$'000	Leasehold properties \$'000	Properties under construction \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Total \$'000
Group						
Cost:						
At January 1, 2013	693	18,400	–	15,214	3,600	37,907
Additions	–	–	–	6,176	905	7,081
Transfer from investment property (Note 14)	–	1,450	–	–	–	1,450
Exchange differences	(55)	–	–	(7)	(2)	(64)
Assets written off	–	–	–	(22)	–	(22)
Disposals	–	–	–	(33)	(236)	(269)
At December 31, 2013	638	19,850	–	21,328	4,267	46,083
Additions	178	158	14,125	2,373	1,634	18,468
Transfer from investment property (Note 14)	–	1,140	–	–	–	1,140
Exchange differences	9	–	–	22	18	49
Disposals	–	–	–	(108)	(359)	(467)
At December 31, 2014	825	21,148	14,125	23,615	5,560	65,273
Accumulated depreciation:						
At January 1, 2013	195	7,080	–	12,664	2,011	21,950
Depreciation	18	691	–	2,321	535	3,565
Exchange differences	(16)	–	–	(6)	(3)	(25)
Disposals	–	–	–	(33)	(236)	(269)
At December 31, 2013	197	7,771	–	14,946	2,307	25,221
Depreciation	35	708	–	3,292	758	4,793
Exchange differences	3	–	–	6	4	13
Disposals	–	–	–	(108)	(302)	(410)
At December 31, 2014	235	8,479	–	18,136	2,767	29,617
Carrying amount:						
At December 31, 2014	590	12,669	14,125	5,479	2,793	35,656
At December 31, 2013	441	12,079	–	6,382	1,960	20,862

- (a) The carrying amount of the Group's property, plant and equipment includes \$1,900,000 (2013: \$1,343,000) of assets held under finance leases (Note 22).
- (b) During the financial year, the Group acquired property, plant and equipment with aggregate cost of \$18,468,000 (2013: \$7,081,000) of which \$751,000 (2013: \$251,000) were acquired through finance leases. Cash payments of \$17,717,000 (2013: \$6,830,000) were made to purchase property, plant and equipment.
- (c) All leasehold properties were mortgaged to banks as security for credit facilities obtained by the Group (Note 20).

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(d) Details of properties are as follows:

Location	Description	Title	Gross area (Sq. Metres)
1 Jalan Berseh #03-01, #03-02, #03-03, #03-04, #03-05 #03-07/08/09 and #03-16 New World Centre Singapore 209037	Commercial	Leasehold (99 years from March 31, 1994)	1,100
53 Sungei Kadut Loop Singapore 729502	Warehouse/ dormitory	Leasehold (30 years from March 16, 1995)	4,211
67/67A Sungei Kadut Drive Singapore 729567	Premises for provision of engineering services/ dormitory	Leasehold (30 years from December 16, 1990)	6,168
Tuas South Street 11 Singapore	Warehouse*	Leasehold (20 years and 10 months from October 21, 2014)	10,000
No. 224, 232/1-7 & 232/9 Okkiam Thoraippakkam Industrial Estate Chennai 600096 India	Test centre	Freehold	8,986
No. 23 Vengadamangalam Village Chengalpet Taluk Kancheepura District Chennai 600048 India	Test centre*	Freehold	17,685

* Properties under construction.

14. INVESTMENT PROPERTIES

	2014 \$'000	Group 2013 \$'000
At fair value		
Balance at beginning of the year	60,175	61,290
Addition during the year	132,194	-
Transfer to property, plant and equipment (Note 13)	(1,140)	(1,450)
Changes in fair value included in profit or loss	1,440	335
Balance at end of the year	192,669	60,175

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

14 INVESTMENT PROPERTIES (CONTINUED)

Details of the investment properties are as follows:

Location	Description	Title	Gross area (Sq. Metres)
1 Jalan Berseh, #B1-02 to #B1-22, #01-03, #01-15, #01-16, #02-02 to #02-28, #03-10 to #03-15 New World Centre, Singapore 209037	Commercial	Leasehold (99 years from March 31, 1994)	4,360
83 Sungei Kadut Drive Singapore 729566	Industrial	Leasehold (29 years from October 16, 1991)	4,701
Tuas South Street 13 Singapore	Dormitory under construction	Leasehold (20 years from July 7, 2014)	52,038
1 Leonie Hill Road, #28-01 Leonie Hill Residences, Singapore 239191	Residential	Freehold	260
586 Balestier Road #02-04 & #03-04, Singapore 329898	Residential	Freehold	260

The fair values of the Group's investment properties at respective reporting periods have been determined on the basis of valuations carried out at or close to the respective year end dates by independent valuers having an appropriate recognised professional qualification and experience in the location and category of the properties being valued. The valuations were arrived at by reference to market evidence of transacted prices per square metre in the open market for comparable properties, adjusted for differences such as location, age and size.

The Group classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. Fair value measurements of the Group's investment properties at December 31, 2014 and 2013 are classified as Level 3 in the fair value hierarchy.

Management considers that the fair values of the Group's investment properties are sensitive to unobservable adjustments to the prices per square metre. The adjusted prices per square metre used in estimating fair values of the investment properties ranged from \$600 to \$19,000 (2013: \$600 to \$20,000) per square metre for various investment properties. Any change to the unobservable inputs, to the extent that they increase or decrease the price per square metre, will result in a corresponding increase or decrease in the fair values of the respective properties.

All investment properties were mortgaged to banks as security for credit facilities obtained by the Group (Note 20).

Rental income from operating lease of the Group's investment properties amounted to \$2,260,000 (2013: \$2,209,000). Direct operating expenses (including repairs and maintenance) incurred for these investment properties amounted to \$710,000 (2013: \$878,000).

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

15 GOODWILL

	Group	
	2014	2013
	\$'000	\$'000
At cost	2,595	2,594

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. The CGUs to which goodwill have been allocated as follows:

	Group	
	2014	2013
	\$'000	\$'000
Cash-generating units		
Tiong Aik Resources (S) Pte Ltd and its subsidiary	1,728	1,728
Sino Tac Resources Pte Ltd	835	835
Others	32	31
	2,595	2,594

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

Tiong Aik Resources (S) Pte Ltd has been profit-generating for the past 2 years and management expects profits in future. The fair value of a property owned by the CGU has since increased by an amount which exceeds the amount of goodwill. The value of the property was determined by an independent valuer.

Sino Tac Resources Pte Ltd has been profit-generating for the past 2 years and management expects profits in future.

Goodwill of other CGUs are immaterial.

As at December 31, 2014, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the CGUs.

16 SUBSIDIARIES

	Company	
	2014	2013
	\$'000	\$'000
Unquoted equity shares at cost	116,965	116,965

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

16 SUBSIDIARIES (CONTINUED)

Details of the Company's significant subsidiaries are as follows:

Name of significant subsidiaries	Principal activities/ Country of incorporation and operations	Group's proportion of ownership interest and voting power held	
		2014 %	2013 %
Aston Air Control Pte Ltd	Contractor of air conditioning installation, installation and servicing of air conditioning systems/Singapore	90	90
Credence Engineering Pte. Ltd.	Manufacture and repair of other oilfield and gas field machinery and equipment/Singapore	100	100
Meadows Investment Pte. Ltd.	Investment holding/Singapore	100	100
Sino Holdings (S'pore) Pte Ltd	Investment holding/Singapore	100	100
SinoTac Builder's (S) Pte. Ltd.	Building construction/Singapore	100	100
Tiong Aik Construction Pte Ltd	Building construction/Singapore	100	100
Tiong Aik Development Pte. Ltd.	Real estate development/Singapore	100	100
Tiong Aik Holding Pte Ltd	Real estate development/Singapore	100	100
Tiong Aik Investments Pte Ltd	Real estate development/Singapore	100	100
Sino Tac Resources Pte Ltd	Trading in lubricants/Singapore	100	100
Held by Sino Holdings (S'pore) Pte Ltd			
TA Realty Pte. Ltd.	Real estate development/Singapore	100	100
Nexus Point Investments Pte. Ltd.	Dormitory operator/Singapore	62	100
Held by SinoTac Builder's (S) Pte Ltd			
Quest Homes Pte. Ltd.	Real estate development/Singapore	100	100
Held by Tiong Aik Construction Pte Ltd			
Tiong Aik Resources (S) Pte Ltd	Investment holding, general wholesale trade (including general importers and exporters)/Singapore	57	57

All subsidiaries above are audited by Deloitte & Touche LLP, Singapore.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

17 ASSOCIATES AND JOINT VENTURE

	Group	
	2014 \$'000	2013 \$'000
Cost of investment in associates	10,073	9,522
Add: Additional investment	1	551
	10,074	10,073
Share of post-acquisition losses, net of dividend received	(5,760)	(4,235)
	4,314	5,838
Interest in an unincorporated joint venture	2,216	2,216
Total of associates and joint venture	6,530	8,054

(a) Details of the Group's significant associates are as follows:

Name of significant associates	Principal activities/ Country of incorporation and operations	Effective equity interest		Proportion of ownership and voting power held	
		2014 %	2013 %	2014 %	2013 %
Held by Sino Holdings (S'pore) Pte Ltd					
Meadows Bright Development Pte Ltd	Real estate development/ Singapore	50.00	50.00	50.00	50.00
Dalian Shicheng Property Development (S) Pte. Ltd.	Investment holding/Singapore	25.37	25.37	25.37	25.37
Held by Dalian Shicheng Property Development (S) Pte. Ltd.					
Dalian Shicheng Property Development Co. Ltd. ^[1]	Development of properties/ People's Republic of China	25.37	25.37	*	*
Held by Meadows Bright Development Pte Ltd					
Meadows Property (S'pore) Pte Ltd ^[2]	Real estate development/ Singapore	44.45	44.45	*	*
Bukit Timah Green Development Pte. Ltd. ^[3]	Real estate development/ Singapore	25.00	25.00	*	*

All of the above associates are accounted for using the equity method in these consolidated financial statements.

* The proportion of voting power held in each entity above is consistent with the proportion of ownership as stated in the footnote below:

⁽¹⁾ Wholly-owned by Dalian Shicheng Property Development (S) Pte. Ltd. The entity is audited by an overseas practice of Deloitte Touche Tohmatsu Limited.

⁽²⁾ Meadows Bright Development Pte Ltd owns 88.89% (2013: 88.89%) of the equity in Meadows Property (S'pore) Pte Ltd.

⁽³⁾ Meadows Bright Development Pte Ltd owns 50% (2013: 50%) of the equity in Bukit Timah Green Development Pte. Ltd. Bukit Timah Green Development Pte. Ltd. is audited by Ernst & Young LLP.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

17 ASSOCIATES AND JOINT VENTURE (CONTINUED)

Summarised financial information in respect of each of the Group's material associates is set out below.

(b) Meadows Bright Development Pte Ltd and its subsidiaries

	2014 \$'000	2013 \$'000
Current assets	189,972	192,287
Non-current assets	391	376
Current liabilities	(191,576)	(193,793)
Non-controlling interests	126	95
Capital deficiency	(1,087)	(1,035)
Revenue	18,571	35,800
(Loss) Profit for the year, representing total comprehensive (loss) income for the year	(84)	440

Reconciliation of the above summarised financial information to the carrying amount of the interest in Meadows Bright Development Pte Ltd recognised in the consolidated financial statements:

	2014 \$'000	2013 \$'000
Net liabilities of the associate	(1,087)	(1,035)
Proportion of the group's ownership in the associate	50%	50%
	(544)	(518)
Share of loss previously included in payables	-	518
Carrying amount of the group's interest in the associate	(544)	-

(c) Dalian Shicheng Property Development (S) Pte. Ltd. and its subsidiary

	2014 \$'000	2013 \$'000
Current assets	98,319	99,280
Non-current assets	138	523
Current liabilities	(111,053)	(108,354)
Capital deficiency	(12,596)	(8,551)
Revenue	10,608	1,945
Loss for the year	(4,524)	(4,281)
Other comprehensive income for the year	479	1,387
Total comprehensive loss for the year	(4,045)	(2,894)

NOTES TO FINANCIAL STATEMENTS

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17 ASSOCIATES AND JOINT VENTURE (CONTINUED)

(c) Dalian Shicheng Property Development (S) Pte. Ltd. and its subsidiary (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Dalian Shicheng Property Development (S) Pte. Ltd. recognised in the consolidated financial statements:

	2014 \$'000	2013 \$'000
Net liabilities of the associate	(12,596)	(8,551)
Proportion of the group's ownership in the associate	25.37%	25.37%
	(3,196)	(2,169)
Pre-acquisition losses not recorded by the Group	8,007	8,007
Carrying amount of the group's interest in the associate comprising cost plus share of post-acquisition results of the associate	4,811	5,838

Management considers the amount of investment in the associate to be recoverable on the basis set out in Note 3(d).

Information relating to the carrying amount of investment in associates is provided in Note 3.2(d).

(d) Aggregate information of other associates that are not individually material

	2014 \$'000	2013 \$'000
The Group's share of profit for the year	43	15
The Group's share of other comprehensive income (loss)	4	(15)
The Group's share of total comprehensive income	47	-
Aggregate carrying amount of the Group's interests in these associates	47	-

- (e) The Group has a 49% interest in an unincorporated joint venture formed in 2013 to develop three plots of land. The amount of \$2,216,000 represents the amount paid for a 49% stake in these plots of land which have yet to be developed.

18 OTHER NON-CURRENT ASSETS

	Group	
	2014 \$'000	2013 \$'000
Club memberships, at cost	416	416
Less: impairment loss	(16)	-
	400	416

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

19 DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the Group and the movements thereon, during the current and prior reporting period:

	Profits on uncompleted projects (taxable on completion) \$'000	Accelerated tax depreciation \$'000	Others \$'000	Net \$'000
At January 1, 2013	5,818	142	–	5,960
(Credit) Charge to profit or loss (Note 30)	(5,578)	207	–	(5,371)
At December 31, 2013	240	349	–	589
Charge (Credit) to profit or loss (Note 30)	1,204	21	(131)	1,094
At December 31, 2014	1,444	370	(131)	1,683

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for purposes of the statements of financial position:

	Group	
	2014 \$'000	2013 \$'000
Deferred tax liabilities	1,952	654
Deferred tax assets	(269)	(65)
	1,683	589

20 BORROWINGS

	Group	
	2014 \$'000	2013 \$'000
Bank loans – unsecured	5,172	3,745
Secured – at amortised cost		
Invoice financing	2,267	596
Bank loans	274,962	190,923
	282,401	195,264
Less: Amount due for settlement within 12 months (shown under current liabilities)	(91,291)	(35,330)
Amount due for settlement after 12 months	191,110	159,934

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

20 BORROWINGS (CONTINUED)

The average effective interest rates paid were as follows:

	Group	
	2014	2013
Bank loans	3.0%	3.0%

The borrowings bear variable interest at margins above the bank's cost of funds. The interest rates are adjusted for periods ranging from 1 month to 1 year.

Management estimates that the carrying amounts of the bank loans approximate their fair values as market interest rates are charged on the bank loans.

The Group has the following bank loans:

- a) Loans of \$120,654,000 (2013: \$36,961,000) secured by charges over the Group's investment properties (Note 14). The loans bear interest at rates ranging from 2.3% to 2.6% (2013: 2.0% to 2.4%) per annum.
- b) Loans of \$143,960,000 (2013: \$151,314,000) secured by mortgages over the Group's development properties (Note 12). The loans bear interest at rates ranging from 2.2% to 2.8% (2013: 2.0% to 2.6%) per annum.
- c) Loans of \$10,348,000 (2013: \$2,648,000) secured by mortgages over the Group's leasehold properties (Note 13). The loans bear interest at rates ranging from 1.9% to 2.4% (2013: 1.9% to 2.4%) per annum.

The above loans are also secured by the corporate guarantees of the Company and certain loans are also secured by guarantees from certain minority shareholders of partially-owned subsidiaries. The fair value of these corporate guarantees is assessed by the management to be insignificant as the primary securities are the mortgaged properties.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

21 TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Trade payables due to:				
- Subsidiaries (Note 16)	-	-	-	-
- Third parties	48,747	49,634	13	15
- Associates (Note 5)	19	7	-	-
- Companies in which certain directors have control (Note 5)	4	-	-	-
Other payables due to:				
- Third parties	2,480	3,247	-	-
- Associates (Note 5)	83	608	-	-
- Companies in which certain directors have control (Note 5)	40	16	-	-
- Non-controlling shareholders of subsidiaries	18,989	2,694	-	-
Accrued operating expenses	10,168	10,358	2,330	2,086
Accrued contract expenses	5,764	3,404	-	-
Amounts due to contract customers (Note 11)	50,952	44,145	-	-
Dividend payable to non-controlling shareholders of subsidiaries	64	3,077	-	-
Retention payables	17,339	13,303	-	-
Progress payment received	7,565	3,907	-	-
Deposits received	943	969	-	-
	163,157	135,369	2,343	2,101

Trade creditors and accruals comprise amounts outstanding for trade purchases and sub-contractor costs. The balances with related parties are unsecured, interest-free and repayable on demand. For the purpose of determining present value of retention monies, the discount rate is 5% (2013: 5%) per annum. Retention payables are classified as current as they are expected to be repaid within the Group's normal operating cycle.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

22 FINANCE LEASES

	Group		Present value of	
	Minimum lease payments		minimum lease payments	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Amounts payable under finance leases:				
Within 1 year	470	455	388	409
Within 2 to 5 years	753	484	725	434
	1,223	939	1,113	843
Less: Future finance charges	(110)	(96)	-	-
Present value of lease obligations	1,113	843	1,113	843
Less: Amount due for settlement within 12 months (shown under current liabilities)			(388)	(409)
Amount due for settlement after 12 months			725	434

The lease terms range from 3 to 5 years (2013: 3 to 5 years). The average effective interest rate approximates 3.5% (2013: 3.5%) per annum. Interest rates are fixed at the contract dates. All finance leases repayments are fixed with no contingent amount payable.

The fair values of the Group's lease obligations approximate their carrying amounts.

The Group's obligations under finance lease are secured by the lessor's title to the leased assets.

23 TERM NOTES

	Group and Company	
	2014 \$'000	2013 \$'000
Multi-currency term notes, net of issuance cost	74,082	-

In August 2013, the Company set up a \$150 million multi-currency medium term note programme. In April 2014, the Company issued \$75 million medium term notes due October 24, 2016 at fixed interest rate of 5.25% per annum. The interest is payable on a half-yearly basis.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

24 SHARE CAPITAL

	Group and Company			
	2014	2013	2014	2013
	Number of ordinary shares		\$'000	\$'000
Issued and paid up:				
At beginning and end of the year	465,000,000	465,000,000	142,185	142,185

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

25 CAPITAL RESERVE

The capital reserve arose from the gift of shares in the Company previously owned by the Executive Directors to certain employees of the Group.

26 REVENUE

	Group	
	2014	2013
	\$'000	\$'000
Revenue from:		
Construction contracts	204,648	217,389
Sale of development properties	75,165	66,157
Sale of goods	15,292	10,182
Worker training and other services	7,837	3,506
	302,942	297,234

27 OTHER INCOME

	Group	
	2014	2013
	\$'000	\$'000
Property rental income	2,260	2,209
Management service fee	777	480
Project management and administrative fee	156	240
Interest income	517	116
Interest income from associates	1,680	1,349
Deemed interest income on retention amounts	880	76
Net gain in fair value of investment properties	1,440	335
Gain on disposal of property, plant and equipment	86	55
Net foreign exchange gain	81	-
Grant from government	293	72
Reversal of allowance for doubtful debts	-	495
Other sundry income	1,033	507
	9,203	5,934

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

28 OTHER OPERATING EXPENSES

	Group	
	2014	2013
	\$'000	\$'000
Depreciation (Note 31)	2,165	1,590
Property tax and repair and maintenance	1,188	1,344
Allowance for doubtful receivables	20	-
Rental expenses	760	650
Impairment loss on development properties	5,001	-
Provision for liquidated damages for development property	428	-
Impairment loss on other non-current assets	16	-
Legal and professional fees	419	636
Net foreign exchange losses	-	185
Property, plant and equipment written off	-	22
Trainers' fee	190	138
Others	83	814
	10,270	5,379

29 FINANCE COSTS

	Group	
	2014	2013
	\$'000	\$'000
Interest on borrowings	9,324	3,659
Interest from a non-controlling interest	170	324
Interest on obligations under finance leases	47	62
Deemed interest expense on retention amounts	46	164
Total borrowing costs	9,587	4,209
Less: Amounts included as cost of development properties (Note 12)	(3,667)	(2,840)
Less: Amounts included as cost of investment properties (Note 14)	(1,641)	-
	4,279	1,369

30 INCOME TAX EXPENSE

	Group	
	2014	2013
	\$'000	\$'000
Current tax		
- for the year	4,711	12,846
- under provision in prior years	52	9
Deferred tax (Note 19)	1,094	(5,371)
	5,857	7,484

Income tax in Singapore is calculated at 17% (2013: 17%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

30 INCOME TAX EXPENSE (CONTINUED)

The total charge for the financial year can be reconciled to the accounting profit as follows:

	Group	
	2014 \$'000	2013 \$'000
Profit before income tax	27,600	39,330
Tax at Singapore statutory rate of 17% (2013: 17%)	4,692	6,686
Tax effect of expenses that are not deductible in determining taxable profit	1,391	1,303
Effect of differences in tax rate in other jurisdictions	54	–
Deferred tax benefits not recognised	91	–
Under provision in prior years	52	9
Tax exempt income	(178)	(258)
Tax rebate	(163)	(254)
Utilisation of tax losses	(78)	–
Others	(4)	(2)
	5,857	7,484

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses of approximately \$882,000 (2013: \$534,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is \$1.2 million (2013: \$Nil million). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

31 PROFIT FOR THE YEAR

This has been arrived at after charging (crediting):

	Group	
	2014 \$'000	2013 \$'000
Depreciation on property, plant and equipment (Note 13)	4,793	3,565
Depreciation allocated to construction projects in progress	(2,628)	(1,975)
Depreciation charged as other operating expense (Note 28)	2,165	1,590
Cost of development properties recognised as cost of sales	61,211	50,503
Directors' remuneration:		
– of the Company	3,110	3,560
– of the subsidiaries	488	635
Employee benefits (excluding directors' remuneration)	25,565	22,823
Audit fees paid/payable to auditors of the Company	322	322
Non-audit fees paid/payable to auditors of the Company	18	73

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

32 EARNINGS PER SHARE

Earnings per share for 2014 have been calculated based on the profit attributable to the owners of the Company of \$20,331,000 (2013: \$29,289,000) and share capital of 465,000,000 shares for year ended December 31, 2014 (2013: 465,000,000 shares).

33 SEGMENT INFORMATION

For the purpose of resource allocation and assessment of segment performance, the Group's chief operating decision makers have focused on the business operating units which in turn, are segregated based on their services.

The Group's reportable operating segments under FRS 108 are as follows:

Construction

General builders and construction contractors, training of workers, general engineering, sale of construction materials and design, installation and maintenance of air conditioning and mechanical ventilation systems.

Real estate development and investment

Development of residential and commercial projects, investment in real estate and project management services.

Distribution

Sale and distribution of petroleum based lubricants products and automotive tyres.

Others

This comprises management and administration services.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment.

All assets are allocated to reportable segments except for other non-current assets (Note 18). Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

All liabilities are allocated to reportable segments. Liabilities recorded jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

33 SEGMENT INFORMATION (CONTINUED)

	Construction \$'000	Real estate development and investment \$'000	Distribution \$'000	Others \$'000	Elimination \$'000	Total \$'000
2014						
REVENUE						
External revenue	212,485	75,165	15,292	-	-	302,942
Inter-segment revenue	44,689	93	7,029	-	(51,811)	-
	257,174	75,258	22,321	-	(51,811)	302,942
RESULT						
Segment result	24,169	5,616	428	(531)	-	29,682
Interest income	313	1,804	-	80	-	2,197
Interest expense	(104)	(1,081)	(28)	(3,066)	-	(4,279)
Profit (Loss) before income tax	24,378	6,339	400	(3,517)	-	27,600
Income tax expense	(4,393)	(1,428)	-	(36)	-	(5,857)
Profit (Loss) for the year	19,985	4,911	400	(3,553)	-	21,743
STATEMENT OF FINANCIAL POSITION						
Segment assets	254,656	688,838	17,764	224,071	(403,750)	781,579
Unallocated corporate assets	400	-	-	-	-	400
Total assets	255,056	688,838	17,764	224,071	(403,750)	781,979
Segment liabilities	158,703	538,626	10,948	76,425	(256,668)	528,034
Total liabilities	158,703	538,626	10,948	76,425	(256,668)	528,034
OTHER INFORMATION						
Additions to non-current assets	17,432	132,693	537	-	-	150,662
Depreciation	4,117	397	279	-	-	4,793
Allowance for impairment on development properties	-	5,001	-	-	-	5,001
Allowance for impairment on other non-current assets	16	-	-	-	-	16

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

33 SEGMENT INFORMATION (CONTINUED)

	Construction \$'000	Real estate development and investment \$'000	Distribution \$'000	Others \$'000	Elimination \$'000	Total \$'000
2013						
REVENUE						
External revenue	220,895	66,157	10,182	-	-	297,234
Inter-segment revenue	28,498	-	2,330	-	(30,828)	-
	249,393	66,157	12,512	-	(30,828)	297,234
RESULT						
Segment result	27,379	12,308	173	(702)	-	39,158
Interest income	138	1,393	-	10	-	1,541
Interest expense	(252)	(1,110)	(7)	-	-	(1,369)
Profit (Loss) before income tax	27,265	12,591	166	(692)	-	39,330
Income tax expense	(4,508)	(2,920)	(14)	(42)	-	(7,484)
Profit (Loss) for the year	22,757	9,671	152	(734)	-	31,846
STATEMENT OF FINANCIAL POSITION						
Segment assets	208,198	498,345	11,613	155,648	(288,981)	584,823
Unallocated corporate assets	416	-	-	-	-	416
Total assets	208,614	498,345	11,613	155,648	(288,981)	585,239
Segment liabilities	136,830	347,791	6,006	2,111	(148,274)	344,464
Total liabilities	136,830	347,791	6,006	2,111	(148,274)	344,464
OTHER INFORMATION						
Additions to non-current assets	5,746	466	869	-	-	7,081
Depreciation	3,123	286	156	-	-	3,565

Geographical segments

The Group's revenue from external customers generated from other countries is not significant compared to Group's revenue for the year, which is principally generated from Singapore. Accordingly, no geographical segment assets and revenue from external customers' information are presented.

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December 31, 2014

34 DIVIDENDS

On May 16, 2014, a dividend of 1.0 cent per share (total dividends of \$4,650,000) was paid to the shareholders. In May 2013, the dividend paid was 1.3 cents per share (total dividends of \$6,045,000).

In respect of the current year, the directors propose that tax exempt (one-tier) final dividend of 1.0 cent (2013: 1.0 cent) per share be paid to shareholders. This dividend is subject to the approval by shareholders at the forthcoming Annual General Meeting and has not been included as a liability in these financial statements. The total estimated dividend to be paid is \$4,650,000 (2013: \$4,650,000).

35 CONTINGENT LIABILITIES AND GUARANTEES

- a) A subsidiary together with another shareholder of the associate, Dalian Shicheng Property Development (S) Pte. Ltd., provided joint and several corporate guarantees for \$24.5 million (2013: \$24.5 million) to a bank in respect of loan facilities utilised by Dalian Shicheng Property Development (S) Pte. Ltd. and the Company together with that same shareholder of the associate provided joint and several corporate guarantees for RMB250 million (approximately \$53.9 million) (2013: RMB250 million (approximately \$51.9 million)) to a bank in respect of development loan facilities utilised by Dalian Shicheng Property Development Co., Ltd (an associate held through Dalian Shicheng Property Development (S) Pte Ltd).

The fair values of the corporate guarantees were assessed by the management to be insignificant at the inception of the guarantee arrangements as the primary security was the properties of Dalian Shicheng Property Development Co., Ltd.

- b) Corporate guarantees have been given by the Group to financial institutions in respect of bankers' guarantees amounting to \$21.8 million (2013: \$12.7 million) and performance bonds/guarantees amounting to \$53.2 million (2013: \$65.5 million). The fair values of the corporate guarantees were assessed by management to be insignificant at the inception of the guarantees as the primary securities were mortgaged properties.
- c) A third party has commenced legal proceedings for claims against various parties including a subsidiary of the group. Technical experts and legal advisers have been engaged in preparation for hearings commencing towards the end of 2015. Management has made provision for rectification work. While there remains significant uncertainty on the outcome, management is of the view that there is no significant liability not already provided for.

36 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group	
	2014	2013
	\$'000	\$'000
Minimum lease payments under operating leases (net of rebates) recognised as an expense in the financial year	818	801

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36 OPERATING LEASE ARRANGEMENTS (CONTINUED)

The Group as lessee (Continued)

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2014	2013
	\$'000	\$'000
Within one year	771	662
In the second to fifth year inclusive	1,884	1,684
> 5 years	893	1,301
	3,548	3,647

Operating lease payments represents rentals payable by the Group for warehouse premises, motor vehicles and office equipment. The lease terms of the warehouse premises are 30 years. Rentals are subject to annual review with caps on the amount of increase relative to the preceding year. The rental commitments above are based on the current rate. The remaining leases are negotiated for terms between 1 to 2 years and rentals are fixed for the term of the leases.

The Group as lessor

	Group	
	2014	2013
	\$'000	\$'000
Rental income	2,260	2,209

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	Group	
	2014	2013
	\$'000	\$'000
Within one year	1,546	1,469
In the second to fifth year inclusive	1,346	381
	2,892	1,850

37 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the year-end, a subsidiary of the Group subscribed for 50% of the equity in three other Singapore companies for an aggregate cash consideration of \$6.6 million. These companies have engaged in or will engage in trading activities, either directly or through foreign entities owned by these Singapore companies.

**ANNOUNCEMENT OF THE UNAUDITED FIRST QUARTER FINANCIAL
STATEMENTS OF TA CORPORATION LTD. AND ITS SUBSIDIARIES FOR
THE FINANCIAL PERIOD ENDED 31 MARCH 2015**

The information set forth in this Appendix IV has been extracted and reproduced from the announcement of the unaudited first quarter financial statements for the financial period ended 31 March 2015 dated 13 May 2015 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.



TA CORPORATION LTD
(Company Registration No. 201105512R)

Unaudited First Quarter Financial Statements and Dividend Announcement for the Period Ended 31.03.2015

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) A Statement of Comprehensive Income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Notes	Group		
		3 months ended		
		31.03.2015 S\$'000	31.03.2014 S\$'000	Change %
Revenue		67,739	65,995	2.6
Cost of sales		(56,315)	(54,408)	3.5
Gross profit		11,424	11,587	(1.4)
Other income	1	1,629	1,604	1.6
Selling and distribution costs		(234)	(1,084)	(78.4)
General and administrative expenses		(3,646)	(3,716)	(1.9)
Other operating expenses	2	(6,146)	(1,191)	416.0
Share of profit (losses), net of tax of associates and joint ventures	3	357	(1,005)	NM
Finance costs		(1,373)	(293)	368.6
Profit before income tax	4	2,011	5,902	(65.9)
Income tax expense		(1,210)	(1,083)	11.7
Profit after income tax		801	4,819	(83.4)
Other comprehensive income (loss):				
Item that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations		1,257	(118)	NM
Gain in fair value on available-for-sale investments		50	-	100.0
Total comprehensive income for the period		2,108	4,701	(55.2)
Profit attributable to :				
Owners of the Company		559	4,459	(87.5)
Non-controlling interests		242	360	(3.3)
		801	4,819	(83.4)
Total comprehensive income attributable to:				
Owners of the Company		1,697	4,333	(60.8)
Non-controlling interests		411	368	11.7
		2,108	4,701	(55.2)
NM = Not meaningful				

1(a)(ii) Notes to Statement of Comprehensive Income

1. Other income

	Group	
	3 months ended	
	31.03.2015 S\$'000	31.03.2014 S\$'000
Property rental income	576	545
Service fees income	144	180
Interest income	419	402
Gain on foreign exchange, net	366	70
Gain on disposal of property, plant and equipment	11	2
Others	113	405

2. Other operating expenses

Other operating expenses increased by S\$4.9 million to S\$6.1 million for 1Q2015 compared to 1Q2014 mainly due to the Group's impairment of the carrying amount of investment in the associate, Dalian Shicheng Property Development (S) Pte Ltd ("DLSC") by S\$4.8 million in 1Q2015. This impairment arose in view of the continuing depressed real estate market in Dalian, China, where DLSC's subsidiary operates.

3. Share of profit, net of tax of associates and joint ventures

The share of profit, net of tax of associates and joint ventures for first quarter ended 31 March 2015 ("1Q2015") comprises mainly the share of profit from Meadows Bright Development Pte Ltd, Eternal Synergy Pte Ltd and their subsidiaries which are partially off-set by share of losses from other associates and joint ventures.

4. Profit before income tax

	Group	
	3 months ended	
	31.03.2015 S\$'000	31.03.2014 S\$'000
Profit before income tax for the period is stated after charging/ (crediting) the following:		
Depreciation of property, plant and equipment	1,225	1,142
Impairment loss on investment in associate	4,811	-
Loss in fair value of investment properties	-	150
Gain on disposal of property, plant and equipment	(11)	(2)
Interest income	(419)	(402)
Over provision of tax in prior years	(34)	(89)

1(b)(i) A Statement of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31.03.2015	31.12.2014	31.03.2015	31.12.2014
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and bank balances	114,196	116,803	18,547	32,596
Trade and other receivables	163,880	173,417	89,505	74,485
Deposits and prepayments	3,211	3,257	30	25
Available-for-sale investments	9,487	9,437	-	-
Inventories	4,313	4,871	-	-
Development properties	217,714	235,456	-	-
Total current assets	512,801	543,241	108,082	107,106
Non-current assets				
Property, plant and equipment	37,096	35,656	-	-
Investment properties	211,649	192,669	-	-
Subsidiaries	-	-	116,965	116,965
Goodwill	2,595	2,595	-	-
Associates and joint ventures	8,996	6,530	-	-
Other receivables	15,947	-	-	-
Other non-current assets	400	400	-	-
Deferred tax assets	315	269	-	-
Total non-current assets	276,998	238,119	116,965	116,965
Total assets	789,799	781,360	225,047	224,071
LIABILITIES AND EQUITY				
Current liabilities				
Borrowings	91,210	91,291	-	-
Trade and other payables	159,818	163,157	3,370	2,343
Current portion of finance leases	347	388	-	-
Income tax payable	5,264	4,710	-	-
Total current liabilities	256,639	259,546	3,370	2,343
Non-current liabilities:				
Borrowings	201,728	191,110	-	-
Finance leases	654	725	-	-
Term notes	74,208	74,082	74,208	74,082
Deferred tax liabilities	1,962	1,952	-	-
Total non-current liabilities	278,552	267,869	74,208	74,082
Capital, reserves and non-controlling interests				
Share capital	142,185	142,185	142,185	142,185
Capital reserve	644	644	-	-
Translation and other reserves	1,899	761	-	-
Retained earnings	101,357	100,798	5,284	5,461
Equity attributable to owners of the Company	246,085	244,388	147,469	147,646
Non-controlling interests	8,523	9,557	-	-
Total equity	254,608	253,945	147,469	147,646
Total liabilities and equity	789,799	781,360	225,047	224,071

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

	As at 31.03.2015		As at 31.12.2014	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	82,971	8,586	87,058	4,621
Amount repayable after one year	202,382	74,208	191,284	74,633
Total	285,353	82,794	278,342	79,254

Details of any collateral

Collateral for the above secured borrowings include mortgages over the Group's investment properties, development properties, leasehold properties, certain property, plant and equipment and fixed deposits. The bank facilities are also secured by corporate guarantees from the Company and certain of these facilities are also secured by guarantees from certain minority shareholders of partially-owned subsidiaries.

1(c) A Consolidated Statement of Cash Flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	3 months ended	
	31.03.2015 S\$'000	31.03.2014 S\$'000
Operating activities		
Profit before income tax	2,011	5,902
Adjustments for :		
Depreciation expense	1,225	1,142
Share of (profit)/ losses of associates and joint ventures	(357)	1,005
Gain on disposal of property, plant and equipment	(11)	(2)
Interest expense	1,373	293
Interest income	(419)	(402)
Impairment loss on investment in associate	4,811	-
Loss in fair value of investment properties	-	150
Reversal of doubtful debts	(5)	-
Operating cash flows before movements in working capital	8,628	8,088
Trade and other receivables	(1,817)	(3,943)
Deposits and prepayments	46	1,317
Inventories	558	(155)
Development properties	20,904	(1,578)
Trade and other payables	(3,186)	(3,831)
Cash generated from/ (used in) operations	25,133	(102)
Income tax (paid) refund	(680)	105
Interest paid	(3,063)	(1,166)
Net cash from/ (used in) operating activities	21,390	(1,163)

Investing activities

Advance to associates and joint ventures	(4,589)	-
Investment in associates and joint ventures	(7,078)	-
Investment properties	(18,980)	-
Interest received	419	402
Purchase of property, plant and equipment	(2,517)	(3,045)
Proceeds from disposal of property, plant and equipment	17	16
Proceed from issue of shares in subsidiaries to non-controlling shareholders	205	-
Net cash used in investing activities	(32,523)	(2,627)

Financing activities

Proceeds from borrowings	17,591	2,058
Repayment of borrowings	(6,928)	(3,896)
Repayment of obligations under finance leases	(112)	(117)
Pledged fixed deposits	328	-
Dividends paid to non-controlling shareholders	(1,714)	-
Net cash from (used in) financing activities	9,165	(1,955)
Decrease in cash and cash equivalents	(1,968)	(5,745)
Cash and cash equivalent at beginning of the period	115,711	95,788
Effect of exchange rate changes	(311)	1
Cash and cash equivalents at end of the period	113,432	90,044

Cash and cash equivalents at end of the period comprise the following:

Cash and bank balances	81,047	75,510
Fixed deposits	33,149	15,047
	114,196	90,557
Less: pledged fixed deposits	(764)	(513)
Cash and cash equivalents at end of the period	113,432	90,044

1(d)(i) A Statement of Changes in Equity (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

<u>Group (S\$'000)</u>	<u>Share capital</u>	<u>Capital reserve</u>	<u>Translation and other reserves</u>	<u>Retained earnings</u>	<u>Equity attributable to owners of the Company</u>	<u>Non-controlling interests</u>	<u>Total Equity</u>
Balance at January 1, 2014	142,185	644	(360)	85,117	227,586	13,189	240,775
Proceed from issue of shares in subsidiaries to non-controlling shareholders	-	-	-	-	-	871	871
Total comprehensive income for the year	-	-	1,121	20,331	21,452	1,561	23,013
Dividends	-	-	-	(4,650)	(4,650)	-	(4,650)
Dividends to non-controlling shareholders	-	-	-	-	-	(6,064)	(6,064)
Balance at December 31, 2014	142,185	644	761	100,798	244,388	9,557	253,945
Proceed from issue of shares in a subsidiary to non-controlling shareholders	-	-	-	-	-	205	205
Total comprehensive income for the period	-	-	1,138	559	1,697	411	2,108
Dividends to non-controlling shareholders	-	-	-	-	-	(1,650)	(1,650)
Balance at March 31, 2015	142,185	644	1,899	101,357	246,085	8,523	254,608

<u>Company (S\$'000)</u>	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance at January 1, 2014	142,185	11,352	153,537
Total comprehensive loss for the year	-	(1,241)	(1,241)
Dividends	-	(4,650)	(4,650)
Balance at December 31, 2014	142,185	5,461	147,646
Total comprehensive loss for the period	-	(177)	(177)
Balance at March 31, 2015	142,185	5,284	147,469

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Since 31 December 2014, there has been no change to the total number of issued shares of the Company.

As at end of 31 March 2015, the Company does not have any outstanding convertibles or treasury shares (31 December 2014: Nil)

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year.**

The total number of shares at 31 March 2015 was 465,000,000 (31 December 2014: 465,000,000). The Company has no treasury shares.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the Company's auditors.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

As disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared with those used in the audited financial statements for the year ended 31 December 2014.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effects of, the change.**

The Group has adopted all the new and revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2015. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current period or prior years.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	3 months ended	
	31.03.2015	31.03.2014
(i) Earnings per ordinary shares based on weighted average number of shares (in cents)	0.1	1.0
(ii) Earnings per ordinary shares based on a fully diluted basis (in cents)	0.1	1.0
Weighted average number of ordinary shares (in millions)	465.0	465.0

As there were no outstanding potentially dilutive ordinary shares, the diluted earnings per ordinary shares were the same as the earnings per ordinary shares for the respective periods.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	Group		Company	
	31.03.2015	31.12.2014	31.03.2015	31.12.2014
Net asset value per ordinary share (in cents)	52.9	52.6	31.7	31.8
Total number of issued shares at end of the financial period (in millions)	465.0	465.0	465.0	465.0

There were no treasury shares at the end of the respective financial periods.

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group performance

The Group recorded S\$67.7 million in revenue for 1Q2015, a marginal increase of 2.6% compared to S\$66.0 million for the corresponding period in 1Q2014. The increase was due mainly to higher revenue for the real estate development and distribution segments partially offset by lower revenue for the construction segment.

Real estate development segment recorded S\$20.7 million revenue in 1Q2015 compared to S\$8.8 million in 1Q2014, an increase of 135.2%. While two of our on-going projects, Gambir Ridge and Ascent @ 456 contributed to the higher revenue in 1Q2015, there was lower revenue contribution in 1Q2015 from The Cristallo which achieved TOP in February 2015. Our mixed development projects in Thailand contributed revenue of S\$1.8 million in 1Q2015 upon the completion of the development and progressive handover of sold units to buyers.

Distribution of lubricants and tyres business recorded S\$4.0 million revenue in 1Q2015 compared to S\$3.3 million in 1Q2014, an increase of 21.2%. The increase was mainly due to higher contribution from our distribution business in Myanmar.

Construction segment recorded revenue of S\$43.0 million, a 20.2% decrease in 1Q2015 compared to S\$53.9 million in 1Q2014. While higher revenue was recognised from progressive construction work completed for The Skywoods and Highline Residences, lower revenue was recognised from progressive construction work completed for Riversails, Marine Point, The Sorrento, Nouvel 18 and Foresque Residences.

Despite the marginal increase in Group's revenue, gross profit decreased by 1.4% to S\$11.4 million for current period compared to S\$11.6 million in 1Q2014 attributed mainly to higher construction cost and reduced margins for real estate development.

Selling and distribution costs decreased by S\$0.9 million to S\$0.2 million in 1Q2015 compared to S\$1.1 million in 1Q2014 due mainly to the absence of show-flat cost in 1Q2015.

Other operating expenses increased by S\$4.9 million to S\$6.1 million for 1Q2015 compared to 1Q2014 mainly due to the Group's impairment of the carrying amount of investment in the associate, Dalian Shicheng Property Development (S) Pte Ltd ("DLSC") by S\$4.8 million in 1Q2015. This impairment arose in view of the continuing depressed real estate market in Dalian, China, where DLSC's subsidiary operates.

Finance cost increased by S\$1.1 million to S\$1.4 million for 1Q2015 compared to 1Q2014 mainly due to accrued interest cost on term notes issued in April 2014.

The Group achieved profit before income tax of S\$2.0 million in 1Q2015 compared to S\$5.9 million in 1Q2014. Income tax expense is higher than the statutory tax rate as the impairment of S\$4.8 million on the carrying amount of DLSC is not tax deductible.

The Group's profit after income tax was S\$0.8 million for 1Q2015 compared to S\$4.8 million for 1Q2014.

Review of cash flow, working capital, assets and liabilities

The changes in assets and liabilities are as follow:

- i) decrease in development properties by S\$17.7 million was mainly due to additional progress billings to buyers deducted from development cost as the projects progress and the removal of cost of project completed in 1Q2015.
- ii) increase in investment properties by S\$19.0 million was due to costs incurred on construction of the Tuas South dormitory project at Tuas. Construction of the dormitory project is scheduled to be completed by mid-2016.
- iii) increase in associates and joint ventures by S\$2.5 million was mainly due to investment in three new joint ventures, namely, Synergy Performance Oil Pte Ltd which distributes lubricants and related products in the region, Synergy Truck Pte Ltd which distributes commercial vehicles, including trucks and buses in Myanmar and Eternal Synergy Pte Ltd which distributes lubricants and related products in Myanmar. This is partially offset by impairment loss of \$4.8 million on investment in the associate, DLSC.
- iv) increase in net borrowings by S\$10.5 million mainly to finance the construction of the Tuas South dormitory.

Cash and cash equivalents decreased by S\$2.0 million in 1Q2015 mainly from the following items: cash flow from operating activities was S\$21.4 million deriving from profit made for the quarter and collection of progress billings on properties sold. S\$32.5 million was spent on investing activities mainly on investment in the construction of the Tuas South dormitory project and investment in the three new joint ventures. The proceeds from new bank loans net of repayment on old bank loans was S\$10.7 million while dividends paid to non-controlling shareholders amounted to S\$1.7 million.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Company has not made any forecast or prospect statement for the period ended 31 March 2015 previously.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Prices of private residential properties and number of new private residential units sold in Singapore continue to decline in 1Q2015 on a quarter-on-quarter basis as indicated in the Urban Redevelopment Authority's press release on 24 April 2015. The Group expects Singapore's private property market to continue to be challenging over the near term.

Private residential construction demand in Singapore is expected to moderate to between S\$11 billion and S\$15 billion in 2015 compared to S\$18 billion in 2014 according to the Building and Construction Authority news release on 8 January 2015. Despite the challenging outlook, the Group remains confident of its construction business performance underpinned by an order book of S\$297 million as at 31 March 2015, to be delivered progressively over the next two years.

The Group's overseas expansion strategy is bearing results with its subsidiary in Thailand contributing S\$1.8 million in revenue for 1Q2015 upon the completion and progressive transfer of ownership of units sold to buyers from two of its mixed development projects. Revenue from distribution of lubricants and tyres in Myanmar also increased from S\$1.9 million in 4Q2014 to S\$2.1 million in 1Q2015.

The Group's Tuas South dormitory development is currently on track to be completed by mid-2016 as scheduled. Expansion into the dormitory business is one of the Group's strategies to increase recurring income.

The Group remains on the lookout for strategic business opportunities locally and overseas to expand earning base and increase recurring income.

As stated in section 8 above, an impairment charge of S\$4.8 million has been made in 1Q2015 in respect of the Group's investment in the associate DLSC in view of the continuing depressed real estate market in Dalian, China, where DLSC's subsidiary operates. In addition, the Board will commission an independent property valuer to provide an updated valuation of the real estate properties of DLSC as soon as possible. Management will reassess the net assets of DLSC based on this updated fair value of real estate; and also correspondingly update the assessment of the extent of any impairment of receivables from DLSC to the Group. At 31 March 2015, total receivables owing by DLSC to the Group amounted to S\$15.9 million and is included in non-current other receivables after reassessing sales plan of DLSC's subsidiary and funding needs of DLSC.

11 Dividend

(a) Current Financial Period Reported On

(i) Any dividend declared for the current financial period reported on? No.

(ii) 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.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared / recommended, a statement to that effect.

No dividend has been declared or recommended in the current financial period.

13 If the group has obtained general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate for interested person transactions. During the period, the following interested person transaction was entered into by the Group:

Name of Interested person	Aggregate value of all interested person transactions (excluding transactions less than S\$100,000 and transactions Conducted under shareholders' mandate Pursuant to Listing Manual Rule 920) (S\$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate Pursuant to Listing Manual Rule 920 (excluding transactions less than S\$100,000) (S\$'000)
Liong Kiam Teck (Note 1)	834	N.A.

Note 1:

On 22 January 2014, a subsidiary entered into a cost-plus contract with Mr Liong Kiam Teck, the Executive Chairman of the Company, for the erection of three 3-storey strata bungalows. Under the contract, estimated cost of S\$4 million plus a 5% mark up on cost incurred shall be billed progressively according to work done. For the three months ended 31 March 2015, billing of S\$833,991 was rendered. As at 31 March 2015, cumulative billing of S\$1,981,946 has been rendered based on certified work done.

14 Confirmation pursuant to Rule 705(5) of the Listing Manual

We confirm on behalf of the Board of Directors, that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited first quarter financial results of the Group and the Company for the period ended 31 March 2015 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Liong Kiam Teck
Executive Chairman

Neo Tiam Boon
Chief Executive Officer and Director

BY ORDER OF THE BOARD

Foo Soon Soo/ Yap Ming Choo
Company Secretaries

13 May 2015