IMPORTANT NOTICE

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

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

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

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 Fragrance Group Limited, DBS Bank Ltd. 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 securities exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described therein.

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

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

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

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

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

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

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

FRAGRANCE GROUP LIMITED

(Incorporated in the Republic of Singapore on 28 July 2000)
(UEN/Company Registration No. 200006656M)

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

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

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

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

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

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or 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 permission to deal in and quotation for any Securities which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Securities have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies (if any), the Programme or such Securities.

Arranger

DBS

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NOTICE

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

This Information Memorandum contains information with regard to the Issuer, its subsidiaries and associated companies (if any), the Programme and the Securities. The Issuer confirms that this Information Memorandum contains all information which is material in the context of the Programme and the issue and offering of the Securities, that the information contained herein is true and accurate in all material respects, the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered, are and will be based on all relevant considerations and facts known to the Issuer existing at the date of this Information Memorandum and are fairly, reasonably and honestly held and that there are no other facts the omission of which in the context of the issue and offer of the Securities 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 "Summary of the Programme")) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer form or registered form and may be listed on a stock exchange. The Notes will initially be represented by either a Temporary Global Security (as defined herein) in bearer form or a Permanent Global Security (as defined herein) in bearer form or a registered Global Certificate (as defined herein) which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP (as defined herein) or a common depositary (the "**Common Depositary**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") or otherwise delivered as agreed between the Issuer and the relevant Dealer (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 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. The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement (as defined herein) issued in relation to each series or tranche of Notes. Details applicable to each series or tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

Perpetual Securities may be issued in series having one or more issue dates, and on identical terms (including as to listing) except for the issue dates, issue prices and/or the dates of the first payment of distribution. Each series may be issued in one or more tranches on the same or different issue dates. The Perpetual Securities will be issued in bearer form or registered form and may be listed on a stock exchange. The Perpetual Securities will initially be represented by either a Temporary Global Security in bearer form or a Permanent Global Security in bearer form or a registered Global Certificate which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP or the Common Depositary or otherwise delivered as agreed between the Issuer and the relevant Dealer. Subject to compliance with all relevant laws, regulations and directives, the Perpetual

Securities may be subject to redemption in whole or in part. The Perpetual Securities may confer a right to receive distributions at a fixed or floating rate. Details applicable to each series or tranche of Perpetual Securities will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

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

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

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

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

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

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

The Arranger and the Dealers have not separately verified the information contained in this Information Memorandum. None of the Arranger, any of the Dealers or any of their respective officers or employees is making any representation or warranty expressed or implied as to the merits of the Securities or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries or associated companies (if any). Further, neither the Arranger nor any of the Dealers makes any representation or warranty as to the Issuer, its subsidiaries or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

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

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

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

Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Issuing and Paying Agent (as defined herein).

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

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

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Securities set out under "Subscription, Purchase and Distribution" on pages 145 to 147 of this Information Memorandum.

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

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

FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute "forward-looking statements". Some of these statements can be identified by forward- looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words. However, these words are not the exclusive means of identifying forward- looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer and/or the Group (including statements as to the Issuer's and/or the Group's revenue and profitability, prospects, future plans and other matters discussed in this Information Memorandum regarding matters that are not historical facts and including the financial forecasts, profit projections, statements as to the expansion plans of 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 the Group.

Some of these factors are discussed in greater detail in this Information Memorandum, in particular, but not limited to, discussion under the section "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 Arranger and the Dealers do not represent or warrant that the actual future results, performance or achievements of the Issuer or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum nor the issue of any Securities by the Issuer shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of the Issuer, 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 Arranger and the Dealers disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

DEFINITIONS

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

"**1Q**"	:	First quarter ended or ending 31 March.
"**Agency Agreement**"	:	The Agency Agreement dated 3 October 2013 between (1) the Issuer, as issuer, (2) The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, as issuing and paying agent, transfer agent and registrar, and (3) the Trustee, as trustee, as amended and restated by the amendment and restatement agency agreement dated 1 August 2017 made between (1) the Issuer, as issuer, (2) The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, as issuing and paying agent, CDP transfer agent and CDP registrar, (3) The Hongkong and Shanghai Banking Corporation Limited, as non-CDP paying agent, non-CDP transfer agent and non-CDP registrar, and (5) the Trustee, as trustee, and as further amended, varied or supplemented from time to time.
"**Arranger**"	:	DBS Bank Ltd.
"**Bearer Securities**"	:	Securities in bearer form.
"**Board**"	:	Board of Directors of the Issuer.
"**Calculation Agent**"	:	In relation to any Series of Securities, the person appointed as the calculation agent for that Series pursuant to the terms of the Agency Agreement and as specified in the applicable Pricing Supplement.
"**CDP**" or the "**Depository**"	:	The Central Depository (Pte) Limited.
"**CDP Registrar**"	:	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch.
"**CDP Transfer Agent**"	:	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch.
"**CEO**"	:	Chief executive officer.
"**Certificate**"	:	A registered certificate representing one or more Registered Securities of the same Series and, save as provided in the terms and conditions of the Notes or, as the case may be, the terms and conditions of the Perpetual Securities, comprising the entire holding by a holder of Registered Securities of that Series.
"**CFO**"	:	Chief financal officer.
"**Clearstream, Luxembourg**"	:	Clearstream Banking, S.A. and its successors and permitted assigns.
"**Common Depositary**"	:	In relation to Series of Securities, a depositary common to Euroclear and Clearstream, Luxembourg.

"Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
"Couponholders"	:	The holders of the Coupons.
"Coupons"	:	The bearer coupons appertaining to an interest or distribution bearing Bearer Security.
"Dealers"	:	Persons appointed as dealers under the Programme.
"Definitive Security"	:	A definitive Bearer Security having, where appropriate, Coupons and/or a Talon attached on issue.
"Directors"	:	The directors (including alternate directors, if any) of the Issuer as at the date of this Information Memorandum.
"Euroclear"	:	Euroclear Bank SA/NV and its successors and permitted assigns.
"FY"	:	Financial year ended or ending 31 December.
"GFA"	:	Gross floor area.
"Global Certificate"	:	A Certificate representing Registered Securities of one or more Tranches of the same Series that are registered in the name of, or in the name of a nominee of, (i) the Common Depositary, (ii) CDP and/or (iii) any other clearing system.
"Global Security"	:	A global Security representing Bearer Securities of one or more Tranches of the same Series, being a Temporary Global Security and/or, as the context may require, a Permanent Global Security, in each case without Coupons or a Talon.
"Group"	:	The Issuer and its subsidiaries.
"IRAS"	:	Inland Revenue Authority of Singapore.
"Issuer"	:	Fragrance Group Limited.
"Issuing and Paying Agent"	:	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch.
"ITA"	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.
"Latest Practicable Date"	:	21 July 2017.
"MAS"	:	The Monetary Authority of Singapore.
"Non-CDP Paying Agent"	:	The Hongkong and Shanghai Banking Corporation Limited.
"Non-CDP Registrar"	:	The Hongkong and Shanghai Banking Corporation Limited.

"**Non-CDP Securities**"	:	Securities which are not cleared or not to be cleared through the CDP system.
"**Non-CDP Transfer Agent**"	:	The Hongkong and Shanghai Banking Corporation Limited.
"**Noteholders**"	:	The holders of the Notes.
"**Notes**"	:	The notes issued or to be issued by the Issuer under the Programme.
"**Permanent Global Security**"	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Security.
"**Perpetual Securities**"	:	The perpetual securities to be issued by the Issuer under the Programme.
"**Perpetual Securityholders**"	:	The holders of the Perpetual Securities.
"**Pricing Supplement**"	:	In relation to a Tranche or Series, a pricing supplement, to be read in conjunction with this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series.
"**Programme**"	:	The S$1,000,000,000 Multicurrency Debt Issuance Programme of the Issuer.
"**Programme Agreement**"	:	The Programme Agreement dated 3 October 2013 made between (1) the Issuer, as issuer, (2) the Arranger, as arranger, and (3) DBS Bank Ltd., as dealer, as amended and restated by the amendment and restatement programme agreement dated 1 August 2017 made between the same parties and as further amended, varied or supplemented from time to time.
"**Registered Securities**"	:	Securities in registered form.
"**Registrar**"	:	In the case of Securities cleared or to be cleared through the CDP system, the CDP Registrar or, in the case of Non-CDP Securities, the Non-CDP Registrar, in its capacity as registrar under the Agency Agreement, or its successor in such capacity.
"**Securities Act**"	:	Securities Act of 1933 of the United States, as amended or modified from time to time.
"**Securities**"	:	The Notes and the Perpetual Securities.
"**Securityholders**"	:	The Noteholders and the Perpetual Securityholders.
"**Senior Perpetual Securities**"	:	Perpetual Securities which are expressed to rank as senior obligations of the Issuer.

"**Series**"	: (1) (in relation to Securities other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of (in the case of Notes other than variable rate notes) interest and/or (in the case of Perpetual Securities) distribution, and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest.
"**SFA**"	: Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
"**SGX-ST**"	: Singapore Exchange Securities Trading Limited.
"**Shares**"	: Ordinary shares in the capital of the Issuer.
"**sq ft**"	: square feet.
"**Subordinated Perpetual Securities**"	: Perpetual Securities which are expressed to rank as subordinated obligations of the Issuer.
"**Talons**"	: Talons for further Coupons.
"**Temporary Global Security**"	: A Global Security representing Bearer Securities of one or more Tranches of the same Series on issue.
"**Tranche**"	: Securities which are identical in all respects (including as to listing).
"**Transfer Agent**"	: In the case of Securities cleared or to be cleared through the CDP system, the CDP Transfer Agent or, in the case of Non-CDP Securities, the Non-CDP Transfer Agent, in its capacity as transfer agent under the Agency Agreement, or its successor in such capacity.
"**Trust Deed**"	: The Trust Deed dated 3 October 2013 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee, as supplemented by a supplemental trust deed dated 5 January 2015 made between the same parties and as amended and restated by the amendment and restatement trust deed dated 1 August 2017 made between the same parties and as further amended, varied or supplemented from time to time.
"**Trustee**"	: HSBC Institutional Trust Services (Singapore) Limited.
"**United States**" or "**U.S.**"	: United States of America.
"**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

Board of Directors	:	Koh Wee Meng Lim Wan Looi Periakaruppan Aravindan Leow Chung Chong Yam Soon Teo Cheng Kuang Watt Kum Kuan
Company Secretaries	:	Periakaruppan Aravindan Keloth Raj Kumar
Registered Office	:	456 Alexandra Road #26-01 Fragrance Empire Building Singapore 119962
Auditors to the Issuer	:	Deloitte & Touche LLP Public Accountants and Chartered Accountants 6 Shenton Way OUE Downtown 2 #33-00 Singapore 068809
Arranger of the Programme	:	DBS Bank Ltd. 12 Marina Boulevard, Level 42 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Advisers to the Arranger	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Trustee, Issuing and Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, the Non-CDP Registrar, the CDP Transfer Agent and the Non-CDP Transfer Agent	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Issuer	:	Dentons Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624
Issuing and Paying Agent, CDP Transfer Agent and CDP Registrar	:	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch 21 Collyer Quay #03-01 HSBC Main Building Singapore 049320

Non-CDP Paying Agent, Non-CDP Transfer Agent and Non-CDP Registrar	:	The Hongkong and Shanghai Banking Corporation Limited Level 30, HSBC Main Building 1 Queen's Road Central, Hong Kong
Trustee for the Securityholders	:	HSBC Institutional Trust Services (Singapore) Limited 21 Collyer Quay #03-01 HSBC Main Building Singapore 049320

SUMMARY OF THE PROGRAMME

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

Issuer	:	Fragrance Group Limited.
Arranger	:	DBS Bank Ltd.
Dealers	:	DBS Bank Ltd. and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Trustee	:	HSBC Institutional Trust Services (Singapore) Limited.
Issuing and Paying Agent, CDP Transfer Bank and CDP Registrar	:	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch.
Non-CDP Paying Agent, Non-CDP Transfer Bank and Non-CDP Registrar	:	The Hongkong and Shanghai Banking Corporation Limited.
Relevant Calculation Agent	:	To be appointed in respect of each Series of Securities where required.
Description	:	Multicurrency Debt Issuance Programme.
Programme Size	:	The maximum aggregate principal amount of the Securities outstanding at any time shall be S$1,000,000,000 (or its equivalent in other currencies) or such increased amount in accordance with the terms of the Programme Agreement.
Use of Proceeds	:	The net proceeds arising from the issue of Securities under the Programme (after deducting issue expenses) will be used for general corporate purposes, including refinancing of borrowings, financing investments and for the general working capital of the Issuer or its subsidiaries.
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Securities may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
Method of Issue	:	Securities may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Securities may be issued at par or at a discount, or premium, to par.

Form and Denomination of Securities	The Securities will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of bearer Securities may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, the Common Depositary and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or definitive Securities (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for Definitive Securities upon the terms therein. Each Tranche or Series of registered Securities will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, the Common Depositary and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the terms and conditions of the Securities, a Certificate shall be issued in respect of each Securityholder's entire holding of registered Securities of one Series.
Custody of the Notes	Securities which are to be listed on the SGX-ST may be cleared through CDP. Securities which are to be cleared through CDP are required to be kept with CDP as authorised depository. Securities which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with the Common Depositary.
Taxation	All payments in respect of the Securities 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 deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section on "Singapore Taxation" herein.

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

NOTES

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

		Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the terms and conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S$ SIBOR or S$ SWAP RATE (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).
Zero Coupon Notes	:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
Status of the Notes	:	The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.
Redemption and Purchase	:	If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes.

Redemption at the Option of the Issuer for Taxation Reasons	: If so provided on the face of the Note and the relevant Pricing Supplement, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified on the face of the Note and the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 6(h)) (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date of such Notes or any other date specified in the relevant Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it.
Redemption at the Option of Noteholders upon Cessation or Suspension of Trading of Shares	: In the event that (1) the shares of the Issuer cease to be traded on the SGX-ST or (2) 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. For the purposes of the above paragraph, "**Effective Date**" means (in the case of (1)) the date of cessation of trading or (in the case of (2)) the business day immediately following the expiry of such continuous period of seven days.

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 the terms and conditions of the Notes) will, create or permit to be created any security over any of their respective assets and properties, present or future save for:

(1) any security existing as at 3 October 2013 and the existence of which has been disclosed in writing to the Trustee prior to 3 October 2013 and any security created for the purpose of refinancing any indebtedness secured by any such existing asset, in each case, provided that the amount secured by the security over such asset may only be increased (i) up to 80 per cent. of the current market value of such asset at that time (as shown in the most recent valuation report prepared by an independent professional valuer and delivered by the Issuer to the Trustee at the relevant time) or (ii) in any other case, with the prior approval of the Noteholders by way of an Extraordinary Resolution (as defined in the Trust Deed);

(2) liens or rights of set-off arising solely by operation of law and in the ordinary course of business, in either case, in respect of indebtedness which either (i) has been due for less than 14 days or (ii) is being contested in good faith and by appropriate means;

(3) any security on or over their respective assets acquired, renovated, refurbished or developed by it after 3 October 2013 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 provided that the amount secured by the security over such asset may only be increased (i) up to 80 per cent. of the current market value of such asset at that time (as shown in the most recent valuation report prepared by an independent professional valuer and delivered by the Issuer to the Trustee at the relevant time) or (ii) in any other case, with the prior approval of the Noteholders by way of an Extraordinary Resolution;

(4) 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, provided that the value of each security shall not exceed S$10,000,000;

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

(6) any security created over surplus proceeds received or to be received by it in respect of any development project (together with the rights attaching thereto) provided that (i) the amount secured by the security over such surplus proceeds may not exceed 80 per cent. of the amount of such surplus proceeds and (ii) such security shall rank *pari passu* with all security (if any) over such surplus proceeds; and

(7) any security as created or permitted to subsist, the terms of which have been approved by the Noteholders by way of an Extraordinary Resolution.

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

(1) the Consolidated Total Equity shall not at any time be less than S$500,000,000; and

(2) the ratio of Consolidated Net Debt to Consolidated Total Equity shall not at any time be more than 4:1.

Terms used in this paragraph have the meaning ascribed to them in the terms and conditions of the Notes.

Events of Default : See Condition 10 of the Notes.

PERPETUAL SECURITIES

No Fixed Maturity : The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right to redeem or purchase them in accordance with the provisions of the terms and conditions of the Perpetual Securities.

Distribution Basis : Perpetual Securities may confer a right to receive distribution at fixed or floating rates.

Fixed Rate Perpetual Securities : Fixed Rate Perpetual Securities will confer a right to receive distribution at a fixed rate which will be payable in arrear on specified dates. If so provided on the face of the Fixed Rate Perpetual Securities, the distribution rate may be reset on such dates and bases as may be set out in the applicable Pricing Supplement.

Floating Rate Perpetual Securities	:	Floating Rate Perpetual Securities which are denominated in Singapore dollars will confer a right to receive distribution at a rate to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Distribution periods in relation to the Floating Rate Perpetual Securities will be agreed between the Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Perpetual Securities which are denominated in other currencies will confer a right to receive distribution at a rate to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).
Distribution Discretion	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date (as defined in the terms and conditions of the Perpetual Securities) by giving notice to the Trustee and the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14 of the Perpetual Securities) not more than 15 nor less than five business days (or such other notice period as may be specified on the face of the Perpetual Security and the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date. If Dividend Pusher is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may not elect to defer any distribution if during the Reference Period (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following have occurred: (a) a discretionary dividend, distribution or other payment has been declared or paid on or in respect of any of its Junior Obligations or (except on a *pro rata* basis) any of its Specified Parity Obligations; or (b) any of the Issuer's Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or (except on a *pro rata* basis) any of its Specified Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration, and/or as otherwise specified in the applicable Pricing Supplement.

For the purposes of the Conditions:

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

(ii) "**Specified Parity Obligation**" means any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the Issuer (1) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Perpetual Securities, and (2) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof.

Non-Cumulative Deferral and Cumulative Deferral	:	If Non-Cumulative Deferral is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Conditions is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid ("**Optional Distribution**") (in whole or in part) by complying with the notice requirements in Condition 4(IV)(e) of the Perpetual Securities. There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to Condition 4(IV) of the Perpetual Securities. If Cumulative Deferral is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(IV)(a) of the Perpetual Securities) further defer any Arrears of Distribution by complying with the notice requirement in Condition 4(IV)(e) of the Perpetual Securities applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to Condition 4(IV) of the Perpetual Securities except that Condition 4(IV)(c) of the Perpetual Securities shall be complied with until all outstanding Arrears of Distribution have been paid in full.

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

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

(a) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of its Junior Obligations or (except on a *pro rata* basis) any of its Specified Parity Obligations; or

(b) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of its Junior Obligations or (except on a *pro rata* basis) any of its Specified Parity Obligations,

in each case unless and until (1) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (2) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (3) the Issuer is permitted to do so by an Extraordinary Resolution of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement.

Status of the Senior Perpetual Securities	:	The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, 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.
Status of the Subordinated Perpetual Securities	:	The Subordinated Perpetual Securities and Coupons relating to them will constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Issuer. For the purposes of the Conditions, "**Parity Obligation**" means any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the Issuer (1) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Subordinated Perpetual Securities and (2) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof.
Subordination of Subordinated Perpetual Securities	:	Subject to the insolvency laws of Singapore and other applicable laws, in the event of the winding-up of the Issuer, the rights of the Perpetual Securityholders and Couponholders to payment of principal of and distribution on the Subordinated Perpetual Securities and the Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer but at least *pari passu* with all other subordinated obligations of the Issuer that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities and in priority to the claims of shareholders of the Issuer and/or as otherwise specified in the applicable Pricing Supplement.

Set-off in relation to Subordinated Perpetual Securities	:	Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.
Redemption at the Option of the Issuer	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may, on giving irrevocable written notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face thereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) to the date fixed for redemption.
Redemption for Taxation Reasons	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption) if: (i) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that:

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

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

(ii) (1) 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 (2) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

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

Redemption for Tax Deductibility	: If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption): (i) if the Issuer satisfies the Trustee before giving such notice that, as a result of: (1) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective on or after the Issue Date; (2) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective on or after the Issue Date; or (3) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is announced before the Issue Date, the distributions (including any Arrears of Distribution and any Additional Distribution Amount) by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA, provided that no such notice of redemption may be given earlier than 90 days prior to such effective date on which the distributions (including any Arrears of Distribution and any Additional Distribution Amount) would not be regarded as such sums; or

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

Redemption in the case of Minimal Outstanding Amount	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.
Limited right to institute proceedings in relation to Perpetual Securities	:	The right to institute proceedings for winding-up is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 4(IV) of the Perpetual Securities.
Proceedings for Winding-Up	:	If (i) a final and effective order is made or an effective resolution is passed for the bankruptcy, winding-up, liquidation, receivership or similar proceedings of the Issuer or (ii) the Issuer shall not make payment in respect of the Perpetual Securities on the date on which such payment is due, the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d) of the Perpetual Securities, institute proceedings for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment.

OTHER COVENANTS

Non-Disposal Covenant : The Issuer has covenanted with the Trustee in the Trust Deed that, so long as any of the Securities remains outstanding, the Issuer will not, and will ensure that none of its 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 16.31 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 16.31 of the Trust Deed:

(i) disposals (including any disposal of shares in any of its subsidiaries owning real property) in the ordinary course of business on arm's length and normal commercial terms and as permitted by applicable laws and regulations;

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

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

(iv) any exchange of assets for other assets of a similar value (for cash or other consideration) on normal commercial terms and on an arm's length basis;

(v) any short-term investments of funds not immediately required in its business and the realisation of those investments in each case on normal commercial terms and on arm's length basis;

(vi) any transfer of assets to any member of the Group on normal commercial terms;

(vii) any disposal of shares in any subsidiary, associated company or jointly-controlled entity which are listed on any stock exchange;

(viii) any disposal of shares in any subsidiary in connection with the listing of such subsidiary provided that it owns beneficially at least 51 per cent. of the shares of such subsidiary for a period of 12 months following such disposal; and

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

Shareholding Covenant	:	The Issuer has covenanted with the Trustee in the Trust Deed that, so long as any of the Securities remains outstanding, the Issuer will ensure that it will at all times beneficially own (directly or indirectly) (i) the whole of the issued share capital for the time being of Fragrance Realty Pte. Ltd. and (ii) not less than 50 per cent. of the issued share capital for the time being of Fragrance Regal Pte. Ltd.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied from time to time (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. Unless otherwise stated, all capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. References in the Conditions to "Notes" are to the Notes of one Series only, 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 3 October 2013 made between (1) Fragrance Group Limited (the "**Issuer**") and (2) HSBC Institutional Trust Services (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 supplemented by a supplemental trust deed dated 5 January 2015 and an amendment and restatement trust deed dated 1 August 2017, in each case, made between the same parties, and as further amended, varied or supplemented from time to time, the "**Trust Deed**"), and (where applicable) the Notes are issued with the benefit of a deed of covenant (as amended, varied or supplemented from time to time, the "**Deed of Covenant**") dated 3 October 2013, relating to the Notes cleared or to be cleared through the CDP System (as defined in the Trust Deed) ("**CDP Notes**"). These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. The Issuer has entered into an Agency Agreement dated 3 October 2013 made between (1) the Issuer, (2) The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, as issuing and paying agent, transfer agent and registrar, and (3) the Trustee, as trustee for the Noteholders (as amended and restated by the amendment and restatement agency agreement dated 1 August 2017 made between (1) the Issuer, (2) The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, as issuing and paying agent (in such capacity, the "**Issuing and Paying Agent**"), transfer agent in respect of CDP Notes (in such capacity, the "**CDP Transfer Agent**") and registrar in respect of CDP Notes (in such capacity, the "**CDP Registrar**"), (3) The Hongkong and Shanghai Banking Corporation Limited, as paying agent in respect of Notes which are not cleared or not to be cleared through the CDP System (such Notes, the "**Non-CDP Notes**") (in such capacity, the "**Non-CDP Paying Agent**" and, together with the Issuing and Paying Agent and any other paying agents that may be appointed, the "**Paying Agents**"), transfer agent in respect of Non-CDP Notes (in such capacity, the "**Non-CDP Transfer Agent**" and, together with the CDP Transfer Agent and any other transfer agents that may be appointed, the "**Transfer Agents**") and registrar in respect of Non-CDP Notes (in such capacity, the "**Non-CDP Registrar**" and, together with the CDP Registrar and any other registrars that may be appointed, the "**Registrars**"), and (4) the Trustee, as trustee for the Noteholders, and as further amended, varied or supplemented from time to time, the "**Agency Agreement**"). The Noteholders and the holders (the "**Couponholders**") of the coupons (the "**Coupons**") appertaining to the interest-bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

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

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

1. Form, Denomination and Title

(a) Form and Denomination

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

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

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

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

(b) Title

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

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

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

(iv) In these Conditions, "**Global Security**" means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, "**Global Certificate**" means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) a common depositary for Euroclear and/or Clearstream, Luxembourg, (2) the Depository and/or (3) any other clearing system, "**Noteholder**" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be), "**Series**" means (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. No Exchange of Notes and Transfers of Registered Notes

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

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

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

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

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

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

3. Status

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

4. Negative Pledge and Financial Covenants

(a) The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not, and will ensure that none of its Principal Subsidiaries (as defined in Condition 10) will, create or permit to be created any security over any of their respective assets and properties, present or future save for:

(i) any security existing as at 3 October 2013 and the existence of which has been disclosed in writing to the Trustee prior to 3 October 2013 and any security created for the purpose of refinancing any indebtedness secured by any such existing asset, in each case, provided that the amount secured by the security over such asset may only be increased (1) up to 80 per cent. of the current market value of such asset at that time (as shown in the most recent valuation report prepared by an independent professional valuer and delivered by the Issuer to the Trustee at the relevant time) or (2) in any other case, with the prior approval of the Noteholders by way of an Extraordinary Resolution (as defined in the Trust Deed);

(ii) liens or rights of set-off arising solely by operation of law and in the ordinary course of business, in either case, in respect of indebtedness which either (i) has been due for less than 14 days or (ii) is being contested in good faith and by appropriate means;

(iii) any security on or over their respective assets acquired, renovated, refurbished or developed by it after 3 October 2013 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 provided that the amount secured by the security over such asset may only be increased (1) up to 80 per cent. of the current market value of such asset at that time (as shown in the most recent valuation report prepared by an independent professional valuer and delivered by the Issuer to the Trustee at the relevant time) or (2) in any other case, with the prior approval of the Noteholders by way of an Extraordinary Resolution;

(iv) 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, provided that the value of each security shall not exceed S$10,000,000;

(v) any security created by way of a 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;

(vi) any security created over surplus proceeds received or to be received by it in respect of any development project (together with the rights attaching thereto) provided that (1) the amount secured by the security over such surplus proceeds may not exceed 80 per cent. of the amount of such surplus proceeds and (2) such security shall rank *pari passu* with all security (if any) over such surplus proceeds; and

(vii) any security as created or permitted to subsist, the terms of which have been approved by the Noteholders by way of an Extraordinary Resolution.

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

(i) the Consolidated Total Equity shall not at any time be less than S$500,000,000; and

(ii) the ratio of Consolidated Net Debt to Consolidated Total Equity shall not at any time be more than 4:1.

For the purpose of this Condition 4(b):

(1) "**Consolidated Net Debt**" means Consolidated Total Debt less cash and cash equivalent balances;

(2) "**Consolidated Total Debt**" means 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 (and where such aggregate amount falls to be calculated, no amount shall be taken into account more than once in the same calculation):

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

(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; and

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

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

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

(c) the amount reflected as non-controlling interests 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 paragraphs (A) and (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; and

(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; and

(II) any debit balances on consolidated profit and loss account.

For the avoidance of doubt, for the purposes of these definitions, any Perpetual Securities issued by the Issuer or any other member of the Group which are accounted for as "equity" shall be treated as such (and not as debt).

5. Interest and other Calculations

(I) Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

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

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

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

(b) 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 5(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 Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency.

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

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

(a) Interest Payment Dates

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

(3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

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

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

(b) Rate of Interest - Floating Rate Notes

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

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

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

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

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

(A) the Calculation Agent for the relevant Series of Floating Rate Notes 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 11:00HRS SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided hereon) at or about the Relevant Time on such Interest Determination Date 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 (or such other replacement page thereof or 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, such Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide such Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations and as adjusted by the Spread (if any), as determined by such Calculation Agent;

(C) if on any Interest Determination Date, two but not all the Reference Banks provide such Calculation Agent 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 such Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which such Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

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

(A) the Calculation Agent for the relevant Series of Floating Rate Notes 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 ABSIRFIX01 Page under the caption "SGD SOR rates at 11:00hrs London Time" and under the column headed "SGD SOR" (or such other page as may replace the Reuters Screen ABSIRFIX01 Page for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or 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, such Calculation Agent will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to the nearest 1/16 per cent.)) 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 may be agreed between the Calculation Agent and the Issuer and as adjusted by the Spread (if any);

(C) if on any Interest Determination Date, the Calculation Agent is otherwise unable to determine the Rate of Interest under (A) or (B) above or if no agreement on the relevant authority is reached between the Calculation Agent and the Issuer under (B) above, the Rate of Interest shall be determined by such Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the next 1/16 per cent.) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to such Calculation Agent at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides such Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the next 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date and as adjusted by the Spread (if any); and

(3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Calculation Agent for the relevant Series of Floating Rate Notes 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 such Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) 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 such Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

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

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

(c) Rate of Interest - Variable Rate Notes

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

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

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

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

(B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the 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 in the Agency Agreement that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note for any Interest Period for such Variable Rate Note is determined, but not later than 10.30 a.m. (Singapore time) on the next following business day after the business day during which the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note is determined:

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

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

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

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

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

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

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

(d) Definitions

As used in these Conditions:

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

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

"**Calculation Agent**" means, in respect of a Series of Notes, the calculation agent specified in the applicable Pricing Supplement for that Series;

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

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

(i) if "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period divided by 365 (or, if any portion of that Fixed Rate

Interest Period or, as the case may be, Interest Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a non-leap year divided by 365);

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

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

(iv) if "30/360" is specified in the applicable Pricing Supplement, the number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period divided by 30, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Fixed Rate Interest Period or, as the case may be, the Interest Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Fixed Rate Interest Period or, as the case may be, the Interest Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Fixed Rate Interest Period or, as the case may be, the Interest Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Fixed Rate Interest Period or, as the case may be, the Interest Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Fixed Rate Interest Period or, as the case may be, the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Fixed Rate Interest Period or, as the case may be, the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

"**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 Calculation Agent for the relevant Series of Notes;

"**Reference Banks**" means the institutions specified as such hereon or, if none, three major banks selected by the Issuer (and notified in writing to the Calculation Agent for the relevant Series of Notes) in the interbank market that is most closely connected with the Benchmark;

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

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

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

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

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

"**Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, 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 principal amount outstanding 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 principal amount outstanding from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.

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

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

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

(IV) Zero Coupon Notes

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

(V) Calculations

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

The Calculation Agent for the relevant Series of Notes 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 such Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties and (except as provided in the Agency Agreement) no liability to any such person will attach to such Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(b) Notification

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

(c) Determination or Calculation by the Trustee

If the Calculation Agent for the relevant Series of Notes does not at any material time determine or calculate the applicable Rate of Interest for an Interest Period or such Calculation Agent defaults in its obligation to calculate any Interest Amount, as the case may be, the Issuer shall notify the Trustee and the Issuing and Paying Agent of this failure and promptly thereafter appoint an alternative Calculation Agent. If the Issuer fails to so appoint, the Trustee may, on behalf of the Issuer and at the Issuer's expense, use reasonable endeavours to (i) do so or (ii) procure that a financial institution does so (and in this regard the Issuer shall provide such assistance to the Trustee as the Trustee may require), provided at all times that under no circumstances shall the Trustee be liable or responsible for any failure to act whether on its part or on the part of the Issuer or such financial institution. In doing so, the Trustee or (as the case may be) such financial institution shall apply the provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so and in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all circumstances.

(d) Calculation Agent and Reference Banks

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

6. Redemption and Purchase

(a) Final Redemption

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

(b) Purchase at the Option of Issuer

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

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange (as defined in the Trust Deed), the Issuer shall comply with the rules of the relevant 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 (in the case of Bearer Notes) any Variable Rate Notes to be purchased (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Variable Rate Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from any Paying Agent, the Registrar or any other Transfer Agent (as applicable) within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes or Certificates representing Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Variable Rate Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Variable Rate Notes to the Registrar. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

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

(d) Redemption at the Option of the Issuer

If so provided hereon, the 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 Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be 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 (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice (an "**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar, any other Transfer Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face hereof. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior written consent of the Issuer.

(ii) In the event that (1) the shares of the Issuer cease to be traded on the SGX-ST (as defined in the Trust Deed) or (2) 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 6(e)(ii), "**Effective Date**" means (in the case of (1)) the date of cessation of trading or (in the case of (2)) 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 Issuing and Paying Agent or, as the case may be, the Registrar and the Noteholders of the occurrence of the event specified in this paragraph (e)(ii) (provided that any failure by the Issuer to give such notice shall not prejudice any Noteholder of such option). To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed Exercise Notice in the form obtainable from any Paying Agent, the Registrar, any other Transfer Agent or the Issuer (as applicable) not later than 21 days after the Effective Date. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior written consent of the Issuer.

(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 6(h) below) (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6(f), the Issuer shall deliver to the Trustee:

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

(ii) 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) Purchases

The Issuer and/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 and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

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

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

(h) Early Redemption of Zero Coupon Notes

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

(ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such

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

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

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

(i) Cancellation

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

7. Payments

(a) Principal and Interest in respect of Bearer Notes

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

(b) Principal and Interest in respect of Registered Notes

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

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

(c) Payments subject to law etc.

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

Further, the Trust Deed provides that notwithstanding any other provision of the Trust Deed, the Trustee shall be entitled to make a deduction or withholding from any payment which it makes under any Notes for or on account of any tax, if and only to the extent so required by Applicable Law (as defined in the Trust Deed), in which event the Trustee shall make such payment after such deduction or withholding has been made and shall account to the relevant Authority (as defined in the Trust Deed) within the time allowed for the amount so deducted or withheld or, at its option, shall reasonably promptly after making such payment return to the Issuer the amount so deducted or withheld, in which case, the Issuer shall so account to the relevant Authority for such amount.

(d) Appointment of Agents

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

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

The Agency Agreement may be amended by the parties thereto, without the consent of any holder, either (i) for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or complying with any mandatory provision of Singapore law or if required by Euroclear, Clearstream, Luxembourg and/or the Depository or (ii) in any manner which the parties thereto may mutually deem necessary or desirable and which shall not be materially prejudicial to the interests of the holders.

(e) Unmatured Coupons and unexchanged Talons

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

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

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

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

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

(f) Talons

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

(g) Non-business days

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

(h) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to two per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest (as calculated by the Calculation Agent for the relevant Series of Notes) 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 then Interest Period for such Notes, 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.

8. 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 deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

(a) by or on behalf of a holder who is subject to such taxes, 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); or

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

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 16 that, upon further presentation of the Note (or relative Certificate) or

Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6, "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**interest**" and/or "**Early Redemption Amounts**" shall be deemed to include any additional amounts which may be payable under these Conditions.

9. Prescription

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

10. Events of Default

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

(a) the Issuer does not pay 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);

(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) above) under any of the Issue Documents (as defined in the Trust Deed) or any of the Notes and, if that default is capable of remedy, it is not remedied within 21 days of the giving by the Trustee to the Issuer of a written 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 of the giving by the Trustee to the Issuer of a written 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$20,000,000 (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 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 any 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 purpose 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 winding-up of a Principal Subsidiary only, where such winding-up does not involve insolvency and 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 part of its business or (otherwise than as permitted by, and in accordance with, Clause 16.31 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 15.3 of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable);

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

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

(n) any litigation, arbitration or administrative proceeding against the Issuer or any of its Principal Subsidiaries is current or pending (other than those of a frivolous or vexatious nature which are discharged within 21 days of its commencement) (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 paragraphs (e), (f), (g), (h) or (j) above; 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, at any particular time, any subsidiary of the Issuer:

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

(B) whose net profit after tax, as shown in the latest audited accounts (consolidated in the case of a corporation which itself has subsidiaries) of such subsidiary based upon which the latest audited consolidated accounts of the Issuer have been prepared, are at least 10 per cent. of the net profit after tax of the Issuer as shown in the latest audited consolidated accounts of the Issuer,

provided that if any such subsidiary (the "**transferor**") shall at any time transfer the whole or any 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 be a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary; and (bb) if a part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary.

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

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

11. Enforcement of Rights

At any time after an Event of Default shall have occurred or after the Notes shall have become due and payable, 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, 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 to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

12. Meeting of Noteholders and Modifications

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

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Noteholders holding not less than 10 per cent. 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 any of the other Issue Documents which in the opinion of the Trustee is of a formal, minor or technical nature, 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) to the Trust Deed and any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents, which in the opinion of the Trustee it may be expedient to make, provided the Trustee is of the opinion that such modification will not be 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.

13. Replacement of Notes, Certificates, Coupons and Talons

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

14. Further Issues

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

15. Indemnification of the Trustee

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

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the 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.

16. Notices

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

Until such time as any Definitive Securities (as defined in the Trust Deed) or Certificates are issued, there may, so long as the Global Security(ies) or Global Certificate(s) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the Depository) the Depository for communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST and the rules of such exchange so require or permit:

(i) (in the case where the Rate of Interest for the relevant Series of Notes is to be published) notice may be made publicly available on the corporate announcement system administered by the SGX-ST, including but not limited to the website administered by the SGX-ST, and shall be deemed to have been given to the Noteholders on the date of publication; and

(ii) (in all other cases) notice will in any event be published in accordance with the previous paragraph.

Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

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

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

17. Contracts (Rights of Third Parties) Act

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

18. Governing Law

(a) Governing Law

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

(b) Jurisdiction

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

(c) No Immunity

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.

TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

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

The Perpetual Securities are constituted by a Trust Deed dated 3 October 2013 made between (1) Fragrance Group Limited (the "**Issuer**") and (2) HSBC Institutional Trust Services (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 Perpetual Securityholders (as defined below) (as supplemented by a supplemental trust deed dated 5 January 2015 and an amendment and restatement trust deed dated 1 August 2017, in each case, made between the same parties, and as further amended, varied or supplemented from time to time, the "**Trust Deed**"), and (where applicable) the Perpetual Securities are issued with the benefit of a deed of covenant (as amended, varied or supplemented from time to time, the "**Deed of Covenant**") dated 3 October 2013, relating to the Perpetual Securities cleared or to be cleared through the CDP System (as defined in the Trust Deed) ("**CDP Perpetual Securities**"). These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Perpetual Securities, Certificates, Coupons and Talons referred to below. The Issuer has entered into an Agency Agreement dated 3 October 2013 made between (1) the Issuer, (2) The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, as issuing and paying agent, transfer agent and registrar, and (3) the Trustee, as trustee for the Perpetual Securityholders (as amended and restated by the amendment and restatement agency agreement dated 1 August 2017 made between (1) the Issuer, (2) The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, as issuing and paying agent (in such capacity, the "**Issuing and Paying Agent**"), transfer agent in respect of CDP Perpetual Securities (in such capacity, the "**CDP Transfer Agent**") and registrar in respect of CDP Perpetual Securities (in such capacity, the "**CDP Registrar**"), (3) The Hongkong and Shanghai Banking Corporation Limited, as paying agent in respect of Perpetual Securities which are not cleared or not to be cleared through the CDP System (such Perpetual Securities, the "**Non-CDP Perpetual Securities**") (in such capacity, the "**Non-CDP Paying Agent**" and, together with the Issuing and Paying Agent and any other paying agents that may be appointed, the "**Paying Agents**"), transfer agent in respect of Non-CDP Perpetual Securities (in such capacity, the "**Non-CDP Transfer Agent**" and, together with the CDP Transfer Agent and any other transfer agents that may be appointed, the "**Transfer Agents**") and registrar in respect of Non-CDP Perpetual Securities (in such capacity, the "**Non-CDP Registrar**" and, together with the CDP Registrar and any other registrars that may be appointed, the "**Registrars**"), and (4) the Trustee, as trustee for the Perpetual Securityholders, and as further amended, varied or supplemented from time to time, the "**Agency Agreement**"). The Perpetual Securityholders and the holders (the "**Couponholders**") of the distribution coupons (the "**Coupons**") relating to the Perpetual Securities in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the "**Talons**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

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

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

1. Form, Denomination and Title

(a) Form and Denomination

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

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

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

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

(b) Title

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

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

(iii) For so long as any of the Perpetual Securities is represented by a Global Security or, as the case may be, a Global Certificate, and such Global Security or Global

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

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

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

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

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

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

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

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

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

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

3. Status

(a) Senior Perpetual Securities: This Condition 3(a) applies to Perpetual Securities that are Senior Perpetual Securities (being the Perpetual Securities that specify their status as senior in the applicable Pricing Supplement). The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, 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.

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

(i) **Status**

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

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

(ii) **Ranking of claims on winding-up**

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

(iii) **Set-off**

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

4. Distributions and other Calculations

(I) Distribution on Fixed Rate Perpetual Securities

(a) Distribution Rate and Accrual

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

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

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

(b) Distribution Rate

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

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

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

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

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

For the purpose of these Conditions:

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

"**Swap Offer Rate**" means:

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

(2) if on the Reset Determination Date, there is no swap offer rate published by the Association of Banks in Singapore (or such other equivalent body), the Calculation Agent will determine the swap offer rate for such Reset Period (determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the rates (excluding the highest and the lowest rates) which appears on Page TPIS on the monitor of the Bloomberg Agency under the caption "Tullett Prebon — Rates — Interest Rate Swaps — Asia Pac — SGD" and the column headed "Ask" (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on each of the five consecutive business days prior to and ending on the Reset Determination Date);

(3) if on the Reset Determination Date, rates are not available on Page TPIS on the monitor of the Bloomberg Agency under the caption "Tullett Prebon — Rates — Interest Rate Swaps — Asia Pac — SGD" and the column headed "Ask" (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on one or more of the said five consecutive business days, the swap offer rate will be the rate

per annum notified by the Calculation Agent to the Issuer equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the rates which are available in such five-consecutive-business-day period or, if only one rate is available in such five-consecutive-business-day period, such rate; and

(4) if on the Reset Determination Date, no rate is available on Page TPIS on the monitor of the Bloomberg Agency under the caption "Tullett Prebon — Rates — Interest Rate Swaps — Asia Pac — SGD" and the column headed "Ask" (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business in such five-consecutive-business-day period, the Calculation Agent will request the principal Singapore offices of the Reference Banks to provide the Calculation Agent with quotation(s) of their swap offer rates for a period equivalent to the duration of the Reset Period at the close of business on the Reset Determination Date. The swap offer rate for such Reset Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations, as determined by the Calculation Agent or, if only one of the Reference Banks provides the Calculation Agent with such quotation, such rate quoted by that Reference Bank.

(c) Calculation of Reset Distribution Rate

The Calculation Agent for the relevant Series of Perpetual Securities will, on the second business day prior to each Fixed Rate Determination Date, determine the applicable Distribution Rate or Reset Distribution Rate payable in respect of each Perpetual Security. The determination of any rate, the obtaining of each quotation and the making of each determination or calculation by such Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties and (except as provided in the Agency Agreement) no liability to any such person will attach to such Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

In these Conditions, "**Fixed Rate Determination Date**" means each Step-Up Date or each Reset Date.

(d) Publication of Relevant Distribution Rate or Reset Distribution Rate

The Calculation Agent for the relevant Series of Perpetual Securities will cause (if a Step-Up Margin is specified in the applicable Pricing Supplement) the applicable Distribution Rate or the applicable Reset Distribution Rate to be notified in writing to the Issuing and Paying Agent, the Trustee and the Issuer as soon as possible after its determination but in no event later than the fourth business day thereafter. The Issuer shall cause notice of the then applicable Distribution Rate or Reset Distribution Rate to be notified to the Perpetual Securityholders in accordance with Condition 14 as soon as possible after determination thereof. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by such Calculation Agent will (in the absence of manifest error) be binding upon all parties and (except as provided in the Agency Agreement) no liability to any such person will attach to such Calculation Agent in connection with the exercise of non-exercise by it of its powers, duties and discretions for such purposes.

(e) Determination or Calculation by Trustee

If the Calculation Agent for the relevant Series of Perpetual Securities does not at any material time determine or calculate the applicable Distribution Rate or Reset Distribution Rate or such Calculation Agent defaults in its obligation to calculate any Distribution Amount, as the case may be, the Issuer shall notify the Trustee and the Issuing and Paying Agent of this failure and promptly thereafter appoint an alternative Calculation Agent. If the Issuer fails to so appoint, the Trustee may, on behalf of the Issuer and at the Issuer's expense, use reasonable endeavours to (i) do so or (ii) procure that a financial institution does so (and in this regard the Issuer shall provide such assistance to the Trustee as the Trustee may require), provided at all times that under no circumstances shall the Trustee be liable or responsible for any failure to act whether on its part or on the part of the Issuer or such financial institution. In doing so, the Trustee or (as the case may be) such financial institution shall apply the provisions of this Condition 4(I), with any necessary consequential amendments, to the extent that, in its opinion, it can do so and in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all circumstances.

(f) Calculations

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

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

(II) Distribution on Floating Rate Perpetual Securities

(a) Distribution Payment Dates

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

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

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

(b) Rate of Distribution - Floating Rate Perpetual Securities

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

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

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

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

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

(A) the Calculation Agent for the relevant Series of Floating Rate Perpetual Securities will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on the Reuters Screen

ABSIRFIX01 Page under the caption “ABS SIBOR FIX — SIBOR AND SWAP OFFER RATES — RATES AT 11:00HRS SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided hereon) at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any);

(B) if on any Distribution Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or 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, such Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide such Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Perpetual Securities. The Rate of Distribution for such Distribution Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations and as adjusted by the Spread (if any), as determined by the Calculation Agent;

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

(D) if on any Distribution Determination Date, one only or none of the Reference Banks provides such Calculation Agent with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which such Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any);

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

(A) the Calculation Agent for the relevant Series of Floating Rate Perpetual Securities will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption “SGD SOR rates at 11:00hrs London Time” and under the column headed “SGD SOR” (or such other page as may replace the Reuters Screen ABSIRFIX01 Page for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period) and as adjusted by the Spread (if any);

(B) if on any Distribution Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or 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, such Calculation Agent will determine the Rate of Distribution for such Distribution Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to the nearest 1/16 per cent.)) for a period equal to the duration of such Distribution Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as may be agreed between the Calculation Agent and the Issuer and as adjusted by the Spread (if any);

(C) if on any Distribution Determination Date, the Calculation Agent is otherwise unable to determine the Rate of Distribution under (A) or (B) above or if no agreement on the relevant authority is reached between the Calculation Agent and the Issuer under (B) above, the Rate of Distribution shall be determined by such Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the next 1/16 per cent.) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to such Calculation Agent at or about 11.00 a.m. (Singapore time) on the first business day following such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides such Calculation Agent with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the next 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Distribution Determination Date and as adjusted by the Spread (if any); and

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

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

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

and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Distribution Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Distribution Determination Date, subject as provided below, the Rate of Distribution shall be the rate per annum which such Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Distribution Determination Date and as adjusted by the Spread (if any); and

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

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

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

(c) Definitions

As used in these Conditions:

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

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

"**Calculation Agent**" means, in respect of a Series of Perpetual Securities, the calculation agent specified in the applicable Pricing Supplement for that Series;

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

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

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

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

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

(iv) if "30/360" is specified in the applicable Pricing Supplement, the number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period divided by 30, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Fixed Rate Distribution Period or, as the case may be, the Distribution Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Fixed Rate Distribution Period or, as the case may be, the Distribution Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Fixed Rate Distribution Period or, as the case may be, the Distribution Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Fixed Rate Distribution Period or, as the case may be, the Distribution Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Fixed Rate Distribution Period or, as the case may be, the Distribution Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Fixed Rate Distribution Period or, as the case may be, the Distribution Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

"**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;

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

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

"**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 Calculation Agent for the relevant Series of Perpetual Securities;

"**Reference Banks**" means the institutions specified as such hereon or, if none, three major banks selected by the Issuer (and notified in writing to the Calculation Agent for the relevant Series of Perpetual Securities) in the interbank market that is most closely connected with the Benchmark;

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

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

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

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

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

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

(III) Calculations

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

The Calculation Agent for the relevant Series of Perpetual Securities will, as soon as practicable after the Relevant Time on each Distribution Determination Date determine the Rate of Distribution and calculate the amount of distribution payable (the "**Distribution Amounts**") in respect of each Calculation Amount of the relevant Floating Rate Perpetual Securities for the relevant Distribution Period. The amount of distribution payable per Calculation Amount in respect of any Floating Rate Perpetual Security shall be calculated by multiplying the product of the Rate of Distribution and the Calculation Amount, by the Day Count Fraction shown on the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by such Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties and (except as provided in the Agency Agreement) no liability to any such person will attach to such Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(b) Notification

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

(c) Determination or Calculation by the Trustee

If the Calculation Agent for the relevant Series of Perpetual Securities does not at any material time determine or calculate the applicable Rate of Distribution for a Distribution Period or such Calculation Agent defaults in its obligation to calculate any Distribution Amount, as the case may be, the Issuer shall notify the Trustee and the Issuing and Paying Agent of this failure and promptly thereafter appoint an alternative Calculation Agent. If the Issuer fails to so appoint, the Trustee may, on behalf of the Issuer and at the Issuer's expense, use reasonable endeavours to (i) do so or (ii) procure that a financial institution does so (and in this regard the Issuer shall provide such assistance to the Trustee as the Trustee may require), provided at all times that under no circumstances shall the Trustee be liable or responsible for any failure to act whether on its part or on the part of the Issuer or such financial institution. In doing so, the Trustee or (as the case may be) such financial institution shall apply the provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so and in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all circumstances.

(d) Calculation Agent and Reference Banks

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

(IV) Distribution Discretion

(a) Optional Payment

If Optional Payment is set out hereon, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice (an "**Optional Payment Notice**") to the Trustee and the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 15 nor less than five business days (or such other notice period as may be specified hereon) prior to a scheduled Distribution Payment Date.

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

(i) a discretionary dividend, distribution or other payment has been declared or paid on or in respect of any of its Junior Obligations or (except on a *pro rata* basis) any of its Specified Parity Obligations; or

(ii) any of the Issuer's Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or (except on a *pro rata* basis) any of its Specified Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration,

(each, a "**Compulsory Distribution Payment Event**") and/or as otherwise specified in the applicable Pricing Supplement.

In these Conditions:

(1) "**Junior Obligation**" means any ordinary shares of the Issuer and any class of the Issuer's share capital and any other instruments or securities (including without

limitation any preference shares, preferred units or subordinated perpetual securities) issued, entered into or guaranteed by the Issuer that ranks or is expressed to rank, whether by its terms or by operation of law, junior to the Perpetual Securities; and

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

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

(b) No obligation to pay

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

(c) Non-Cumulative Deferral and Cumulative Deferral

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

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

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

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

(d) Restrictions in the case of Non-Payment

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

(i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of its Junior Obligations or (except on a *pro rata* basis) any of its Specified Parity Obligations; or

(ii) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of its Junior Obligations or (except on a *pro rata* basis) any of its Specified Parity Obligations,

in each case unless and until (1) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (2) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (3) the Issuer is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed) of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement.

(e) Satisfaction of Optional Distribution or Arrears of Distribution

The Issuer:

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

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

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

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

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

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

(f) No default

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

5. Redemption and Purchase

(a) No Fixed Redemption Date

The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 3 and without prejudice to Condition 9) only have the right to redeem or purchase them in accordance with the following provisions of this Condition 5.

(b) Redemption at the Option of the Issuer

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

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

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

(c) Redemption for Taxation Reasons

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

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

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

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

(ii) (1) 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 (2) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Prior to the publication of any notice of redemption pursuant to this Condition 5(c)(ii), the Issuer shall deliver to the Trustee and the Issuing and Paying Agent:

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

(ii) 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 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,

and the Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

(d) Redemption for Accounting Reasons

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

Prior to the publication of any notice of redemption pursuant to this Condition 5(d), the Issuer shall deliver to the Trustee and the Issuing and Paying Agent:

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

(ii) an opinion of the Issuer's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect.

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

(e) Redemption for Tax Deductibility

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

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

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

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

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

the distributions (including any Arrears of Distribution and any Additional Distribution Amount) by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA, provided that no such notice of redemption may be given earlier than 90 days prior to such effective date on which the distributions (including any Arrears of Distribution and any Additional Distribution Amount) would not be regarded as such sums; or

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

Prior to the publication of any notice of redemption pursuant to this Condition 5(e)(i), the Issuer shall deliver or procure that there is delivered to the Trustee and the Issuing and Paying Agent:

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

(ii) an opinion of the Issuer's independent tax or legal adviser of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change, amendment, interpretation or pronouncement has taken place or is due to take effect,

and the Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

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

(f) Redemption in the case of Minimal Outstanding Amount

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

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

(g) Purchases

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

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

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

(h) Cancellation

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

6. Payments

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

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

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

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

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

(c) Payments subject to law etc.

All payments are subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the Code) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Perpetual Securityholders or Couponholders in respect of such payments.

Further, the Trust Deed provides that notwithstanding any other provision of the Trust Deed, the Trustee shall be entitled to make a deduction or withholding from any payment which it makes under any Perpetual Securities for or on account of any tax, if and only to the extent so required by Applicable Law (as defined in the Trust Deed), in which event the Trustee shall make such payment after such deduction or withholding has been made and shall account to the relevant Authority (as defined in the Trust Deed) within the time allowed for the amount so deducted or withheld or, at its option, shall reasonably promptly after making such payment return to the Issuer the amount so deducted or withheld, in which case, the Issuer shall so account to the relevant Authority for such amount.

(d) Appointment of Agents

The Issuing and Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar and the Non-CDP Registrar initially appointed by the Issuer and their respective specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Issuing and Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar and the Non-CDP Registrar and to appoint additional or other Paying Agents or Transfer Agents; provided that it will at all times maintain (i) an Issuing and Paying Agent having a specified office in Singapore and (in the case of Non-CDP Perpetual Securities) a Non-CDP Paying Agent, (ii) a Transfer Agent in relation to Registered Perpetual Securities, having a specified office in Singapore, (iii) a Registrar in relation to Registered Perpetual Securities, having a specified office in Singapore and (iv) a Calculation Agent where the Conditions so require.

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

The Agency Agreement may be amended by the parties thereto, without the consent of any holder, either (i) for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or complying with any mandatory provision of Singapore law or if required by Euroclear, Clearstream, Luxembourg and/or the Depository or (ii) in any manner which the parties thereto may mutually deem necessary or desirable and which shall not be materially prejudicial to the interests of the holders.

(e) Unmatured Coupons and unexchanged Talons

(i) Bearer Perpetual Securities which comprise Fixed Rate Perpetual Securities should be surrendered for payment together with all unmatured Coupons (if any) relating to such Perpetual Securities, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the

Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

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

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

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

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

(f) Talons

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

(g) Non-business days

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

7. Taxation

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

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

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

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

8. Prescription

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

9. Non-payment

(a) Non-payment when due

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

(b) Proceedings for Winding-Up

If (i) a final and effective order is made or an effective resolution is passed for the bankruptcy, winding-up, liquidation, receivership or similar proceedings of the Issuer or (ii) the Issuer shall not make payment in respect of the Perpetual Securities on the date on which such payment is due (together, the "**Enforcement Events**"), the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d), institute proceedings for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment.

(c) Enforcement

Without prejudice to Condition 9(b) but subject to the provisions of Condition 9(d), the Trustee may without further notice to the Issuer institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Perpetual Securities or the Trust Deed (other than any payment obligation of the Issuer under or arising from the Perpetual Securities, including, without limitation, payment of any principal or premium or satisfaction of any distributions (including any damages awarded for breach of any obligations)) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

(d) Entitlement of Trustee

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

(e) Right of Perpetual Securityholders or Couponholder

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

(f) Extent of Perpetual Securityholders' remedy

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

10. Meeting of Perpetual Securityholders and Modifications

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

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Perpetual Securityholders holding not less than 10 per cent. of the principal amount of the Perpetual Securities of any Series for the time being outstanding and after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses shall, convene a meeting of the Perpetual Securityholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Perpetual Securityholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of redemption of the Perpetual Securities or any date for payment of distribution or Distribution Amounts on the Perpetual Securities, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Perpetual Securities, (c) to reduce the rate or rates of distribution in respect of the Perpetual Securities or to vary the method or basis of calculating the rate or rates of distribution or the basis for calculating any Distribution Amount in respect of the Perpetual Securities, (d) to vary any method of, or basis for, calculating the Redemption Amount, (e) to vary the currency or currencies of payment or denomination of the Perpetual Securities, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (g) to amend the subordination provisions of the Perpetual Securities or (h) to modify the provisions concerning the quorum required at any meeting of Perpetual Securityholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Perpetual Securityholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Perpetual Securityholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or any of the other Issue Documents which in the opinion of the Trustee is of a formal, minor or technical nature, 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 Perpetual Securities may be held and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed and any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents, which in the opinion of the Trustee it may be expedient to make, provided that the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Perpetual Securityholders. Any such modification, authorisation or waiver shall be binding on the Perpetual Securityholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified to the Perpetual Securityholders as soon as practicable.

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

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

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

If a Perpetual Security, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Perpetual Securities, Coupons or Talons) and of the

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

12. Further Issues

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

13. Indemnification of the Trustee

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

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

14. Notices

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

Until such time as any Definitive Securities (as defined in the Trust Deed) or Certificates are issued, there may, so long as the Global Security(ies) or Global Certificate(s) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the Depository) the Depository for communication by it to the Perpetual Securityholders, except that if the Perpetual Securities are listed on the SGX-ST (as defined in the Trust Deed) and the rules of such exchange so require or permit:

(i) (in the case where the Rate of Distribution for the relevant Series of Perpetual Securities is to be published) notice may be made publicly available on the corporate announcement system administered by the SGX-ST, including but not limited to the website administered by the SGX-ST, and shall be deemed to have been given to Perpetual Securityholders on the date of publication; and

(ii) (in all other cases) notice will in any event be published in accordance with the previous paragraph.

Any such notice shall be deemed to have been given to the Perpetual Securityholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

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

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

15. Contracts (Rights of Third Parties) Act

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

16. Governing Law

(a) Governing Law

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

(b) Jurisdiction

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

(c) No Immunity

The Issuer agrees that in any legal action or proceedings arising out of or in connection with the Trust Deed, the Perpetual Securities 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.

HISTORY AND BACKGROUND

HISTORY

Fragrance Group Limited was incorporated in Singapore on 28 July 2000. The Issuer was listed on the Main Board of the SGX-ST on 3 February 2005. The market capitalisation of the Issuer has grown from approximately S$50 million in 2005 to approximately S$1.12 billion as at the Latest Practicable Date.

The Group's history can be traced back from the mid-1980s, when the Group's founder and CEO, Koh Wee Meng, first began to be involved in his family's property business through a company known as Menglee & Wheeseng Investment (1983) Pte Ltd ("**Menglee & Wheeseng**"), now known as Fragrance Land Pte Ltd (which became a subsidiary of the Issuer). The business then primarily comprised the purchase of residential properties, followed by renovation and retrofitting, and the subsequent sale of such properties. In 1991, as the business grew, Menglee & Wheeseng was used as the corporate vehicle for the family's property development business.

In 1993, the Group's CEO, Koh Wee Meng, took over the management of Menglee & Wheeseng. Leveraging on Mr Koh's experience, Menglee & Wheeseng entered the property development business in 1993, developing a pair of semi-detached houses at Tampines Road. That same year, the Group undertook its first residential apartment project which required a Housing Developer's licence. This was the seven-unit Shanghai Lodge on Shanghai Road. As the number of its property development projects increased, the Group incorporated Fragrance Properties Pte Ltd (which is now a subsidiary of the Issuer) in 1994.

The Group commenced the development of its first hotel in 1995, a 45-room hotel located at Lorong 10 Geylang. That same year, the Group acquired another plot of land along Lorong 10 Geylang and developed it into a 36-room hotel. Both hotels were completed in 1996 and sold to third parties in 1997.

The Group diversified into hotel operations in 1996 after the Group observed that the potential for accommodation among cost-conscious travelers was growing. As such, the Group established Fragrance Investment Pte Ltd as the investment holding company for the hotel properties, and Fragrance Hotel Management Pte Ltd for the management of its Fragrance chain of hotels. The diversification into hotel operations was to provide a more diversified earnings base for the Group's future growth and a recurring source of income. With the completion of the distribution of substantially all of the Issuer's ordinary shares, in the issued share capital of Global Premium Hotels Limited ("**GPHL**") held by the Issuer, to the shareholders of the Issuer on 20 May 2014, GPHL ceased to be a subsidiary of the Issuer.

Today, the Group's core business activities are:

(a) the development and sale of residential, commercial, hotel and industrial properties; and

(b) property investment.

The Group's property development division has to date launched more than 80 projects; and from initially launching mid-sized developments with approximately 100 units, the Group has progressed to launching developments with 500 to 700 units (for example, Parc Rosewood with 689 units, and Urban Vista with 582 units).

In recent years, the Group has also made a strong foray into the commercial property market, with major acquisitions being 15 Hoe Chiang Road (Tower 15) and 456 Alexandra Road (the NOL Building now known as Fragrance Empire Building).

The Group also entered into several joint ventures with Aspial Corporation Limited ("**Aspial**") in 2012 to undertake property development projects.

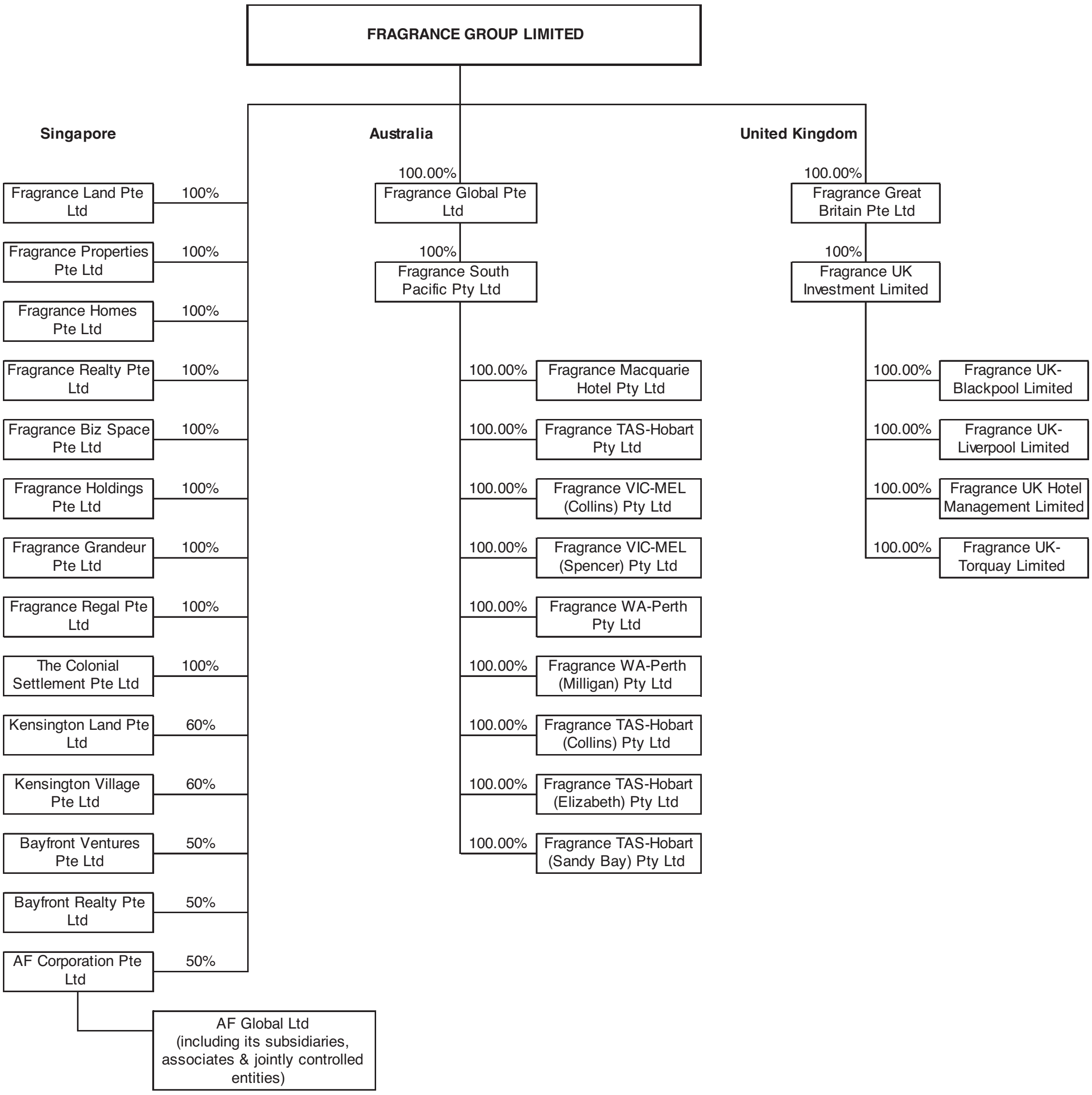
In 2014, the Group entered the Australian property market with its acquisition of a commercial building in Tasmania, two properties in Melbourne and two properties in Perth. These acquisitions were the Group's first overseas development projects. As of the date of this Information Memorandum, the Group has six properties in Tasmania, two properties in Melbourne and two properties in Perth. Further details of these acquisitions are set out on pages 102 to 104 of this Information Memorandum.

In 2015, the Group entered into a joint venture agreement with Aspial to form a joint venture company, AF Global Pte Ltd (now known as AF Corporation Pte Ltd), on a 50:50 ownership basis, for the purpose of making an offer for LCD Global Investments Ltd (now known as AF Global Ltd) ("**AFG**"). The Group sees potential for continued growth in the various businesses and subsidiaries of AFG, taking into account the geographical footprint of AFG's assets and its developments. AFG has a presence in Asia and the United Kingdom and its portfolio of businesses includes high-end hotels and resorts, serviced residences and real estate consultancy. In addition, AFG has developed an integrated lifestyle development in Xuzhou City, Jiangsu Province, the People's Republic of China and a luxury resort in Phuket, Thailand.

In early 2017, the Group entered the United Kingdom property market with the acquisition of its first property in Blackpool. As of the date of this Information Memorandum, in addition to the property in Blackpool, the Group has a property in Liverpool and Torquay. Further details of these acquisitions are set out on pages 104 and 105 of this Information Memorandum.

CORPORATE STRUCTURE

The following sets out the corporate structure of the Group as at the Latest Practicable Date:



THE GROUP'S BUSINESS OPERATIONS

The Group's revenue breakdown by business operations is as set out below.

	AS AT 1Q 2017						
	Property Development		Property Investment		Hotel		Total
Revenue ('000)	S$37,862	87%	S$4,957	11%	S$838	2%	43,657

PROPERTY DEVELOPMENT

Overview

The Group is principally engaged in the development and sale of residential properties. The Group's strategy is to provide its customers with quality residential properties at affordable prices. The Group specialises in developing private apartments targeting the mass market and customers upgrading from public to private housing. The Group also develops and sells commercial properties including hotels and offices, as well as industrial properties.

Property Development Process

The Group regularly scouts for potential sites for development, participates in government land sales programmes and liaises with external property agents who recommend land sites with the potential for development. Before acquiring any land, the Group's project management team will typically 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;

(ii) type of property development;

(iii) target group of buyers;

(iv) availability of financing;

(v) time required to complete the particular property development project; and

(vi) necessary approvals from the relevant authorities.

The Group manages most of its property projects in-house as it believes that good project management is critical to the success of a property project. Upon the acquisition of the land, the Group's project management team will work closely with architects, engineers and other professionals to obtain the necessary planning permissions, licences and building plan clearances from the relevant authorities.

As part of the Group's established project management procedure, the Group usually starts with a detailed budgeting, costing and planning of the particular project. The Group then advises on the design of the property development as well as the allocation and deployment of resources. Besides providing advice, the Group also conducts and awards tenders for construction work. The Group contracts its construction work to experienced and qualified construction companies. The Group supervises the construction closely to ensure that building standards are adhered to and monitors the progress of the project to ensure that the project is completed on time. The Group generally makes payment on a progressive basis.

After the building is completed or in some cases, after the completion of the show flat but before the actual building is constructed, the Group will market the projects for sale through advertisements and externally appointed marketing agents. The Group also administers the collection of progress payments from the purchasers as part of the Group's project management services.

Marketing

The Group's marketing efforts are conducted primarily through the Group's project management team and external marketing agents. For each property project, the Group's project management team is responsible for designing a marketing plan, media advertising, processing and monitoring of sale of the property. The external marketing agents would be responsible for marketing the Group's property development projects at the launch of these projects.

Property Development Project

The details on the Group's current property development project, as at the Latest Practicable Date, are set out in the table below. The project is expected to be completed by 2019.

Project Name	Launch Date	Expected TOP Date	Type of Development	Group's Stake (%)	Total Units in Project (Unit)	Units Sold(1) (%)	GFA (sq ft)
City Gate	June 2014	2019	Commercial	50	188	65.0	156,484.88
			Residential		311	100.0	258,200.05
Total					**499**		

Note:

(1) Based on number of units sold

City Gate is a 30-storey commercial and residential development located at the junction of Beach Road and Jalan Sultan. It has a land area of approximately 78,242 sq ft. The project is a 50:50 joint venture between Aspial and the Group. The development comprises a three-storey commercial podium featuring an array of 188 commercial units offering retail, dining, and entertainment options. A 25-storey residential tower stands on the commercial podium, with 311 residential units including one-bedroom to three-bedroom apartments, dual-key units and one-bedroom to four bedroom penthouses. Besides a three-storey car park podium, the residential tower also features premier facilities such as a gymnasium and pool decks across two floors.

As at the Latest Practicable Date, 65% and 100% of City Gate's commercial and residential units have been sold respectively.

Construction for City Gate commenced in the second quarter of 2016. The Temporary Occupation Permit is expected to be obtained in 2019.

PROPERTY INVESTMENT

The Group holds several investment properties for rental income and long-term capital appreciation. These investments comprise commercial, industrial and mixed-use properties. The details of the Group's investment properties in Singapore are set out in the table below.

Singapore

Description / Location	Approximate Land Area (sq ft)	Approximate Gross Floor Area (sq ft)	Group's stake (%)	Tenure	Property usage
Tower 15 / 15 Hoe Chiang Road	39,336.71	253,454.99	100	Freehold	Commercial
Fragrance Empire Building / 456 Alexandra Road	108,060.00	302,568.00	100	Freehold	Commercial
Victory Centre / 110 Lorong 23 Geylang Road	67,943.95	169,859.88	100	60 years Leasehold(1)	Industrial
The Colonial Settlement / 3 Punggol Point Road	124,932.40	32,291.73	100	15 years Leasehold(2)	Food and Beverage outlets
Fragrance Building / 168 Changi Road	7,315.00	17,989.00	100	Freehold	Commercial
Commercial units at Novena Regency(3)	NA	9,451.00	100	Freehold	Restaurant and Shops
Commercial units at Icon @ Pasir Panjang(3)	NA	10,688.00	100	Freehold	Restaurant and Shops
Commercial units at Kensington Village(3)	NA	4,639.00	60	Freehold	Shops

Note:

(1) Commencement Date: 29 June 2012

(2) Commencement Date: 4 June 2013

(3) Strata commercial units.

HOTEL OPERATIONS

The Group's newly acquired hotel in the United Kingdom, The Imperial Hotel, Blackpool, made its maiden contribution to the Group's results in the first quarter of 2017. Further details on this hotel are set out on page 104 of this Information Memorandum.

AUSTRALIA PROPERTY PORTFOLIO

Australia

In 2014, the Issuer entered the Australian property market with its acquisition of properties in Tasmania, Melbourne and Perth. The details on the Group's current properties in Australia, as at the Latest Practicable Date, are set out in the table below.

Description / Location	Approximate Land Area (sq ft)	Group's stake (%)	Tenure	Type
Ibis Styles Hobart / 173 Macquarie Street, Hobart, Tasmania	21,528.00	100	Freehold	Hotel
28-30 Davey Street, Hobart, Tasmania	12,411.00	100	Freehold	Hotel development
171 Macquarie Street, Hobart, Tasmania	5,651.00	100	Freehold	Commercial property
2-6 Collins Street, Hobart, Tasmania	32,389.00	100	Freehold	Hotel development
234-250 Elizabeth Street, Hobart, Tasmania	37,680.00	100	Freehold	Mixed-use development
5-7 Sandy Bay Road; 9, 11 & 13 Wilmot Street and 4, 6 & 8 Heathfield Avenue, Hobart, Tasmania, Australia	52,398.00	100	Freehold	Residential development
555 Collins / 555 Collins Street, Melbourne, Victoria	24,757.00	100	Freehold	Mixed-use skyscraper development
Premier Tower / 134-160 Spencer Street, Melbourne, Victoria	19,375.00	100	Freehold	Mixed-use skyscraper development
NV Apartments / 374-396 Murray Street, Perth, Western Australia	53,023.00	100	Freehold	Mixed-use development
39-47 Milligan Street, 453-471 Murray Street, Perth, Western Australia	38,320.00	100	Freehold	Mixed-use development

The property located at 173 Macquarie Street, Hobart, Tasmania is the Group's newly-built hotel which began its operations on 1 July 2017. This hotel, which is known as ibis Styles Hobart, is managed by AccorHotels - a world-leading travel and lifestyle group. With 296 rooms spanning 10 floors, ibis Styles Hobart is now the largest hotel in Hobart, offering excellent value to travellers seeking world-class quality accommodation. Ibis Styles Hobart boasts a rooftop indoor heated lap pool, two saunas, a gymnasium and wifi throughout the hotel. This hotel is centrally located, being just a short walk from Hobart Central Business District ("**CBD**") and major tourist attractions, such as the famous Salamanca market and Battery Point.

The property located at 28-30 Davey Street, Hobart, Tasmania has a freehold tenure with a land area of approximately 12,411 sq ft and is currently zoned "Mixed Use". The Group is working on the redevelopment plan for this property.

The property located at 171 Macquarie Street, Hobart, Tasmania is situated adjacent to 173 Macquarie Street which is already owned by the Group. The property has a freehold tenure with a land area of approximately 5,651 sq ft and is currently zoned "Central Commercial and Administrative".

The property located at 2-6 Collins Street, Hobart, Tasmania has freehold tenure with a total land area of approximately 32,389 sq ft and is currently zoned "Inner City Residential". Strategically located at the corner of Brooker Avenue and Collins Street, it is near Macquarie Street, a main thoroughfare leading to the heart of Hobart City's CBD. In addition, the property is within walking distance from shopping and leisure activities like Elizabeth Street and the Parks and Waterfront attractions. Under the current zoning, the property can potentially be redeveloped for office, retail, hotel and residential uses.

The property located at 234 to 250 Elizabeth Street, Hobart, Tasmania, Australia has a freehold tenure with a total land area of approximately 37,680 sq ft and is currently zoned "Central Business" in the Hobart Interim Planning Scheme 2015. Strategically located near the corner of Warwick Street and Elizabeth Street, it is only less than 700 metres from the busy Elizabeth Shopping Mall in the heart of downtown Hobart City's CBD. Under the current zoning, the property can potentially be redeveloped for office, retail, hotel and residential uses.

The property located at 5-7 Sandy Bay Road; 9, 11 & 13 Wilmot Street and 4, 6 & 8 Heathfield Avenue, Hobart, Tasmania, Australia has a land area of approximately 52,398 sq ft. Located onsite is the main Conservatorium of Music building — operated by the University of Tasmania. It is located only a short walk to both the CBD and Salamanca Place, with its renowned Salamanca Market (on Saturdays) literally a stone's throw away. Salamanca is the hospitality and entertainment precinct of Hobart. The property is currently zoned "Urban Mixed Use" under the Hobart Interim Planning Scheme 2015. Under the current zoning, the property can potentially be redeveloped for office, retail, hotel and residential uses.

The property located at 555 Collins Street, Melbourne, Victoria ("**555 Collins**") has a freehold tenure with a total land area of approximately 24,757 sq ft. 555 Collins is currently zoned "Capital City Zone 1". Strategically located at the intersection of Kings Street and Collins Street, 555 Collins Street is a unique corner site in the bustling Melbourne CBD. The area is a central hub for business and well connected by public transport. 555 Collins will be developed into a 47-level residential tower with 625 apartments, ground floor retail spaces and basement car parking. Facilities for residents include a lap pool, hot and cold plunge pools, steam room, massage room, multipurpose studio, gymnasium, resident's lounge, resident's dining room and kitchen, wine room and media room, allowing residents to have a sense of luxury and community.

The property located at 134-160 Spencer Street, Melbourne, Victoria has a freehold tenure with a land area of approximately 19,375 sq ft. This property will be developed into a skyscraper mixed-use development known as Premier Tower. The property is strategically located at the intersection of Spencer Street and Bourke Street and is a unique corner site in the bustling Melbourne CBD situated directly opposite Southern Cross Station, a major Railway and Transport Hub of Melbourne City. This area is a central hub for business, retail and is highly connected by public transport. The property will be developed into a 78-level residential tower with a curved facade silhouette.

The properties located at 374-396 Murray Street, Perth, Australia have a freehold tenure with a total land area of approximately 53,023 sq ft. It will be developed into a twin hotel and apartment tower known as NV Apartments. The project will consist of a 28-level, 488-room hotel with a ground-floor restaurant and a second tower which will be a 33-level, 401-apartment building.

The properties located at 39-47 Milligan Street and 453-471 Murray Street, Perth have a freehold tenure with a total land area of approximately 38,320 sq ft. The properties are situated in the Perth CBD area proximate to the renowned King Street precinct, with surrounding amenities and excellent access to transport, retail, F&B and commercial centres. The Perth Central Railway Station and the Wellington Street Bus Port are also within easy walking distance. The properties are also close to Parliament House, the new Perth Arena entertainment venue and the Perth Convention Exhibition Centre. The properties are currently zoned "City Centre" and can potentially be developed for residential, retail, hotel and/or office uses.

UNITED KINGDOM PROPERTY PORTFOLIO

United Kingdom

In early 2017, the Issuer entered the United Kingdom property market with its acquisition of properties in Blackpool and Liverpool. The details on the Group's current properties in the United Kingdom, as at the Latest Practicable Date, are set out in the table below.

Description/ Location	Approximate Land Area (sq ft)	Group's stake (%)	Tenure	Type
The Imperial Hotel/ North Promenade, Blackpool FY1 2HB, United Kingdom	101,051.00	100%	Freehold	Hotel
Municipal Building/ Dale Street, Liverpool, L2 2DH, United Kingdom	49,191.00	100%	Lease for a term of 250 years with an option to purchase the freehold title	Hotel development
The Palace/ Babbacombe Road, Torquay, Devon TQ1 3TG, United Kingdom	866,844.00	100%	Freehold	Mixed development

The property located at Promenade, Blackpool, FY1 2HB, United Kingdom is an existing 4-star hotel named The Imperial Hotel, Blackpool, built in 1867 and one of the first hotels the Victorians built in the new seaside resort of Blackpool. Situated on North Promenade, the property is a Blackpool landmark, and has welcomed a host of royalty, politicians, statesmen and stars of the stage and screen over the years. The property enjoys spectacular sea views and close proximity to all major attractions. The hotel boasts unblocked panoramic views of the Irish Sea. With 180 modern bedrooms it offers all the amenities expected from an outstanding 4-star hotel. It also has an indoor pool and the No.10 bar, which has served drinks to many British prime ministers. With 14 flexible meeting rooms for up to 600 delegates, 180 bedrooms, 9 suites, free Wi-Fi, plenty of parking, and less than a mile from the train station, this is an excellent destination for conferences in the North West of the United Kingdom. This property has started to contribute operating profit to the Group.

The property located at Dale Street, Liverpool, L2 2DH, United Kingdom was offered for sale by the Liverpool City Council through a public tender exercise. The property was sold by way of a lease for a term of 250 years with an option to purchase the freehold title upon completion of certain works on the property. The property is strategically situated mid-way along Dale Street at its junction with Sir Thomas Street and Crosshall Street within the city centre. It has good rail connections which are within walking distance. The surrounding area is predominantly hotel, commercial or retail in nature. The waterfront and cruise liner terminal is approximately 500 metres to the west, a short walk of about 15-20 minutes. The property, which opened in 1866, features French and Italian Renaissance architecture, and has 16 sandstone figures around the exterior representing the arts, sciences and industries of Liverpool complete with a bell tower in the centre of the building. The property could be used for a variety of alternative uses, including a hotel, residential accommodation, and leisure or retail space. The Group intends to carry out refurbishment and conversion works to convert the property into a hotel building to be eventually operated by the Group.

The property located at Babbacombe Road, Torquay, Devon TQ1 3TG, United Kingdom is one of the largest and most prestigious hotels in Torquay. This hotel named the "Palace" is the former home of the Bishop of Exeter. A luxury hotel since the 1920s, it is close to the centre of Torquay and the harbour and beaches. The Palace also offers views over Anstey's Cove and Lyme Bay.

BUSINESS STRATEGIES

The Group's business strategies and future plans to drive growth and expansion are as follows:

Enhance close relationships with customers, suppliers and sub-contractors

The Group will continue to enhance its working relationships with its customers, suppliers and subcontractors by providing responsive and effective solutions, maintaining good project progress and quality compliance records, and providing prompt support and advice.

Grow through partnerships and/or joint ventures

Over the years, the Group has expanded its growth through partnerships and joint ventures. It has established joint ventures with local partners such as WCL on several highly successful property projects, which include mass to high-end residential properties. The joint ventures benefit the Group by enabling it to embark on larger scale developments, share resources with partners and manage its business risks.

Venture into overseas real estate markets

The Group is actively expanding its property development and investment businesses in overseas markets, and increasing its presence to create a diversified portfolio to minimise the concentration risk in Singapore. The diversification strategy also enables the Group to seize opportunities arising from growing demand for properties in overseas markets. In 2014, the Group acquired sites for property development and investment in Australia and in 2017, the Group acquired sites for property development and investment in the United Kingdom. The Group will continue to seek opportunities in overseas markets to balance and diversify its portfolio.

Acquisition of land banks and capital management in a disciplined manner

The Group intends to continue its disciplined approach to land acquisition and capital management. It makes decisions based on thorough research and analysis of a project's expected returns in the context of future property and economic trends. The Group intends to continue to leverage on its strong brand name and financial track record to obtain attractive financing and refinancing opportunities while maintaining an optimal gearing ratio.

COMPETITIVE STRENGTHS

The Group believes that it enjoys the following competitive strengths in the property industries:

Established track record in delivering high quality projects

The Group has an established track record in developing high-quality residential properties at affordable prices. Since 1993, the Group has successfully developed and launched over 80 projects ranging from mid-sized developments with approximately 100 units to launching developments with 500 to 700 units, such as Parc Rosewood, which sold more than 510 of its 671 units within three weeks from its launch date, and Urban Vista, which similarly received good buyer response. The reputation and track record of the Group will help to ensure demand for the Group's future property development and sale projects.

Experienced management team

The Group's management team consists of the Group's Executive Directors and Executive Officers, who have an in-depth knowledge of property development operations, and a strong understanding of the local property market. The Group relies on the Group's management team to source for new plots of land for development of the Group's property projects. Through their experience, network and market knowledge, the Group is able to source for suitable plots of land with potential for development, and to assess whether such sites offer good investment returns or profitable development opportunities. Since the Group's inception, the Group has successfully developed more than 80 property projects. Therefore, the Group believes that the Group's management team has been critical to the Group's success.

Established and distinctive brand name

"Fragrance" has become an established brand in Singapore and is perceived to offer value-for-money propositions for property projects.

Through the successful development of more than 80 property development projects over the years, the Group has established itself as a reliable and efficient property developer which offers quality properties at affordable prices.

Efficient project management

The Group has established a reputation as an efficient developer that is able to deliver quality property developments within relatively short construction periods. The Group's project management team is responsible for the management of the property projects initiated by the Group. The team is thorough in the hiring of construction firms and appointing firms which are experienced in constructing the particular type of development. They also carry out inspections to ensure the quality of the building materials, conduct frequent checks on the property development progress and conduct regular meetings to discuss any outstanding issues relating to the development or marketing of the project. The Group believes that the proper management of the Group's property projects has contributed significantly to the Group's work efficiency, enabling it to complete the Group's property projects within a shorter period of time whilst maintaining the quality of the Group's projects. As a result, the Group has experienced good response from purchasers for the Group's property projects.

Established relationships with market players and suppliers

The Group believes in working with market players who are known for their experience and expertise in the relevant areas of the Group's business. For the Group's property development business, the Group has established a network of contacts such as property agents and construction firms. Through the Group's relationships with property agents, the Group has access to information on available land, providing it with more opportunities to grow the Group's land bank. The Group also has long-standing relationships with construction firms that have a reputation for being able to deliver quality developments on time. This in turn enables the Group to complete the Group's property projects efficiently.

Diversified property portfolio range

The Group believes that a good selection of properties in its portfolio and its positioning have been crucial to its success. It has carefully expanded its portfolio over the years to include commercial, industrial and hotel properties in Singapore, Australia and the United Kingdom, with its acquisition of properties in Melbourne, Perth and Tasmania in Australia, and Blackpool, Liverpool and Torquay in the United Kingdom. Through such diversification, the Group believes it can enhance the stability of its future revenue and profitability streams.

DIRECTORS AND MANAGEMENT

DIRECTORS

The Group's Board of Directors is entrusted with the overall management of the Group. Information on the areas of responsibility, and the business and working experience of the Group's Directors are set out below:

Koh Wee Meng is the Founder, Executive Chairman and CEO of the Group. Mr Koh is the key decision maker who charts the strategic direction, vision and growth of the Group's core businesses. In addition, he is also responsible for overseeing the smooth and profitable operations of the Group's businesses and providing guidance to the management staff. Mr Koh has extensive experience in both property development and hotel operations having been in the former for more than 22 years and the latter for more than 15 years. Mr Koh was awarded an Honorary Doctorate in Philosophy in Entrepreneurship from Wisconsin International University in 2004.

Lim Wan Looi was appointed as an Executive Director on 28 July 2000. From July 2012 to 7 September 2015, Ms Lim served the Board as a Non-Executive Director. On 8 September 2015, Ms Lim was re-designated as an Executive Director of the Company. Ms Lim assisted the Group's CEO, Koh Wee Meng, in the property development business in the early 1990s, and subsequently played an active role in hotel operations when the Group diversified into this business. Ms Lim was instrumental in the setting up of the Group's premium hotel brand, Parc Sovereign Hotel, in 2011.

Periakaruppan Aravindan joined the Group in 1999 and was appointed as an Executive Director on 28 April 2010. Mr Aravindan is a Chartered Accountant of Singapore of the Institute of Singapore Chartered Accountants ("**ISCA**"), and as well as a Fellow of the Association of the Chartered Certified Accountants, United Kingdom. Mr Aravindan graduated with a Bachelor in Commerce and a Masters in Business Administration (Finance). Mr Aravindan is responsible for strategic management of the entire spectrum of financial functions of the Group, as well as assisting the CEO with the business operations of the Group.

Leow Chung Chong Yam Soon was appointed as an Independent Director and as the Chairman of the Audit Committee on 1 April 2014. On 19 February 2016, Mr Leow was appointed as the Lead Independent Director of the Company and as a member of the Nominating Committee. Mr Leow is currently an audit partner at Ecovis Assurance LLP. Prior to that, he was an audit partner with Deloitte & Touche LLP. Mr Leow has more than 20 years of accounting and financial audit experience. He is a practising member of the ISCA. He is also a Fellow of the Association of Chartered Certified Accountants, United Kingdom, and Certified Public Accountants, USA.

Teo Cheng Kuang was appointed as an Independent Director on 20 December 2004. From 1967 to 1999, Mr Teo worked for the Ministry of Home Affairs, Immigration Department where he rose through the ranks from Deputy Assistant Controller of Immigration to Assistant Commander of the Woodlands Checkpoint before he retired in 1999. Through the years, Mr Teo had been the Head of the Work Permit Unit and the Singapore Restricted Passport Centre, as well as the Assistant Officer-in-Charge of both the Woodlands Checkpoint and Singapore Changi Airport. He graduated from the then Nanyang University with a Bachelor of Arts (Geography) degree in 1964.

Watt Kum Kuan was appointed as an Independent Director on 23 January 2006. Mr Watt was previously from the Institute of Technical Education where he held various positions such as Project Manager, Administrative Manager and Training Manager for more than 10 years. Mr Watt was awarded the Colombo Plan Fellowship from 1962 to 1964 in Sydney, Australia.

MANAGEMENT

The Group's management comprises Koh Wee Meng, who is the CEO, the two Executive Directors, Lim Wan Looi and Periakaruppan Aravindan, the Director — Planning and Development, Adrian Patrick Lim Ban Whatt, and the CFO, Chen Loong Mey.

Adrian Patrick Lim Ban Whatt is the Director — Planning and Development within the Group's Property Division. He joined the Group in July 2011 and is responsible for the planning and development of the Group's overseas development projects. He has been actively involved in the execution of the Group's Australian projects. Adrian holds a Bachelor of Science (Hons) in Real Estate and a Master of Science in Project Management from the National University of Singapore as well as a Masters degree in Public Administration from Maxwell School of Citizenship in Syracuse University. He has extensive knowledge and experience in planning matters, having worked for more than 17 years in this field.

Chen Loong Mey was appointed as CFO of the Group on 1 August 2017 and is responsible for overseeing the finance and accounting functions, cash management, planning and budgets, tax management, corporate governance and internal controls of the Group. She has 10 years of finance, accounting and auditing experience. Ms Chen holds a Bachelor of Science in Applied Accounting from Oxford Brookes University and is a Chartered Accountant of Singapore of the ISCA. She is also a Fellow of the Association of the Chartered Certified Accountants.

Information on the areas of responsibility, and the business and working experience of Koh Wee Meng, Lim Wan Looi and Periakaruppan Aravindan, are set out above in the section titled "Directors".

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected financial information has been extracted from the audited financial statements of the Group for FY 2014, FY 2015, FY 2016 and the unaudited financial statements of the Group for the financial quarters ended 31 March 2016 and 31 March 2017:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE GROUP

	FY 2014 (Audited) S$'000	FY 2015 (Audited) S$'000	FY 2016 (Audited) S$'000	1Q 2016 (Unaudited) S$'000	1Q 2017 (Unaudited) S$'000
Revenue	**519,508**	**285,727**	**118,733**	**22,718**	**43,657**
Cost of sales	(353,548)	(194,462)	(75,411)	(15,565)	(28,167)
Gross profit	**165,960**	**91,265**	**43,322**	**7,153**	**15,490**
Other operating income (loss)	53,256	30,278	3,677	6,562	(491)
Distribution and selling expenses	(13,217)	(9,489)	(5,426)	(823)	(1,760)
Administrative and other operating expenses	(18,962)	(17,938)	(17,383)	(3,323)	(4,016)
Interest income	1,815	789	640	195	85
Interest expense	(8,361)	(12,514)	(17,502)	(4,828)	(3,634)
Share of results of joint venture	—	(1,609)	1,311	1,078	1,051
Profit before taxation and non-controlling interests	**180,491**	**80,782**	**8,639**	**6,014**	**6,725**
Tax expense	(21,773)	(9,430)	(864)	(226)	(1,479)
Profit from continuing operations	158,718	71,352	7,775	5,788	5,246
Profit from discontinued operations	5,125	—	—	—	—
Profit for the financial year / period, net of tax	**163,843**	**71,352**	**7,775**	**5,788**	**5,246**
Attributable to:					
Owners of the Company	156,427	68,164	7,503	5,293	5,389
Non-controlling interests	7,416	3,188	272	495	(143)
	163,843	**71,352**	**7,775**	**5,788**	**5,246**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE GROUP

	FY 2014 (Audited) S$'000	FY 2015 (Audited) S$'000	FY 2016 (Audited) S$'000	1Q 2016 (Unaudited) S$'000	1Q 2017 (Unaudited) S$'000
Profit for the financial year / period, net of tax	**163,843**	**71,352**	**7,775**	**5,788**	**5,246**
Other comprehensive income:					
Revaluation of land and buildings	17,666	7,770	—	—	—
Exchange differences on translation of foreign operations	(14,396)	(10,904)	3,871	412	7,072
Income tax effect	(489)	489	—	—	—
Share of other comprehensive income of a joint venture					
Revaluation of land and buildings	—	10,603	2,028	—	—
Exchange differences on translation of foreign operations	—	(1,421)	(3,404)	(2,882)	(1,797)
Fair value loss on investment securities	—	(72)	(69)	30	82
Income tax effect	—	(1,502)	388	—	—
Net other comprehensive income for the financial year / period, net of tax	**2,781**	**4,963**	**2,814**	**(2,440)**	**5,357**
Total comprehensive income for the financial year / period	**166,624**	**76,315**	**10,589**	**3,348**	**10,603**
Attributable to:					
Owners of the Company	158,601	73,127	10,317	2,853	10,746
Non-controlling interests	8,023	3,188	272	495	(143)
	166,624	**76,315**	**10,589**	**3,348**	**10,603**

STATEMENTS OF FINANCIAL POSITION OF THE GROUP

Statements of Financial Position as at 31 December 2014, 31 December 2015, 31 December 2016, 31 March 2016 (unaudited) and 31 March 2017 (unaudited).

	FY 2014 (Audited) S$'000	FY 2015 (Audited) S$'000	FY 2016 (Audited) S$'000	1Q 2016 (Unaudited) S$'000	1Q 2017 (Unaudited) S$'000
Non-current assets					
Subsidiaries	—	—	—	—	—
Investment in joint operations	—	—	—	—	—
Investment in joint venture	—	66,312	93,566	68,138	94,402
Other receivables and prepayment	9,689	8,908	9,366	8,713	7,933
Deferred tax asset	—	743	1,254	743	1,281
Investment properties	973,409	1,141,782	1,172,223	1,162,592	1,176,640
Property, plant and equipment	2,634	19,166	18,903	19,129	60,125
Total non-current assets	985,732	1,236,911	1,295,312	1,259,315	1,340,381
Current assets					
Cash and cash equivalents	76,543	94,354	45,513	76,972	27,020
Trade and other receivables	375,659	265,920	75,276	242,532	74,558
Held for trading investments	1,656	4,155	—	—	—
Properties under/held for development	757,120	442,811	476,476	437,978	483,340
Properties held for sale	14,936	29,162	67,731	15,346	62,016
Asset held for sale	—	86,797	—	86,934	—
Inventories	—	—	—	—	80
Total current assets	1,225,914	923,199	664,996	859,762	647,014
Current liabilities					
Trade and other payables	112,146	113,400	32,920	103,752	34,919
Notes payable	—	1,476	76,048	85,664	—
Term loans	559,919	439,887	151,734	408,536	163,548
Derivative financial instrument	—	—	87	—	—
Income tax payable	30,715	20,599	16,848	20,694	15,752
Total current liabilities	702,780	575,362	277,637	618,646	214,219

STATEMENTS OF FINANCIAL POSITION OF THE GROUP

	FY 2014 (Audited) S$'000	FY 2015 (Audited) S$'000	FY 2016 (Audited) S$'000	1Q 2016 (Unaudited) S$'000	1Q 2017 (Unaudited) S$'000
Net Current Assets	**523,134**	**347,837**	**387,359**	**241,116**	**432,795**
Non-current liabilities					
Trade and other payables	—	—	—	—	—
Notes payable	—	85,000	—	—	—
Term loans	445,562	435,701	626,692	432,742	705,177
Deferred taxation	24,977	14,698	2,692	14,992	4,109
Total non-current liabilities	470,539	535,399	629,384	447,734	709,286
Net Assets	**1,038,327**	**1,049,349**	**1,053,287**	**1,052,697**	**1,063,890**
Shareholders' equity					
Share capital	150,000	150,000	150,000	150,000	150,000
Treasury shares	(503)	(1,050)	(999)	(1,050)	(999)
Performance share reserve	271	308	318	308	318
Revaluation reserve	15,906	33,266	35,682	33,266	35,682
Foreign currency translation reserve	(14,396)	(26,721)	(26,254)	(29,191)	(20,979)
Investment revaluation reserve	—	(72)	(141)	(42)	(59)
Retained earnings	828,463	879,844	880,635	885,137	886,024
Equity attributable to the owners of the Company	979,741	1,035,575	1,039,241	1,038,428	1,049,987
Non-controlling interests	58,586	13,774	14,046	14,269	13,903
Total Equity	**1,038,327**	**1,049,349**	**1,053,287**	**1,052,697**	**1,063,890**

Financial Review

<u>1Q 2017 versus 1Q 2016</u>

Revenue

The Group recorded a turnover of $43.66 million in the first quarter of 2017, a 92.2% increase from $22.72 million recorded in the corresponding period in 2016. Property development and property investment segments mainly contributed to this increase, while the hotel segment, through a newly acquired hotel in the United Kingdom, made its maiden contribution during this period.

(a) Property development segment contributed $37.86 million in the first quarter of 2017 which is 107.4% higher than $18.26 million recorded in the corresponding period of 2016. This was mainly due to the substantial revenue contribution from the *City Gate* project, for which construction commenced in the second quarter of 2016.

(b) Rental from investment properties namely *Tower 15*, *Fragrance Empire Building, The Punggol Point* and Victory Centre were the main contributors to revenue from this segment in the first quarter of 2017. The higher rental income in the first quarter of 2017 was due mainly to higher occupancy status in *Fragrance Empire Building* and *Victory Centre*. The increase is partly offset by decrease in rental income from *Tower 15.*

(c) Hotel income of $0.84 million is derived from the newly acquired hotel operation in the United Kingdom during the first quarter of 2017.

Gross Profit

Overall gross profit increased by 116.6% to $15.49 million mainly in line with the increase in overall revenue. There is a slight increase in gross profit margin to 35.5% in the first quarter of 2017 compared with 31.5% achieved during the same period in 2016, mainly due to the higher margin contributed by the *City Gate* project.

Other Operating (Loss) Income

The decrease in other operating income was largely due to the absence of fair value gain recorded in the first quarter of 2016 pertaining mainly to *Icon @ Pasir Panjang*.

Other Operating Expenses

Other operating expenses increased from $4.15 million in the first quarter of 2016 to $5.78 million in the first quarter of 2017. The increase was mainly due to the following:

(a) increase in commission expenses relating to the development projects and leasing of investment properties;

(b) increase in property tax expense for the investment properties in Singapore as well as certain Australian properties; and partly offset by

(c) decrease in advertising and promotion costs due to less sales activities during the quarter.

Finance Costs

Finance costs decreased by $1.19 million in the first quarter of 2017 mainly due to:

(a) full redemption of the $85 million debt notes in January 2017, thus reducing the related interest expense; and

(b) the general decrease in overall interest rates across the floating rate borrowings.

Share of Results of Joint Venture

The share of results of a joint venture was attributable to the equity accounting of the Group's share of results in AF Global Limited, through AF Corporation Pte Ltd.

Profit before Income Tax

Overall profit before taxation increased by 11.8% from $6.01 million in the first quarter of 2016 to $6.73 million in the first quarter of 2017.

During the period ended 31 March 2017, the Group generated $12.13 million of cash from operating activities. Cash outflow used in investing activities amounted to $43.14 million which was substantially used towards acquisition of a hotel operation and a municipal building in the United Kingdom. Net cash inflow from financing activities amounted to $12.76 million which comprise proceeds from project related loans partly offset by repayment of notes payables and certain borrowings. Cash and cash equivalents stood at $27.02 million as at the end of 31 March 2017 compared to $45.51 million as at the end of 31 December 2016.

FY 2016 versus FY 2015

Revenue

The Group recorded a turnover of $118.73 million during FY 2016, a 58.4% decrease from $285.73 million recorded in FY 2015. Both property development and property investment sectors attributed to this decrease.

(a) Property development segment contributed $100.28 million in FY 2016 which is 62.4% lower than $266.67 million recorded in FY 2015. This was mainly due to less ongoing development projects as compared to FY 2015. Projects that contributed to revenue in FY 2016 included *City Gate, Kensington Square, Urban Vista* and *Novena Regency*.

(b) Rental from investment properties namely *Tower 15*, *The Punggol Point, Fragrance Empire Building* and Victory Centre were the main contributors to revenue for the property investment segment in FY 2016. The lower rental income in FY 2016 was due mainly to lower occupancy status in *Tower 15*. The decrease is partly offset by increase in rental income from *Fragrance Empire Building* and *Victory Centre*.

Gross Profit

Overall gross profit decreased by 52.5% to $43.32 million in line with fewer ongoing development projects. There is a slight increase in gross profit margin to 36.5% in FY 2016 compared with 31.9% achieved in FY 2015.

Other Operating Income

The decrease in other operating income was largely due to the fair value gain recorded in FY 2015 when transferring *Victory Centre* to investment properties. No such significant transfers were recorded in FY 2016.

Other Operating Expenses

Other operating expenses decreased from $27.43 million in FY 2015 to $22.81 million in FY 2016. The decrease was mainly due to the following:

(a) decrease in commission and promotion expenses relating to the development projects;

(b) decrease in utilities expense due to the commencement of construction activities on *City Gate*;

(c) decrease in performance related bonuses to Executive Directors; and partly offset by

(d) increase in property tax expenses pertaining to the investment properties and the absentee land owner charge relating to the Group's two development properties in Melbourne, Australia; and

(e) increase in depreciation expenses relating to owner-occupied office premises.

Finance Costs

Finance costs increased by $4.99 million in FY 2016 mainly due to:

(a) full period interest expenses relating to *Fragrance Empire Building*, *Victory Centre* and *Icon@Pasir Panjang* were expensed off following completion of development and issuance of Temporary Occupation Permit in 2016. However, a major part of these interest costs were capitalised in 2015; and

(b) the general increase in overall interest rates across the floating rate borrowings.

Share of Results of Joint Venture

The share of results of a joint venture was attributable to the equity accounting of the Group's share of results in AF Global Limited, through AF Corporation Pte Ltd.

Profit before Income Tax

Overall profit before taxation decreased by 89.3% from $80.78 million in FY 2015 to $8.64 million in FY 2016.

During the year ended 31 December 2016, the Group generated net cash inflow of $102.70 million from operating activities. Cash outflow from investing activities amounted to $25.49 million which was substantially used towards investing in AF Corporation Pte Ltd. Net cash outflow from financing activities amounted to $125.91 million which comprise cash outflow on the repayment of borrowings partly offset by proceeds from project related loans. Cash and cash equivalents stood at $45.51 million as at the end of 31 December 2016 compared to $94.35 million as at the end of 31 December 2015.

FY 2015 versus FY 2014

Revenue

The Group recorded a turnover of $285.73 million during FY 2015, a 45.0% decrease from $519.51 million recorded in FY 2014. Both property development and property investment sectors attributed to this decrease.

(a) Property development sector contributed $266.67 million in FY 2015 which is 46.1% lower than $495.06 million recorded in FY 2014. This was mainly due to fewer ongoing development projects compared to FY 2014. The projects that contributed significantly to revenue in FY 2015 were *Novena Regency, Kensington Square, Urban Vista,* and *Icon@Pasir Panjang*.

(b) Rental income from investment properties located at Hoe Chiang Road and Punggol Point Road are the main contributors to revenue for this sector. Our investment property at 456 Alexandra Road was closed for Asset Enhancement works ("**AE works**") from the fourth quarter of 2014 to the third quarter of 2015. The absence of contribution from this investment property led to the lower rental income in FY 2015.

Gross Profit

Overall gross profit decreased by 45.0% to $91.27 million in line with the lesser ongoing development projects. There is a slight decrease in gross profit margin to 27.1% in FY 2015 - compared with 28.6% achieved in FY 2014.

Other Operating Expenses

Other operating income decreased by $24.00 million mainly due to the decrease in fair value gain on the investment properties, the decrease in interest income and the absence of the one-off gain on the disposal of the remaining shares in Global Premium Hotels Limited, which was recorded in 2014.

Other operating expenses decreased from $32.18 million in FY 2014 to $27.43 million in FY 2015. The decrease was mainly due to the following:

(a) decrease in commission expenses;

(b) decrease in advertising and promotional expenses;

(c) decrease in performance bonuses to directors; and partly offset by

(d) increase in property tax;

(e) increase in rental expense;

(f) increase in staff costs; and

(g) increase in amortisation of the processing and related costs in relation to the debt note.

Finance costs increased by $4.15 million in FY 2015 mainly due to:

(a) finance costs arising from the notes payable; and

(b) finance costs arising from loans pertaining to the newly completed investment properties at Sims Drive and 456 Alexandra Road.

Profit before taxation

Overall profit before taxation decreased by 55.2% from $180.49 million in FY 2014 to $80.78 million in the same period of 2015.

During the year ended 31 December 2015, the Group generated a net cash flow of $177.77 million from operating activities. Cash outflow from investing activities amounted to $82.36 million which was primarily used for investing in a joint venture. Net cash outflow from financing activities amounted to $76.98 million which comprise the cash outflow on the repayment of borrowings partly offset by the cash inflow from notes payable and proceeds from project-related loans. In addition, the Group paid dividends of $34.78 million during this period. Cash and cash equivalents stood at $94.35 million as at 31 December 2015 compared to $76.54 million as at 31 December 2014.

INVESTMENT CONSIDERATIONS

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

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

Limitations of this Information Memorandum

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

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

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

The Group is exposed to fluctuations in the property markets in the jurisdictions in which it operates

The property development and property investment industries in the countries which the Group operates in are cyclical and significantly affected by changes in general and local economic conditions, including employment levels, availability of financing, interest rates, consumer confidence and demand for both residential and commercial properties. The process of a development project begins, and financial and other resources are committed, long before the project comes onto the market, which could occur at a time when residential and commercial property markets are depressed. A depressed property market will adversely affect the Group's business, financial condition, prospects and results of operations.

The Group faces various financing risks

The Group's property development and property investment businesses require substantial amounts of funds for the acquisition of land. In addition to internally generated funds, the Group would typically seek external debt financing. As such, it has significant obligations to service its borrowings. Due to the nature of the Group's property development and property investment businesses, its expansion plans and its working capital requirements for its properties, the Group is likely to continue to have high debt levels in the future.

The Group's ability to obtain debt financing or funds from the capital markets for its requirements depends on prevailing economic conditions, its ongoing performance, the general condition of the property market and the acceptability of the financing terms offered. The Group cannot ensure that future financing will be available or available on acceptable terms, or in an amount sufficient to fund its needs. 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 operational results may be adversely affected.

Bank facilities granted to the Group usually come attached with interest components, some of which are at a floating rate. The interest rates may vary according to prevailing market interest rates. In the event that the provision for interest expense is inadequate, the Group's financial performance may be adversely affected. Any increase in the costs of financing as a result of an increase in interest rates will also affect the profitability of the Group.

As security for payment under such financing, the Group may also be required to mortgage or pledge certain of its assets to the lenders and/or assign sale and rental proceeds, performance bonds and insurances in respect of its properties to these lenders.

The Group is therefore subject to the risks typically associated with significant debt levels, such as the risk of not being able to meet principal or interest payments, in the event of which it also risks the lenders foreclosing on its properties or effecting forced sales, resulting in a loss of assets and income to the Group and adversely affecting its financial performance.

The Group's revenue is mainly derived from its property development and property investment businesses

The Group's revenue is mainly derived from its property development and property investment businesses. If, therefore, the property market stagnates or suffers a downturn and the Group's property developments and investments take a long time to be sold or cannot be fully sold, the Group's earnings and financial performance may accordingly be adversely affected.

The Group may be subject to further risks in expanding its business operations locally and overseas

The Group is constantly exploring various opportunities to expand its business operations, such as acquiring other properties in Singapore, Australia and the United Kingdom for residential development or investment, and buying suitable land parcels or existing properties. In 2014, the Issuer entered the Australian property market with its acquisition of properties in Tasmania, Melbourne and Perth, and, in early 2017, the Issuer entered the United Kingdom property market with its acquisition of properties in Blackpool, Liverpool and Torquay. The Group's ability to expand successfully will depend on many factors, such as its ability to obtain sufficient financing on competitive terms, to source for suitable land parcels and/or other properties to acquire, to obtain the necessary licences and approvals from the relevant authorities and to hire and retain sufficient and capable staff to service the expanded business operations of the Group. The Group is not able to ensure that all relevant factors will develop in its favour or that its expansion plans will be successful. It is also not able to guarantee that consumers will respond positively to its new hotels or other properties. In the event its expansion plans do not yield satisfactory results, the Group's financial performance may be adversely affected.

The Group is dependent on its key management personnel

The growth and success of the Group can be attributed to its key management personnel including, in particular, the Group's Executive Directors, led by the Group's CEO, Mr Koh Wee Meng. In the event that the Group is unable to retain these key management personnel and other employees to assist in the continual growth of the Group, or it is unable to identify and recruit suitable new personnel to manage or service the Group with the same or higher level of commitment, contribution and/or expertise, its business operations may be adversely affected.

The Issuer may be affected by the illiquidity of real estate

Real estate assets, such as the residential and commercial properties developed and owned by the Group, are relatively illiquid. The illiquidity of the Group's real estate assets may limit its ability to convert such assets into cash at short notice or may result in a significant reduction in the prices that it may otherwise seek for such assets so as to facilitate a sale of such assets in a short time-frame. Such illiquidity also limits the Group's ability to vary its portfolio, in response to changes in economic or other conditions, in a timely manner.

The Group may be affected by uninsured loss to the Group's properties

The Group maintains insurance policies covering certain eventualities arising from its property development and property investment businesses. The Group's insurance policies include public liability insurance, fire insurance and workmen's compensation. The Group believes that the coverage from these insurance policies is adequate and is in accordance with the standard industry practice and government specifications. However, the Group's insurance policies do not cover losses arising from all risks, including, without limitation, losses arising from natural disasters, war, civil disorder and acts of terrorism. Should there be losses arising out of damage to the Group's properties that are not covered by the Group's insurance policies, or should such damage exceed the amount for which the Group is insured, the Group's business, financial position and results of operations could be materially and adversely affected.

With respect to losses that are covered by the Group's insurance policies, it may be difficult, and it may take time, to recover such losses from insurers. In addition, the Group may not be able to recover the full amount from the insurers. There can be no assurance that the Group's insurance policies would be sufficient to cover all potential losses, or whether the Group can recover such losses, or whether the recovery for such losses will be subject to protracted delays.

The Group's investment properties may be acquired compulsorily

The Land Acquisition Act, Chapter 152 of Singapore, gives the Singapore government the power to acquire any land in Singapore:

(a) for any public purpose;

(b) where the acquisition is of public benefit or of public utility or in the public interest; or

(c) for any residential, commercial or industrial purpose.

The compensation to be awarded pursuant to any compulsory acquisition would be the market value of the land as at the date of its acquisition. Accordingly, if the land over which the Group's assets and investment properties are situated on is compulsorily acquired during a market downturn period when there is a decline in the prices of real estate, the compensation paid in respect of the acquired property may be less than what the Group would be entitled to otherwise. In such an event, the Group's business, financial position and results of operations could be materially and adversely affected.

The Group may acquire assets located in other countries. The laws of these countries may also provide for a right by the governments of these countries to compulsorily acquire any land or property with no compensation to the owner, or for compensation below market value. Such compulsory acquisitions would have an adverse effect on the Group's business, financial position and results of operations.

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

The Group currently has operations in Singapore, Australia and the United Kingdom. The property development industries in the countries in which the Group operates are subject to significant government regulations, which may result in a reduction in the Group's income or an increase in the Group's costs. In addition, regulatory approvals may be required for, among other things, land and title acquisition, development planning and design, construction and mortgage financing and refinancing. Such approvals may stipulate, among other things, maximum periods for the commencement of development of the land. Some of these countries may also restrict the level, percentage and manner of foreign ownership and investment in real estate or may impose additional costs on foreigners seeking to invest in or own properties. Such regulations are at times ambiguous, and the interpretation and application of these regulations can be inconsistent, which can affect demand for the Group's properties and may potentially be detrimental to the Group. If the Group fails to obtain the relevant approvals or comply with applicable laws and regulations, it may, among other things, be subject to penalties, have its licences or approvals revoked, or lose its right to own, develop or manage its properties and its businesses, any or all of which could have a material and adverse impact on its business, financial condition, prospects and results of operations. Governments of the countries in which the Group operates may also seek to promote a stable and sustainable property market by monitoring the property market and adopting measures as and when they deem necessary. These governments may introduce new policies or amend or abolish existing policies at any time and these policies may have retroactive effect. These changes may have a material and adverse impact on the overall performance of the property markets in which the Group operates, and thus affect the Group's business, financial condition, prospects and results of operations.

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

The real estate industry in Singapore, Australia and the United Kingdom is subject to significant government regulation and approvals over, among other things, labour, land and title acquisition, development planning and design, construction and mortgage financing and refinancing, obtaining real estate development and sale licences, obtaining certificates of completion for its development projects and issuance of individual titles following completing of construction. Such regulations are, at times, ambiguous, and their interpretations and applications can be inconsistent and may be potentially detrimental to the Group.

In some instances, the government may adopt restrictive policies with respect to the issuance of certain permits or approvals. The Group's business, financial condition, prospects and results of operations may also be affected by changes in policies relating to immigration and/or foreign ownership of residential housing, policies adopted and/or actions taken by public housing authorities and policies relating to land sales by the government.

Property-cooling measures

The Singapore government has sought to ensure a stable and sustainable property market through measures such as removing the deferred payment and interest absorption schemes. It also introduced further measures with effect from 30 August 2010, such as increasing the minimum cash down payment for the purchase of residential properties from five per cent. to 10 per cent. of the valuation limit for buyers with one or more outstanding housing loans and reducing the loan to value limit (the "**LTV Limit**") for housing loans granted by financial institutions regulated by MAS from 80 per cent. to 70 per cent. for borrowers who have one or more outstanding housing loans. This has further been enhanced from 12 January 2013 where the minimum cash down payment required for individuals taking a second housing loan onwards will be increased from 10 per cent. to 25 per cent. With effect from 14 January 2011, the LTV Limit was further reduced from 70 per cent. to 60 per cent. for individual borrowers with one or more outstanding housing loans and 50 per cent. for borrowers who are non-individuals e.g. companies, trusts and collective investment schemes. In addition, seller's stamp duty is payable for residential properties acquired on or after 11 March 2017 and disposed of within a three-year holding period (decreased from the four-year holding period applicable to properties acquired on or after 14 January 2011), and such stamp duty rates would be tiered according to the duration of the holding period. Regulation of land supply through availability of sites for tender under the Singapore government's Land Sales Programme, which is reviewed on a half yearly basis, and changes in *en bloc* legislation, among others, may also affect land supply and pricing. On 7 December 2011, the Singapore government announced an additional buyer's stamp duty ("**ABSD**") on certain categories of residential property purchases where foreigners and non-individuals buying any residential property will pay an ABSD of 10 per cent., permanent residents owning one and buying the second and subsequent residential property will pay an ABSD of 3 per cent. and Singapore citizens owning two and buying the third and subsequent residential property will pay an ABSD of 3 per cent. The ABSD took effect on 8 December 2011. ABSD has been further enhanced in January 2013 and ABSD ranging from 5 per cent. to 15 per cent. is now payable by the different groups of people who buy or acquire residential properties (including residential land). Foreigners and non-individuals buying any residential property will now pay an ABSD of 15 per cent. with permanent residents paying a 5 per cent. ABSD on their first residential property and a 10 per cent. ABSD on their purchase or acquisition of another property. Singapore citizens owning one property will be liable for a 7 per cent. ABSD on their second property and a 10 per cent. ABSD on their third and subsequent residential property. The imposition of ABSD appears to have a moderating effect on the rate of increase of the sale price for new residential property launches since its introduction. However, its full long-term impact on the residential property market remains to be seen.

On 5 October 2012, the MAS announced limits on loan tenure for residential property loans and reduced LTV Limit for residential property loans issued by banks subject to MAS regulation, which took effect on 6 October 2012. Loan tenures for residential property loans are capped at 35 years (compared to no limit on tenure previously), whilst residential property loans with tenures greater than 30 years or maturing beyond the borrower's retirement age of 65 will have a reduced LTV Limit of 60 per cent. Similarly, those persons with outstanding residential property loans wishing to apply for further residential property loans with tenures exceeding 30 years or maturing beyond retirement age will be subject to a reduced LTV Limit of 40 per cent. Also, the LTV Limit for residential property loans to non-individual borrowers will be lowered to 40 per cent. The MAS further announced the following measures, which took effect on 12 January 2013:

(a) for individuals obtaining a second housing loan, the LTV Limit will be lowered to 50% or 30% if the loan tenure exceeds 30 years or the loan period extends beyond the borrower's retirement age of 65;

(b) for individuals obtaining third or subsequent housing loans, the LTV Limit will be lowered to 40% or 20% if the loan tenure exceeds 30 years or the loan period extends beyond the borrower's retirement age of 65; and

(c) for non-individual borrowers, the current LTV Limit of 40% will be lowered to 20%.

There is no change to the existing LTV Limit for individual borrowers who have no outstanding housing loans.

Further, in June 2013, the MAS introduced the Total Debt Servicing Ratio ("**TDSR**") framework for all property loans granted by financial institutions to individuals. The TDSR framework requires financial institutions to take into consideration borrowers' other outstanding debt obligations when granting property loans. The TDSR is the percentage of total monthly debt obligations to gross monthly income. The MAS expects any property loan extended by financial institutions not to exceed a TDSR threshold of 60 per cent. and will regard any property loan in excess of a 60 per cent. TDSR to be imprudent. The MAS has further stated that it will review the 60 per cent. threshold over time, with a view to further encouraging financial prudence. The MAS also stated that the LTV Limit on housing loans, which were last tightened in January 2013, are not permanent and will be reviewed depending on the state of the property market. On 10 February 2014, the MAS announced that for owner-occupied residential properties acquired before 29 June 2013, a borrower is exempt from meeting the TDSR threshold, so long as he occupies the residential property that is refinanced. Further, a similar concession will apply with regard to loan tenures for residential properties purchased before the respective implementation dates for the loan tenure limits. In such cases, borrowers whose loan tenures for their owner-occupied residential properties exceed the current regulatory limits will be allowed to maintain the remaining tenures of their loans at the point of refinancing. With effect from 11 March 2017, the TDSR framework will not apply to mortgage equity withdrawal loans with LTV ratios of 50% and below.

The introduction of the TDSR framework and any future reduction in the acceptable TDSR threshold or allowable LTV Limit may have an adverse effect on the Singapore residential property market.

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 the business of a housing development project comprising more than four units. The Issuer is also required to obtain a qualifying certificate in order to acquire any interest in residential properties in Singapore from sellers other than the Singapore government. In the event that the Issuer or its subsidiaries are unable to obtain such licences or certificates, or they do not comply with any conditions imposed by these licences or certificates, or they are unable to obtain any other approvals required for their property development projects, the Group's business and operations could be adversely affected.

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.

The Singapore government may continue to play a significant role in the regulation of the property market. There is no assurance that any such steps taken, or policies imposed, by the relevant authorities will not adversely affect the Group's business operations and its financial performance.

The Group is subject to inherent property development and investment risks

The Group's property development business is project-based. The revenue the Group derives from its property development and property investment businesses may experience significant fluctuations, as the Group is subject to certain risks inherent in property development and property investment. Such risks include cyclical downturns arising from changes in general and local economic conditions, periodic local oversupply of properties for sale or lease, competition from other developers or landlords, changes in wages, prices of raw materials, energy costs, construction costs and maintenance costs that may result from inflation or otherwise, changes in government regulations or interest rates and availability of financing for its operating and/or capital requirements. The Group's property development and property investment projects are currently located in Singapore, Australia and the United Kingdom. Other overseas markets in which the Group may invest in the future are also likely to be affected by similar risks. There is no assurance that the Group will not be adversely affected in the event of future property downturns or other unfavourable change of circumstances in Singapore, Australia, the United Kingdom or any other markets in which it may operate in the future.

The Group faces various construction risks

The property development projects that the Group undertakes usually require substantial capital outlay during the construction phase. For such projects, the time required from the date of completion of the acquisition of the land until each project's completion depends on the size of the property being developed, prevailing market conditions and when it begins construction and sale. Delays can arise due to several factors, including, amongst other things, 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 longer than expected times being taken for any necessary approvals. Such delays may result in cost overruns and increased financing costs and accordingly 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 its relevant properties. Although the Group usually ensures that it would be able to seek reimbursements for most of the consequent costs and damages from the contractors responsible for the delay in certain circumstances, it may nevertheless remain liable in the event the contractors are unable to meet the Group's demands or become insolvent. The Group's earnings and financial performance may, accordingly, be adversely affected.

The Group is reliant on independent contractors

The Group engages independent third-party contractors to provide various services, including architectural and structural design, piling and foundation, electrical, engineering, plumbing, building and property fit-out works as well as installation of air-conditioning units and elevators. The Group invites independent third-party contractors to tender bids according to their reputation for quality and track record. The services rendered by independent third-party contractors may not be satisfactory or may not match the level of quality that the Group requires.

Moreover, there is no assurance that the Group will be able to find an independent third-party contractor who is willing to undertake a particular project within the Group's budget and schedule. This may result in increased costs for the Group or delays in the project. There is also no assurance that the services rendered by any of the independent third-party contractors will always be satisfactory or will match the level of quality that the Group requires. Such contractors may also experience financial or other difficulties, such as shortages or increases in the price of construction materials, either of which could delay the completion of the project or increase the costs of construction. Any of these factors could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may be affected by an under-supply of raw materials, labour and/or equipment

The progress of the Group's development projects may be affected by a shortage or reduction of allocation of raw materials and/or construction equipment to the Group from its suppliers for any reason. In addition, prices of raw materials may increase globally. As a result, the costs of such raw materials, equipment and labour may increase and the costs of development for the Group may exceed its initial projections, thereby affecting its profitability or even causing the Group to suffer a loss. If the Group is unable to pass on such cost increases to its customers or find alternative sources of cheaper supplies, its financial performance will be adversely affected.

The Group has experienced and may experience net cash outflow from operating activities in the future

Due to the nature of the Group's business, it may, from time to time, require debt financing to fund its property development projects, and the Group's level of borrowings may represent a higher level of gearing as compared to certain other industries. The Group is also subject to risks associated with other forms of debt financing, including, amongst other things, the risk that its cash flow may be insufficient to meet required payments of principal and interest under such financing.

In the case of property development projects that have long construction periods, the Group's projects will generally experience negative cash flows in the early phase. Positive cash flow will usually be registered only upon receipt of the payment of the purchase consideration for the Group's properties.

This varies depending on whether the payments are made pursuant to the Deferred Payment Scheme or on a progressive basis. For payments under the Deferred Payment Scheme, the Group usually receives a substantial portion of the purchase consideration at a later stage of the project, for example, upon issuance of the Temporary Occupation Permit. As such, the Group may only generate positive cash flow at a later stage of the project. If the Group's property development business is not able to generate sufficient cash flow to meet the financing costs of the Group's property development projects, the Group's business and profits will be adversely affected.

The value of the Group's properties and land sites is subject to fluctuations

The valuations of the Group's properties are conducted on an annual basis (usually at the end of the year) by professional independent valuers, under certain assumptions and prevailing market conditions. These valuations are subject to changes in market conditions, and thus may not accurately reflect the actual values of such properties upon realisation or disposal of these assets. Should the values of the Group's properties and land sites be lower for any reason upon realisation or disposal, its financial position and performance will be adversely affected. In addition, the Group may record impairment losses in its financial statements in the event that the market values of its unsold properties and land sites, as determined by professional independent valuers, fall below their carrying amounts.

The value of the Group's projects may be subject to market volatility and price corrections

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

The Group may face disputes and claims

As a property developer, the Group may face disputes with, and claims from, purchasers in connection with delays and alleged defective works carried out in its property development projects. It may also have disputes with its contractors or suppliers over issues including, amongst other things, the quality of construction materials, the standard and skilfulness of their labourers and prices of the construction contracts. In the event that such disputes are not resolved amicably, these purchasers, contractors or suppliers may make corresponding claims against the Group. In the event that such claims are successfully made against the Group and the Group is required to compensate the claimants, its business reputation and financial performance may be adversely affected.

Mismanagement of the Group's property projects may lead to delays and cost overruns

The Group manages its property development projects in-house as it believes that good project management is critical to the success of the Group's projects. The Group's project management process comprises carrying out inspections to ensure the quality of the building materials, conducting site visits to monitor and supervise work progress and conducting regular meetings to discuss any outstanding issues relating to the development or marketing of the project. The failure to properly monitor and manage any one of the Group's property development projects may result in delays and cost overruns, which may have an adverse impact on the Group's financial position and results of operations.

The Group is dependent on its ability to identify and buy land plots and to develop and sell successfully

The Group's business performance is dependent on its ability to identify and purchase suitable land plots and other properties for development and/or investment. The Group usually replenishes and sources for new plots of land by participating in property auctions and acquiring plots of land from private owners as well as sourcing for suitable development sites through external property agents. The Group's CEO, Mr Koh Wee Meng, is primarily responsible for sourcing for new plots of land and growing the Group's land bank. The ultimate success of each project may be undermined by changes to market sentiments, costs of construction materials, labour and property and other changes to the economic and social climate in Singapore. The Group cannot guarantee that suitable land plots and properties will always be available for the Group's acquisition, development and/or investment. There is also no assurance that a project, which may be perceived by the Group to be profitable at the initial phases, will not turn out to be a loss-making asset or investment, due to changes in circumstances not within its control. If the Group is unable to accurately identify and buy land and to develop and successfully complete profitable projects, its financial performance and profitability will be adversely affected.

The Group faces stiff competition from other property companies and landlords

The Singapore, Australia and the United Kingdom property markets are highly competitive. Large property developers may have more resources and funding than the Group. Others may have longer track records and better reputations. Further, the Group faces competition from property developers from abroad, in particular, from the People's Republic of China and Malaysia, as well as local property developers in Australia and the United Kingdom. Some of these developers may be able to secure a larger number of new land sites to maintain their land banks. Some may own or have secured land on prime or seafront locations, which they can enhance through using internationally-known architects. If the Group is unable to compete effectively, or match innovative property development projects with appealing features, its business will be adversely affected.

With respect to investment properties, there is intense competition for tenants, which may in turn impact the rental and occupancy rates at the Group's investment properties. Failure to secure tenants at market rates would impact negatively on the Group's rental yield.

A competitive situation may, from time to time, result in an over-supply of development or rental properties. This would exacerbate price competition and any significant decrease in property prices and rental rates will have an adverse effect on the Group's financial performance.

The Group is subject to the risk of inability to collect progress payments from purchasers of its 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 development properties. Any significant delay or inability in collecting payment will negatively impact the Group's financial performance.

The Group may be adversely affected by unsold properties

In the event that the Group is unable to sell a significant proportion of its properties, its financial performance will be materially and adversely affected. Furthermore, the unsold properties that the Group continues to hold for sale post-completion may be relatively illiquid, which will limit its ability to realise cash from unsold units on short notice. In such an event, the Group's cash flow and financial performance will be adversely affected.

Cancellation of sale of projects could adversely affect the business, financial condition and results of operations of the Group

As a developer and seller of residential and commercial property development projects, the Group's business, financial condition and results of operations could be adversely affected in the event that a material number of sold residential, retail or office unit sales are later cancelled. While this risk is beyond the control of the Group, the Group practises prudent financial management, such as diversifying its property sales to retail customers, rather than in bulk to any single purchaser, and entering into joint ventures where appropriate, to minimise its possible effects on the Group's financial condition and continuous operations.

The Group's future earnings may become volatile on a year-on-year basis if it is required to change its accounting policy in relation to accounting for revenue recognition from its residential and mixed residential/commercial property development business

The Group currently adopts the Interpretations to Financial Reporting Standards 115 ("**INT FRS 115**") for its Singapore residential and mixed residential/commercial property development projects, whereby its revenue is recognised based on the percentage of completion method, with reference to the stage of completion. The Group has no intention of changing its accounting policy in respect of revenue recognition for its residential and mixed residential/commercial property development business in the immediate future. However, if the INT FRS 115 is amended, and this results in the Group having to change its accounting policy in relation to revenue recognition for its residential and mixed residential/commercial property development business from percentage of completion method to completion method, this may result in more volatile earnings for the Group on a year-on-year basis as a result of different numbers of completed projects in different financial years.

The Group may be affected by a decline in property prices

Property prices in Singapore, Australia and the United Kingdom are largely affected by supply and demand for properties. Typically, the demand for properties in Singapore, Australia and the United Kingdom follows a cyclical pattern, and is generally affected by the economies of each of the respective countries, which is in turn, affected by global economic conditions. Local market sentiments and expectations also affect property prices in Singapore, Australia and the United Kingdom. Any economic recession or negative market sentiment may, therefore, adversely affect demand for the Group's properties and impact pricing. This would have a direct impact on the Group's revenue and profitability.

The Group faces commercial risks in entering into joint ventures

The Group may enter into joint ventures to acquire property for development, which includes hospitality and non-hospitality uses. There can be no assurance that any joint ventures entered into between the Group and other entities, in relation to such mixed-use property development projects (comprising hospitality and non-hospitality property development), will be successful.

The Group's operations and financial performance may be adversely affected by acts of God, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases and other events beyond the Group's control

An outbreak of Zika, Influenza A (H1N1), avian influenza, SARS, the Ebola virus and/or any other communicable diseases, if uncontrolled, may have an adverse effect on the Group's business operations. An outbreak of Zika, Influenza A (H1N1), avian influenza, SARS, the

Ebola virus and/or any other communicable diseases could have a negative impact on the global economy and business activities in Singapore, Australia, the United Kingdom and elsewhere and could thereby have an adverse impact on the Group's business, financial position and results of operations.

The consequences of the outbreak of communicable diseases, any terrorist attacks or armed conflicts are unpredictable and may include the issuance of travel advisories, warning people to defer and/or avoid travel to Singapore, Australia and the United Kingdom, as well as a general reluctance of people to travel. Travel advisories or restrictions are likely to have a material adverse effect on the general economy of the jurisdictions in which the Group operates. If such terrorist incidents and acts of violence were to occur in Singapore, Australia or the United Kingdom, the property industry could experience a downturn and there could be a material adverse effect on the Group's business, financial position and results of operations.

RISKS RELATING TO THE SECURITIES GENERALLY

The Securities may not be a suitable investment for all investors

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

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained, or incorporated by reference, in this Information Memorandum or any applicable supplement 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 Securities 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 Securities, including Securities 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 Securities 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 Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact such investment will have on the potential investor's overall investment portfolio.

Investment activities may be subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (1) the Securities are legal investments for them, (2) the

Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase of any of the Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Securities under any applicable risk-based capital or similar rules.

Modification and waivers

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

The terms and conditions of the Securities also provide that the Trustee may agree, without the consent of the Securityholders or Couponholders, to: (i) any modification of any of the provisions of the Trust Deed or any of the other Issue Documents (as defined in the Trust Deed) which, in the opinion of the Trustee, is of a formal, minor or technical nature, to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or CDP and/or any other clearing system in which the Securities may be held; and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed and any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents, which, in the opinion of the Trustee, it may be expedient to make, provided that the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Securityholders.

Foreign Account Tax Compliance Act Withholding

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime, and, potentially, a 30% withholding tax with respect to: (i) certain payments from sources within the United States; (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime; and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. Whilst the Securities are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure that each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Securities are discharged once it has paid the clearing systems, and the Issuer has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries.

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

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

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

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

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

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

Lack of public market and limited liquidity for the Securities

There can be no assurance as to the liquidity of the Securities or that an active trading market will develop. If such a market were to develop, the Securities may trade at prices that may be higher or lower than the initial issue price depending on many factors, including, amongst other things, prevailing interest rates, the Issuer's operations and the market for similar securities. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Securities generally would have a more limited secondary market and more price volatility than conventional debt securities.

Liquidity may have a severely adverse effect on the market value of the Securities. Although the issue of additional Securities may increase the liquidity of the Securities, there can be no assurance that the price of such Securities will not be adversely affected by the issue in the market of such additional Securities. The Dealers are not obliged to make a market in the Securities and any such market making, if commenced, may be discontinued at any time at the sole discretion of the relevant Dealer(s). No assurance can be given as to the liquidity of, or trading market for, the Securities.

Fluctuation of market value of the Securities issued under the Programme

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

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

Interest rate risk

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

Inflation risk

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

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

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

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

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

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

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

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

The Securities are not secured

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

RISKS RELATING TO THE NOTES

Singapore tax risk

The Notes to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2018 are intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section "Singapore Taxation".

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

Notes subject to optional redemption may have a lower market value than Notes that cannot be redeemed

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer elects to redeem the Notes, the market value of those 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 redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At that time, Noteholders 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. Noteholders should consider reinvestment risk in light of other investments available at that time.

RISKS RELATING TO THE PERPETUAL SECURITIES

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

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

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

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

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

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

The date on which the Issuer elects to redeem the Perpetual Securities may not accord with the preference of individual Perpetual Securityholders. This may be disadvantageous to Perpetual Securityholders in light of market conditions or the individual circumstances of the holder of Perpetual Securities. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Perpetual Securities.

There are limited remedies for default under the Perpetual Securities

Any scheduled distribution will not be due if the Issuer elects not to pay all or a part of that distribution pursuant to the terms and conditions of the Perpetual Securities. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute winding-up proceedings is limited to circumstances where payment has become due and the Issuer fails to make the payment when due. The only remedy against the Issuer available to any Perpetual Securityholder for recovery of amounts in respect of the Perpetual Securities following the occurrence of a payment default after any sum becomes due in respect of the Perpetual Securities will be proving in such winding-up and/or claiming in the liquidation of the Issuer in respect of any payment obligations of the Issuer arising from the Perpetual Securities.

The Issuer may raise or redeem other capital which affects the price of the Perpetual Securities

The Issuer may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities that the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Perpetual Securities. Similarly, subject to compliance with the terms and conditions of the Perpetual Securities, the Issuer may redeem securities that rank junior to, *pari passu* with or senior to the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities may reduce the amount (if any) recoverable by holders of Perpetual Securities on a winding-up of the Issuer, and may increase the likelihood of a deferral of distribution under the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities might also have an adverse impact on the trading price of the Perpetual Securities and/or the ability of holders of Perpetual Securities to sell their Perpetual Securities.

The Subordinated Perpetual Securities are subordinated obligations

The obligations of the Issuer under the Subordinated Perpetual Securities will constitute unsecured and subordinated obligations of the Issuer. In the event of the winding-up of the Issuer, the rights of the holders of Subordinated Perpetual Securities to receive payments in respect of the Subordinated Perpetual Securities will rank senior to the holders of all Junior Obligations and *pari passu* with the holders of all Parity Obligations, but junior to the claims of all other creditors, including, for the avoidance of doubt, the holders of Senior Perpetual Securities and/or Notes. In the event of a shortfall of funds or a winding-up, there is a real risk that an investor in the Subordinated Perpetual Securities will lose all or some of its investment and will not receive a full return of the principal amount or any unpaid Arrears of Distribution, Additional Distribution Amounts or accrued distribution.

In addition, subject to the limit on the aggregate principal amount of Securities that can be issued under the Programme (which can be amended from time to time by the Issuer without the consent of the Securityholders), there is no restriction on the amount of unsubordinated securities or other liabilities that the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Subordinated Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of Subordinated Perpetual Securities on a winding-up of the Issuer and/or may increase the likelihood of a non-payment of distribution under the Subordinated Perpetual Securities.

Tax treatment of the Perpetual Securities is unclear

It is not clear whether any particular tranche of the Perpetual Securities (the "**Relevant Tranche of the Perpetual Securities**") will be regarded as debt securities by the IRAS for the purposes of the ITA and whether the tax concessions available for qualifying debt securities under the qualifying debt securities scheme (as set out in the section "Singapore Taxation") would apply to the Relevant Tranche of the Perpetual Securities.

If the Relevant Tranche of the Perpetual Securities are not regarded as debt securities for the purposes of the ITA and holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of the Relevant Tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Relevant Tranche of the Perpetual Securities.

PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS

The net proceeds arising from the issue of Securities under the Programme (after deducting issue expenses) will be used for general corporate purposes, including refinancing of borrowings, financing investments and for the general working capital of the Issuer or its subsidiaries.

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

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

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

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

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

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

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

Clearance and Settlement under Euroclear and 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. Payments of principal, interest or distributions with respect to book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the IRAS and MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Securities or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Holders or prospective holders of the Securities are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Securities, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arranger and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Securities.

*In addition, the disclosure below is on the assumption that the IRAS regards each tranche of the Perpetual Securities as "debt securities" for the purposes of the ITA and that distribution payments made under each tranche of the Perpetual Securities will be regarded as interest payable on indebtedness and holders thereof may therefore enjoy the tax concessions and exemptions available for qualifying debt securities ("**QDS**"), provided that the other conditions for the qualifying debt securities scheme are satisfied. If any tranche of the Perpetual Securities is not regarded as "debt securities" for the purposes of the ITA and holders thereof are not eligible for the tax concessions under the QDS scheme, the tax treatment to holders may differ. Investors and holders of any tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any tranche of the Perpetual Securities.*

1. Interest and Other Payments

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

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

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

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

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

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

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

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

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

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

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

(ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Securities as the MAS may require), Qualifying Income from the Relevant Securities 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 Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA; and

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

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

Notwithstanding the foregoing:

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

(B) even though a particular tranche of Relevant Securities are QDS, if at any time during the tenure of such tranche of Relevant Securities, 50.0 per cent. or more of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Securities 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 Securities 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 and break cost (i.e. the Qualifying Income) is derived from any of the Relevant Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires the Relevant Securities using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Securities is not exempt from tax is required to include such income in a return of income made under the ITA.

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

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

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

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

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

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

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

However, even if a particular tranche of the Relevant Securities are QDS which qualify under the QDS Plus Scheme, if at any time during the tenure of such tranche of Relevant Securities, 50.0 per cent. or more of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income from such Relevant Securities derived by:

(i) any related party of the Issuer; or

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

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

2. Capital Gains

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

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

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

The IRAS has issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 — Financial Instruments: Recognition & Measurement" (the "**FRS 39 Circular**"). 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 Securities 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 Securities.

4. Estate Duty

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

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

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

The Arranger, the Dealers or any of their respective affiliates may have performed certain banking and advisory services for the Issuer and/or its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer and/or its affiliates in the ordinary course of the Issuer's or their business. The Issuer may from time to time agree with the relevant Dealer(s) that the Issuer may pay certain third parties commissions (including, without limitation, rebates to private banks as specified in the applicable Pricing Supplement).

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

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

United States

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

Bearer Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed 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, in the case of Bearer Securities, deliver the Securities, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable Tranche of which such Securities are a part, as determined and certified to the Issuing and Paying Agent, by such Dealer (or, in the case of an identifiable Tranche of Securities sold to or through more than one Dealer, by each of such Dealers with respect to Securities of an identifiable Tranche purchased by or through it, in which case the Issuing and Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S under the Securities Act.

The Securities are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Securities, an offer or sale of Securities within the United States by any dealer (whether or not participating in the offering of such Tranche of Securities) 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, warrant and agree, that:

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

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of 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.

General

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Securities or any interest therein or rights in respect thereof or has in its possession or distributes the Information Memorandum or any Pricing Supplement.

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

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. The directors of the Issuer in office at the date of this Information Memorandum are:

Name	**Position**
Koh Wee Meng	Executive Chairman and Chief Executive Officer
Lim Wan Looi	Executive Director
Periakaruppan Aravindan	Executive Director
Leow Chung Chong Yam Soon	Lead Independent Director
Teo Cheng Kuang	Independent Director
Watt Kum Kuan	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:

   Koh Wee Meng is the husband of Lim Wan Looi.

4. No option to subscribe for shares in, or debentures of, the Issuer has been granted to, or was exercised by, any Director or employees of the Group during the last financial year ended 31 December 2016.

5. The interest of the Directors and the substantial shareholders of the issuer in the Shares as at the Latest Practicable Date are as follows:

   Directors

	Direct Interestl		**Deemed Interestl**	
	Number of Shares	**%**	**Number of Shares**	**%**
Koh Wee Meng	5,015,500,000	74.716	735,000,000	10.950
Lim Wan Looi	735,000,000	10.950	5,015,500,000	74.716
Periakaruppan Aravindan	5,716,000	0.085	—	—

Substantial Shareholders

	Direct Interest		Deemed Interest	
	Number of Shares	**%**	**Number of Shares**	**%**
Koh Wee Meng	5,015,500,000	74.716	735,000,000	10.950
Lim Wan Looi	735,000,000	10.950	5,015,500,000	74.716

SHARE CAPITAL

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

7. 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	6,720,000,000 (including 7,230,000 treasury shares)	S$150,000,000

BORROWINGS

8. Save as disclosed in Appendix III, the Group had as at 31 December 2016 no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

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

CHANGES IN ACCOUNTING POLICIES

10. There has been no significant change in the accounting policies of the Issuer since its audited consolidated financial statements for the financial year ended 31 December 2016.

LITIGATION

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

MATERIAL ADVERSE CHANGE

12. There has been no material adverse change in the financial condition or business of the Issuer or the Group since 31 December 2016.

CONSENT

13. 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, where applicable, reports in the form and context in which they appear in this Information Memorandum.

DOCUMENTS AVAILABLE FOR INSPECTION

14. Copies of the following documents may be inspected at the registered office of the Issuer at 456 Alexandra Road, #26-01 Fragrance Empire Building, Singapore 119962 during normal business hours for a period of six months from the date of this Information Memorandum:

    (a) the Constitution of the Issuer;

    (b) the Trust Deed;

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

    (d) the audited consolidated financial statements of the Group for the financial years ended 31 December 2015 and 31 December 2016.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

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

16. The Trust Deed provides that the Trustee shall not (unless ordered so to do by a court of competent jurisdiction) be required to disclose to any Securityholder or Couponholder any confidential, financial, price sensitive or other information made available to the Trustee by the Issuer or its subsidiaries and which is not publicly available in connection with any of the Issue Documents and no Securityholder or Couponholder shall be entitled to take any action to obtain from the Trustee any such information

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FRAGRANCE GROUP LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The information in this Appendix II has been reproduced from the auditor's report on the consolidated financial statements of Fragrance Group Limited and its subsidiaries for the financial year ended 31 December 2015 and has not been specifically prepared for inclusion in this Information Memorandum.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FRAGRANCE GROUP LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Fragrance Group Ltd (the "company") and its subsidiaries (the "group") which comprise the statements of financial position of the group and the company as at December 31, 2015, 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 32 to 90.

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 financial statements and to maintain accountability of assets.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the group and of the company as at December 31, 2015 and of the financial performance, changes in equity and cash flows of the group and changes in equity of the company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Date: March 18, 2016

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015

	Note	Group		Company		
		December 31, 2015 $'000	December 31, 2014 $'000	December 31, 2015 $'000	December 31, 2014 $'000 (Reclassified) (Note 38)	January 1, 2014 $'000 (Reclassified) (Note 38)
ASSETS						
Current assets						
Cash and cash equivalents	6	**94,354**	76,543	**59,000**	28,665	75,921
Trade and other receivables	7	**265,920**	375,659	**175,928**	159,915	57,645
Held for trading investments	8	**4,155**	1,656	**4,155**	1,656	3,188
Properties under/held for development	9	**442,811**	757,120	**216,554**	261,912	327,008
Properties held for sale	10	**29,162**	14,936	**–**	–	–
Assets held for sale	11	**86,797**	–	**–**	–	–
Total current assets		**923,199**	1,225,914	**455,637**	452,148	463,762
Non-current assets						
Subsidiaries	12	**–**	–	**633,324**	537,071	473,958
Investment in joint operations	13	**–**	–	**–**	–	–
Investment in joint venture	14	**66,312**	–	**60,313**	–	–
Prepayment	7	**8,908**	9,689	**–**	–	–
Deferred tax asset	20	**743**	–	**–**	–	–
Investment properties	15	**1,141,782**	973,409	**–**	–	–
Property, plant and equipment	16	**19,166**	2,634	**–**	2	4
Total non-current assets		**1,236,911**	985,732	**693,637**	537,073	473,962
Total assets		**2,160,110**	2,211,646	**1,149,274**	989,221	937,724
LIABILITIES AND EQUITY						
Current liabilities						
Trade and other payables	17	**113,400**	112,146	**140,052**	348,130	151,531
Notes payable	18	**1,476**	–	**1,476**	–	–
Term loans	19	**439,887**	559,919	**46,000**	–	–
Income tax payable		**20,599**	30,715	**310**	1,219	945
Total current liabilities		**575,362**	702,780	**187,838**	349,349	152,476
Non-current liabilities						
Trade and other payables	17	**–**	–	**1,411**	1,310	2,704
Notes payable	18	**85,000**	–	**85,000**	–	–
Term loans	19	**435,701**	445,562	**108,305**	189,700	212,150
Deferred tax liabilities	20	**14,698**	24,977	**11,347**	7,611	1,239
Total non-current liabilities		**535,399**	470,539	**206,063**	198,621	216,093
Capital and reserves						
Share capital	21	**150,000**	150,000	**150,000**	150,000	150,000
Treasury shares	22	**(1,050)**	(503)	**(1,050)**	(503)	(565)
Performance share reserve	23	**308**	271	**308**	271	201
Revaluation reserve	24	**33,266**	15,906	**–**	–	–
Foreign currency translation reserve	25	**(26,721)**	(14,396)	**–**	–	–
Investment revaluation reserve		**(72)**	–	**–**	–	–
Accumulated profits		**879,844**	828,463	**606,115**	291,483	419,519
Equity attributable to owners of the company		**1,035,575**	979,741	**755,373**	441,251	569,155
Non-controlling interests		**13,774**	58,586	**–**	–	–
Total equity		**1,049,349**	1,038,327	**755,373**	441,251	569,155
Total liabilities and equity		**2,160,110**	2,211,646	**1,149,274**	989,221	937,724

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2015

	Note	Group 2015 $'000	Group 2014 $'000
Continuing operations			
Revenue	26	**285,727**	519,508
Cost of sales		**(194,462)**	(353,548)
Gross profit		**91,265**	165,960
Investment gain (loss)	27	**1,722**	(571)
Other operating income	28	**29,345**	55,642
Selling and distribution costs		**(9,489)**	(13,217)
Administrative expenses		**(17,938)**	(18,962)
Finance costs	29	**(12,514)**	(8,361)
Share of results of joint venture	14	**(1,609)**	–
Profit before income tax		**80,782**	180,491
Income tax expense	30	**(9,430)**	(21,773)
Profit for the year from continuing operations		**71,352**	158,718
Discontinued operation			
Profit for the year from discontinued operation	31	**–**	5,125
Profit for the year	32	**71,352**	163,843
Other comprehensive income, net of tax:			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of land and buildings		**7,770**	17,666
Income tax relating to components of other comprehensive income that will not be reclassified subsequently		**489**	(489)
Share of other comprehensive income of joint venture			
Revaluation of land and buildings	14	**10,603**	–
Income tax relating to components of other comprehensive income that will not be reclassified subsequently	14	**(1,502)**	–
		17,360	17,177
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(10,904)**	(14,396)
Share of other comprehensive income of joint venture			
Exchange differences on translation of foreign operations	14	**(1,421)**	–
Fair value loss on investment securities	14	**(72)**	–
		(12,397)	(14,396)
Other comprehensive income for the year, net of tax		**4,963**	2,781
Total comprehensive income for the year		**76,315**	166,624

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2015

	Note	Group 2015 $'000	Group 2014 $'000
Profit attributable to:			
Owners of the company		**68,164**	156,427
Non-controlling interests	12(b)	**3,188**	7,416
		71,352	163,843
Total comprehensive income attributable to:			
Owners of the company		**73,127**	158,601
Non-controlling interests		**3,188**	8,023
		76,315	166,624
Earnings per share	33		
From continuing and discontinued operations			
– Basic and Diluted		**1.0 cents**	2.3 cents
From continuing operations			
– Basic and Diluted		**1.0 cents**	2.3 cents

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2015

	Note	Share capital $'000	Treasury shares $'000	Performance share reserve $'000	Revaluation reserve $'000	Foreign currency translation reserve $'000	Investment revaluation reserve $'000	Accumulated profits $'000	Attributable to equity holders of the company $'000	Non controlling interests $'000	Total $'000
Group											
Balance at January 1, 2014		150,000	(565)	201	714,565	–	–	340,965	1,205,166	374,813	1,579,979
Transactions with owners, recognised directly in equity											
Dividends declared	34	–	–	–	–	–	–	(33,571)	(33,571)	–	(33,571)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	(1,305)	(1,305)
Award of performance shares	22 & 23	–	62	70	–	–	–	–	132	–	132
Transfer of revaluation reserve upon disposal of a subsidiary	31	–	–	–	(715,229)	–	–	715,229	–	–	–
Distribution of shares of a subsidiary to shareholders	31	–	–	–	–	–	–	(350,587)	(350,587)	(322,945)	(673,532)
Total		–	62	70	(715,229)	–	–	331,071	(384,026)	(324,250)	(708,276)
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	156,427	156,427	7,416	163,843
Other comprehensive income for the year		–	–	–	16,570	(14,396)	–	–	2,174	607	2,781
Total		–	–	–	16,570	(14,396)	–	156,427	158,601	8,023	166,624
Balance at December 31, 2014		150,000	(503)	271	15,906	(14,396)	–	828,463	979,741	58,586	1,038,327
Transactions with owners, recognised directly in equity											
Dividends paid	34	**–**	**–**	**–**	**–**	**–**	**–**	**(16,783)**	**(16,783)**	**–**	**(16,783)**
Dividends paid to non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(48,000)**	**(48,000)**
Repurchase of shares	22	**–**	**(623)**	**–**	**–**	**–**	**–**	**–**	**(623)**	**–**	**(623)**
Award of performance shares	22 & 23	**–**	**76**	**37**	**–**	**–**	**–**	**–**	**113**	**–**	**113**
Total		**–**	**(547)**	**37**	**–**	**–**	**–**	**(16,783)**	**(17,293)**	**(48,000)**	**(65,293)**
Total comprehensive income for the year											
Profit for the year		**–**	**–**	**–**	**–**	**–**	**–**	**68,164**	**68,164**	**3,188**	**71,352**
Other comprehensive income for the year		**–**	**–**	**–**	**17,360**	**(12,325)**	**(72)**	**–**	**4,963**	**–**	**4,963**
Total		**–**	**–**	**–**	**17,360**	**(12,325)**	**(72)**	**68,164**	**73,127**	**3,188**	**76,315**
Balance at December 31, 2015		**150,000**	**(1,050)**	**308**	**33,266**	**(26,721)**	**(72)**	**879,844**	**1,035,575**	**13,774**	**1,049,349**

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2015

	Note	Share capital $'000	Treasury shares $'000	Performance share reserve $'000	Accumulated profits $'000	Total $'000
Company						
Balance at January 1, 2014		150,000	(565)	201	419,519	569,155
Transactions with owners, recognised directly in equity						
Dividends declared	34	–	–	–	(33,571)	(33,571)
Distribution of shares of a subsidiary to shareholders	34	–	–	–	(134,285)	(134,285)
Award of performance shares	22 & 23	–	62	70	–	132
Total		–	62	70	(167,856)	(167,724)
Profit for the year, representing total comprehensive income for the year		–	–	–	39,820	39,820
Balance at December 31, 2014		150,000	(503)	271	291,483	441,251
Transactions with owners, recognised directly in equity						
Dividends declared	34	**–**	**–**	**–**	**(16,783)**	**(16,783)**
Repurchase of shares	22	**–**	**(623)**	**–**	**–**	**(623)**
Award of performance shares	22 & 23	**–**	**76**	**37**	**–**	**113**
Total		**–**	**(547)**	**37**	**(16,783)**	**(17,293)**
Profit for the year, representing total comprehensive income for the year		**–**	**–**	**–**	**331,415**	**331,415**
Balance at December 31, 2015		**150,000**	**(1,050)**	**308**	**606,115**	**775,373**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2015

	Group	
	2015	2014
	$'000	$'000
Operating activities		
Profit before income tax		
Continuing operations	**80,782**	180,491
Discontinued operation	**–**	6,261
	80,782	186,752
Adjustments for:		
Depreciation of property, plant and equipment	**154**	1,628
Amortisation of facility fees	**–**	42
Amortisation of prepaid land lease	**780**	780
Amortisation of rental incentives granted	**(265)**	63
Amortisation of processing fee on debt note issued	**192**	–
Property, plant and equipment written off	**–**	1
Gain on disposal of shares in former subsidiary	**–**	(960)
Change in fair value of held for trading investments	**(1,722)**	1,531
Fair value gain on investment properties	**(28,187)**	(53,496)
Interest income	**(789)**	(1,815)
Interest expense	**12,514**	20,600
Unrealised gain on foreign exchange differences	**311**	90
Performance share award expenses	**113**	131
Share of loss of joint venture	**1,609**	–
Operating cash flows before movements in working capital	**65,492**	155,347
Trade and other receivables	**75,341**	2,605
Development properties and properties held for sale	**82,903**	19,767
Trade and other payables	**8,905**	(21,425)
Cash generated from operations	**232,641**	156,294
Interest paid	**(24,554)**	(24,181)
Income tax paid	**(30,320)**	(11,609)
Net cash from operating activities	**177,767**	120,504
Investing activities		
Interest received	**789**	1,815
Investment in joint venture	**(60,313)**	–
Purchase of held for trading investments	**–**	(1,150)
Purchase of investment property (Note B)	**(22,781)**	(7,358)
Purchase of property, plant and equipment (Note C)	**(53)**	(4,983)
Disposal of a subsidiary [Note 31(c)]	**–**	(8,240)
Net cash used in investing activities	**(82,358)**	(19,916)

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2015

	Group	
	2015	2014
	$'000	$'000
Financing activities		
Proceeds from borrowings	**44,000**	150,803
Proceeds from notes issued	**84,616**	–
Repayment of borrowings	**(173,090)**	(229,060)
Repurchase of shares	**(623)**	–
Dividends paid (Note D)	**(34,783)**	(15,571)
Dividend paid to non-controlling interests (Note E)	**–**	(1,305)
Advances from (to) non-controlling interests	**2,900**	(55,880)
Net cash used in financing activities	**(76,980)**	(151,013)
Net increase (decrease) in cash and cash equivalents	**18,429**	(50,425)
Cash and cash equivalents at beginning of year (Notes A and 6)	**76,543**	127,791
Effect of exchange rate change on balances of cash held in foreign currencies	**(618)**	(823)
Cash and cash equivalents at end of year (Notes A and 6)	**94,354**	76,543

Note A: Included in the cash and cash equivalents is an amount of $48,713,000 (2014: $50,533,000) deposited in the project accounts and fixed deposits. Withdrawals of these monies for expenditure related to specific properties under development are governed by the Housing Developers (Control and Licensing) Act.

Note B:

	Group	
	2015	2014
	$'000	$'000
Addition of investment properties (Note 15)	**27,624**	9,488
Capitalised interest included as interest in statement of cash flows	**(4,302)**	(2,130)
Changes in capitalised cost yet to be paid	**(541)**	–
	22,781	7,358

Note C:

	Group	
	2015	2014
	$'000	$'000
Addition of property, plant and equipment (Note 16)	**53**	3,369
Capitalised interest included as interest in statement of cash flows	**–**	(364)
Changes in capitalised cost yet to be paid	**–**	1,978
	53	4,983

Note D: In 2014, out of $33,571,000 dividends declared, $18,000,000 remained unpaid at the end of reporting period. In 2015, dividends paid comprise those declared in 2015 and the $18,000,000 declared in 2014.

Note E: In 2015, the dividend payable to non-controlling interests of $48,000,000 was offset against advances from non-controlling interests.

See accompanying notes to financial statements.

1 GENERAL

The company (Registration No. 200006656M) is incorporated in Singapore with its principal place of business and registered office at 456 Alexandra Road, #26-01 Fragrance Empire Building, Singapore 119962. The company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars, which is also the functional currency of the company and its subsidiaries.

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

The principal activities of its subsidiaries, joint operations and joint venture are described in Notes 12, 13 and 14 to the financial statements.

The consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company for the year ended December 31, 2015 were authorised for issue by the Board of Directors on March 18, 2016.

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 such a 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 of the fair value hierarchy 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, 2015, 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

At the date of authorisation of these financial statements, the following FRSs and amendments to FRS that are relevant to the group and the company were issued but not effective:

- FRS 109 *Financial Instruments*[2]
- FRS 115 *Revenue from Contracts with Customers*[2]
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*[1]
- Amendments to FRS 16 *Property, Plant and Equipment*[1]
- 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*[1]
- Amendments to FRS 111 *Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations*[1]
- Improvements to Financial Reporting Standards (November 2014)[1]

[1] *Applies to annual periods beginning on or after January 1, 2016, with early application permitted.*
[2] *Applies to annual periods beginning on or after January 1, 2018, with early application permitted.*

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 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) general hedge accounting (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

With the adoption of FRS109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at fair value to other comprehensive income (FVTOCI), with only dividend income generally recognised in profit or loss. When such irrevocable election is made, gains and losses on disposal of the equity investment are also recorded in other comprehensive income and are not included in the profit and loss statement.

Debt investments that are held within a business model whose objective is to collect contractual cash flows that are 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 by collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding, are measured FVTOCI. All other debt investments and equity investments are measured at fair value to profit or loss (FVTPL) at the end of subsequent accounting periods except when the irrevocable option is made to measure an equity investment (that is not held for trading) at FVTOCI.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FRS 109 *Financial Instruments* (cont'd)

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk to be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge 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.

- In relation to 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.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in the existing FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The application of FRS 109 in the future may potentially have an impact on amounts reported in respect of the group's financial assets and financial liabilities in the year of implementation depending on the extent of the group's usage of derivative financial instruments.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 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.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FRS 115 *Revenue from Contracts with Customers* (cont'd)

Under FRS 115, an entity recognises revenue when a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. In addition, extensive disclosures are required by FRS 115.

Based on the existing sources of revenue, management currently does not expect the application of these amendments to FRS 115 to have a significant impact on the financial statements of the group and of the company in the period of initial application. However, continual assessment prior to adoption will be made as and when new contracts with customers are entered into.

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.

Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes.

Amendments to FRS 1 are not expected to have a significant impact on the financial statements of the group and of the company in the period of initial application.

Other Amendments and improvements to FRS

Amendments to FRS 110 affect the group's financial statements only if the relevant transactions affected by the amendments occur in the future.

Amendments to FRS 111 *Joint arrangements* are not expected to result in a change in the presentation of the profit or loss statements and the joint venture of the group.

The other amendments and improvements to FRS are not expected to have a significant impact on the financial statements of the group and of the company in the period of initial adoption.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 FRS39 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 are carried at cost less any impairment in net recoverable value that has been recognised in the profit or loss.

FINANCIAL INSTRUMENTS – 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or liability 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 through the expected life of the financial asset or liability, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

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.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial liability is either held for trading or it is designated as FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or

- it is a part of an identified portfolio of financial instruments that the group manages together and has a recent pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed with its performance evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and FRS 39 – *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as FVTPL.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest paid on the financial asset and is included in "investment revenue" line in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

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 method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, 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 according to the contractual terms of the receivables as well as observable change 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a 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.

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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity instruments

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.

Other 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, and are subsequently measured at amortised cost, using the effective interest 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).

Financial guarantee contract liabilities of the company are measured initially at their fair values and subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Financial guarantees

The company has issued corporate guarantees to banks and financial institutions for bank borrowings of its subsidiaries. These financial guarantees require the company to reimburse the banks and financial institutions if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised at their fair value plus any transaction costs.

Financial guarantee contracts are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless the company has incurred an obligation to reimburse the bank or financial institution for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank or financial institution.

Derecognition of financial liabilities

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

PROPERTIES UNDER DEVELOPMENT – Development properties are stated at the lower of cost (specific identification) and net realisable value, net of cost recognised on units sold using percentage of completion. Cost comprises the payment made for acquisition of land, development costs, finance costs and other related expenditure which are capitalised as and when activities that are necessary to get the asset ready for its intended use until such time that the properties are substantially completed.

Foreseeable losses, if any, are provided as soon as they become known based on the management's estimates of net realisable value and estimates of cost to complete.

PROPERTIES HELD FOR SALE – Properties held for sale are stated at the lower of cost (specific identification) and net realisable value. Net realisable value is determined by reference to estimated sale proceeds less selling expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cost of property includes acquisition costs, development expenditure, interests and other direct costs attributable to such property up to completion.

PROPERTY, PLANT AND EQUIPMENT – Freehold and leasehold land for hotel property and hotel buildings including those under construction, held for use in the operation of hotels are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values as at the end of the reporting period.

Any revaluation increase arising on such freehold and leasehold land and hotel buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such freehold and leasehold land for hotel property and hotel buildings including those under construction is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Office premises and plant and equipment are carried at cost, less accumulated depreciation and any impairment losses.

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

Building – office premises	–	2%
Motor vehicles	–	20%
Furniture, fixtures and fittings	–	20%
Office equipment	–	20%
Computer	–	20% to $33\frac{1}{3}$%
Electrical installation	–	20%
Renovation	–	20%

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

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease over the lease term including lease incentives granted to tenants are recognised on the profit or loss statement on a straight-line basis over the period of the lease.

The group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Contingent rentals, if any, arising under operating leases are recognised as an expense in the period in which they are incurred.

Lease incentives received from lessors are recognised as reductions of rental expense on a straight-line basis over the period of the lease.

IMPAIRMENT OF TANGIBLE 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.

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.

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 the 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, to the extent 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 the 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.

NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE – Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

JOINT VENTURE – 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the joint venture. When the group's share of losses of a joint venture exceeds the group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the group's net investment in the joint venture), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale. When the group retains an interest in the former joint venture and the retained interest is a financial asset, the group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The group continues to use the equity method when an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the group reduces its ownership interest in a joint venture but the group continues to use the equity method, the group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with a joint venture of the group, profits and losses resulting from the transactions with the joint venture are recognised in the group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The company carries investment in the joint venture at cost less any impairment loss and does not equity account for the results of the joint venture.

INTERESTS IN JOINT OPERATIONS – A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the 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.

When a group entity undertakes its activities under joint operations, the group/company as a joint operator recognises in relation to its interest in a join operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output to the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

Consistent with the substance of the arrangement with the other joint operation, the group/company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the FRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the group/company is considered to be conducting the transaction with the other party to the joint operation, and gains and losses resulting from the transactions are recognised in the group's consolidated financial statements and the company's financial statements only to the extent of other party's interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the group/company does not recognise its share of the gains and losses until it resells those assets to a third party.

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

SHARE-BASED PAYMENTS – The group issues equity-settled share-based payments to certain employees.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 23. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

The group recognises profits on sale of properties under development in Singapore using the percentage of completion method when the transfer of significant risks and rewards of ownership occurs as development progresses. The percentage of completion is measured by reference to the percentage of physical completion at the end of each reporting period determined by independent qualified surveyors. When losses are expected, full provision is made in the financial statements after taking into account estimated costs to completion.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease, including lease incentives given to tenants, are recognised in the profit or loss statements on a straight-line basis over the lease term.

Interest income is accrued on a time basis, by reference to the principal sums and at the applicable effective interest rates.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Income from providing financial guarantees to financial institutions for credit facilities used by certain wholly-owned subsidiaries are recognised as income of the company over the guarantee period.

BORROWING COSTS – Borrowing costs directly attributable to the acquisition and construction of properties, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Development of properties are considered complete upon the issue of temporary occupation permits.

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

RETIREMENT BENEFIT OBLIGATIONS – 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other 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 by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. 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.

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.

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, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each group entity are measured and presented in its functional currency which is the currency of the primary economic environment in which the entity operates. The consolidated financial statements of the group and the statement of financial position 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 in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences on foreign currency borrowings used to finance assets under construction for future productive use, the total cost of financing the assets during the construction period, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On consolidation, exchange differences arising from 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 of borrowings and other currency instruments designated foreign currency translation reserve as hedges of such investments, are recognised in other comprehensive income and accumulated in a component of equity.

SEGMENT – An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components.

The group determines and presents operating segments based on information that is internally provided to the Chief Executive Officer ("CEO"), who is the group's chief operating decision maker. Decisions about resources to be allocated and assessment of performance, are distinguished by operating segments.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits 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.

Critical judgements in applying the entity's accounting policies

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below, and except for those affecting accounting estimates.

Allocation of costs to individual units under mixed development projects

For mixed development projects, the group segregates the land cost and all costs directly related to the acquisition of the land between commercial, retail and residential components based on the relative expected sales value of each component. Management considers the use of this basis for allocating cost of land more closely approximates the basis on which the economic value of the land had been determined. Other development costs such as construction costs are allocated based upon the floor area of each unit relative to the total floor area available for sale.

The carrying amounts of the properties under/held for development are stated in Note 9 to the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Critical judgements in applying the entity's accounting policies (cont'd)

Deferred taxation on revaluation gains from investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the management has reviewed the group's investment property portfolio and concluded that, while certain of the group's investment properties are depreciable, they are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, no deferred tax is provided on revaluation gains from all investment properties.

Recoverable amounts of unsold units in properties under development and completed properties held for sale

Management has considered the conditions of the qualifying certificates issued by the Singapore Land Authority and the conditions for remission of Additional Buyer's Stamp Duties by the Commissioner of Stamp Duties relating to the time frame for completion of phases of development and sale of residential components of development properties.

In assessing the recoverable amounts of residential properties for sale and the related costs, management considers the specific courses of action that it has taken or plans to take and expectations regarding the results of these actions. On the basis of these assessments, management is of the view that additional cost associated with compliance with these regulations is unlikely.

Additionally, management has reviewed the accounting estimates related to projected realisable values, net of selling expenses and expects the carrying amounts of properties under/held for development and completed properties held for sale (Notes 9 and 10) to be recoverable.

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.

Revenue and costs from properties under development

As described in Note 2 to the financial statements, revenue and costs associated with sold units of a property under development are recognised as revenue and expenses respectively by reference to the stage of completion of project activity at the end of the reporting period, using architects' or quantity surveyors' estimates. To derive percentage of completion is the ratio of costs certified over total projected cost to complete the development. Management has performed cost studies, taking into account the costs to date and costs to complete each project. Management has reviewed the status of such projects and is satisfied that the estimates to complete are realistic and reasonable.

The carrying amounts of the properties under/held for development are stated in Note 9 to the financial statements.

Valuation of investment properties

Investment properties are stated at fair values based on independent professional valuations. In determining the fair value, the valuer has used valuation techniques which involve certain estimates and significant unobservable inputs which are disclosed in Note 15.

In relying on the valuation reports, management has exercised its judgement and is satisfied that the independent valuer has appropriate recognised professional qualifications and the estimates are reflective of current market conditions at the end of each reporting period.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (cont'd)

Income tax

Significant estimate is involved in determining the provision for income taxes. The group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcomes of these matters are different from the amounts that were initially estimated, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

In 2015, the group transferred certain properties previously held for sale to investment properties as a result of a change of intent and leasing activities related to these properties. No tax is attributed to the change in fair values of these properties as management intends to hold these properties for the long term.

Information about the deferred tax and income tax expenses are disclosed in Notes 20 and 30.

Recoverable amounts of trade and other receivables

A considerable amount of judgement and accounting estimates is required in assessing the ultimate realisation of trade and other receivables (Note 7). Based on observed collection patterns, management expects all receivables to be recoverable and no allowance for doubtful receivables is required.

Should any buyer of properties under development default on payment obligations, collections to date are forfeitable to the extent necessary to make good those obligations, after deducting the net values realisable from resale of the property.

The carrying amounts of trade and other receivables are disclosed in Note 7 of the financial statements.

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	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Fair value through profit or loss (FVTPL):				
Held for trading investments	**4,155**	1,656	**4,155**	1,656
Assets held for sale	**86,797**	–	**–**	–
Loans and receivables (including cash and cash equivalents)	**338,488**	429,224	**223,958**	182,543
Financial liabilities				
Amortised cost	**1,014,495**	1,084,072	**319,737**	504,360
Financial guarantee contracts	**–**	–	**2,489**	4,138

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives

The group is exposed to various financial risks arising in the normal course of business. It has adopted risk management policies and utilises a variety of techniques to manage its exposure to these risks.

There has been no change to the group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The group is not exposed to any significant foreign currency risk as the group's transactions are mainly denominated in the functional currency of the group's entities.

(ii) Interest rate risk management

The group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. The group manages its interest rate exposure by actively reviewing its debt portfolio and switching to more cost-effective sources of funding to achieve a certain level of protection against interest hikes. Summary quantitative data of the group's interest-bearing financial instruments can be found in Section (v) of this Note.

Interest rate sensitivity

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the group's profit before tax would decrease/increase by approximately $2,051,000 (2014: decrease/increase by approximately $1,825,000) attributable to the group's exposure to interest rates on its variable rate borrowings.

Reasonably possible changes in interest rates on cash and cash equivalents (Note 6) are not expected to have a significant impact on operating results.

(iii) Equity price risk management

The group is exposed to equity risks arising from equity investments classified as held-for-trading (Note 8).

If equity prices had been 10% higher/lower, the group's net profit before tax would increase/decrease by $416,000 (2014: $166,000).

(iv) Credit risk management

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss to the group.

The group's financial assets are cash and bank balances, and trade and other receivables. The group's credit risk with respect to trade receivables is mitigated by legal recourse to the properties sold, in the event of default in payment by buyers of the property.

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The group has no significant concentration of credit risk.

Cash is held with creditworthy financial institutions.

The carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for losses, represent the group's maximum exposure to credit risk.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(v) Liquidity risk management

The group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. The group finances its liquidity needs through internally generated cash flows and external financing, and minimises liquidity risk by keeping committed credit lines available and reviewing the maturity profile of its borrowings relative to expected cash inflows.

Liquidity and interest risk analyses

Financial liabilities

The following undiscounted cash flows of financial liabilities based on the earliest date on which the group and company can be required to pay includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to future interest which are not included in the carrying amount of the financial liability on the statements of financial position.

	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
Group						
2015						
Non-interest bearing	**NA**	**52,431**	**–**	**–**	**–**	**52,431**
Fixed interest rate instrument	**3.75**	**3,188**	**85,128**	**–**	**(1,840)**	**86,476**
Variable interest rate instruments	**2.42**	**450,421**	**353,372**	**141,861**	**(70,066)**	**875,588**
2014						
Non-interest bearing	NA	78,591	–	–	–	78,591
Variable interest rate instruments	2.08	577,912	424,205	38,918	(35,554)	1,005,481
Company						
2015						
Non-interest bearing	**NA**	**78,956**	**–**	**–**	**–**	**78,956**
Fixed interest rate instruments	**3.75**	**3,188**	**85,128**	**–**	**(1,840)**	**86,476**
Variable interest rate instruments	**2.79**	**50,198**	**108,560**	**–**	**(4,453)**	**154,305**
2014						
Non-interest bearing	NA	314,660	–	–	–	314,660
Variable interest rate instruments	2.28	4,316	191,189	–	(5,805)	189,700

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

In addition to the above, the maximum amount that the company would be obliged to settle for financial guarantees given to financial institutions which have provided credit facilities to subsidiaries amount to $819,391,000 (2014: $998,931,000) in the event of a call on these guarantees. The credit facilities are secured by properties pledged by the subsidiaries, the values of which are more than adequate to settle the loan obligations of the subsidiaries. On the basis of this and the absence of triggering events, management does not expect any call on these financial guarantees.

Financial assets

The following undiscounted cash flows are based on contractual maturities of the financial assets including any interest except where the group and the company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to future interest which are not included in the carrying amount of the financial asset on the statements of financial position.

	Weighted average effective interest rate %	On demand or within 1 year $'000	Adjustment $'000	Total $'000
Group				
2015				
Non-interest bearing	**NA**	**393,429**	**–**	**393,429**
Fixed interest rate instruments	**0.82**	**36,026**	**(15)**	**36,011**
2014				
Non-interest bearing	NA	407,310	–	407,310
Fixed interest rate instruments	0.22	23,574	(4)	23,570
Company				
2015				
Non-interest bearing	**NA**	**193,102**	**–**	**193,102**
Fixed interest rate instruments	**0.82**	**35,025**	**(14)**	**35,011**
2014				
Non-interest bearing	NA	171,630	–	171,630
Fixed interest rate instruments	0.18	12,571	(2)	12,569

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(vi) Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other current receivables and trade and other payables and short-term loans approximate their respective fair values due to the 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 with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices and classified as level 1 of the fair value hierarchy.

(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 going concerns while optimising the return to stakeholders through a combination of debt and equity balance.

The capital structure of the group consists of equity and reserves; and borrowings through term loans from financial institutions (Note 19) and notes issued on the capital market (Note 18). The group is in compliance with financial covenants associated with external borrowings.

The management reviews the capital structure on a semi-annual basis. As part of the review, the management considers the cost of capital, risks and tenures associated with each class of capital. Based on the review, the group may adjust the capital structure through the payment of dividends, purchase of treasury shares, issuance of new shares, issuance of new debt instruments or the redemption of existing debts.

The group monitors capital using debt ratios as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Total assets	**2,160,110**	2,211,646
Total debts	**962,064**	1,005,481
Total equity	**1,049,349**	1,038,327
Debt-to-total assets	**44.5%**	45.5%
Debt-to-total equity	**91.7%**	96.8%

5 RELATED PARTY TRANSACTIONS

Related companies in these financial statements refer to the members of the company's group of companies.

There are transactions and arrangements between the company and the members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated. Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related company transactions.

5 RELATED PARTY TRANSACTIONS (CONT'D)

Some of the group's transactions and arrangements are with related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The balances with related parties are unsecured, interest-free and repayable on demand unless stated otherwise.

In addition to the related party information disclosed elsewhere in the financial statements, the significant transactions with the related parties, on the terms agreed between the parties were as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Rental income received from a related party in which directors have interests	**(264)**	(168)
Project management service fee from a related party in which directors have interests	**(100)**	–
Share-based payment to a director	**42**	68

The sales of two property units to be developed in Australia to a director amounting to $1,805,000 was made according to the price list of the development and was approved by the Audit Committee.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Short-term benefits	**5,150**	9,106
Post-employment benefits	**49**	55
Share-based payments	**42**	68

The remuneration of directors and key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Cash and bank balances	**29,630**	25,941	**3,537**	9,378
Fixed deposits	**36,011**	23,570	**35,011**	12,569
Project accounts	**28,713**	27,032	**20,452**	6,718
Total	**94,354**	76,543	**59,000**	28,665

Monies received from sale of units of the properties under development are deposited into the project accounts. Withdrawals from the project accounts are governed by the Housing Developers (Control and Licensing) Act. Project account balances of the group at year end amounted to $20,000,000 (2014: $23,501,000) for the group and $20,000,000 (2014: $12,500,000) for the company.

Fixed deposits earn an average interest rate of 0.82% (2014: 0.22%) per annum for tenures ranging from 31 to 34 days (2014: 30 to 33 days) for the group; and 0.82% (2014: 0.18%) per annum for tenures ranging from 31 to 34 days (2014: 31 to 33 days) for the company.

7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000 (reclassified)
Rental debtors	**1,006**	992	**3**	157
Goods and services tax receivables	**791**	2,694	**2**	68
Unbilled revenue on completed properties	**12,821**	30,831	**–**	–
Unbilled revenue on properties under/held for development	**223,969**	263,034	**139,028**	105,591
Deposits	**866**	10,414	**126**	124
Prepayments	**10,267**	10,502	**201**	10
Subsidiaries	**–**	–	**25,798**	46,856
Advances to non-controlling interests	**4,980**	55,880	**–**	–
Deferred commission expenses	**19,637**	9,753	**10,767**	5,959
Others	**492**	1,248	**3**	1,150
	274,829	385,348	**175,928**	159,915
Less: Prepayment (non-current portion)	**(8,909)**	(9,689)	**–**	–
	265,920	375,659	**175,928**	159,915

Contracts in progress at the end of the reporting period:				
Amounts due from customers on sale of completed properties	**12,821**	30,831	**–**	–
Amounts due from customers on sale of properties under development	**223,969**	263,034	**139,028**	105,591
	236,790	293,865	**139,028**	105,591
Contract costs incurred plus recognised profits	**1,347,407**	1,345,660	**285,558**	194,973
Less: Progress billings	**(1,110,617)**	(1,051,795)	**(146,530)**	(89,382)
	236,790	293,865	**139,028**	105,591

Included in the group's and company's trade receivables are debtors with a carrying amount of $445,000 and $3,000 (2014: $541,000 and $157,000) respectively which are past due as at the end of the reporting period for which the group and the company has not recognised an allowance for doubtful receivables as the management considers this amount to be recoverable.

Unbilled revenue on properties under/held for development and completed properties represent 86.2% and 79.0% (2014: 76.3% and 66.0%) of the group's and the company's trade and other receivables respectively. These are classified as current in accordance with Financial Reporting Standards FRS 1 because they are expected to be realised in the normal operating cycle. The group and the company generally do not assess the credit quality of customers buying properties as it is not within the group's and the company's control to ensure that buyers are able to obtain external financing if they need to borrow subsequent to contracting to purchase the properties. Deposits and/or progress receipts from defaulters can be forfeited to the extent necessary to make good the obligations of these buyers after deducting net proceeds from resale of properties. Management has assessed the remaining receivables to be collectible and no allowance for doubtful receivables is required.

The amount due from subsidiaries to the company and the amounts due from non-controlling interests to the group are unsecured, interest-free and repayable on demand.

7 TRADE AND OTHER RECEIVABLES (CONT'D)

Prepayment includes prepaid operating lease of a land parcel amounting to $9,689,000 (2014: $10,469,000). The lease period of the land is 15 years. Prepaid land lease amortised during the year amounted to $780,000 (2014: $780,000).

At December 31, 2014, deposits included an amount of $9,718,000 for purchase of a land parcel. The commitments for remaining purchase cost for this land parcel is included in Note 36.

8 HELD FOR TRADING INVESTMENTS

	Group and Company	
	2015	2014
	$'000	$'000
Quoted equity shares, at fair value	**4,155**	1,656

The investments offer the group the opportunity for returns through dividend income and fair value gains. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year.

9 PROPERTIES UNDER/HELD FOR DEVELOPMENT

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Land and other related costs	**775,026**	1,080,981	**332,914**	332,913
Development costs	**225,489**	288,317	**71,652**	55,482
Interest, property tax and other costs	**63,626**	81,345	**21,179**	13,669
	1,064,141	1,450,643	**425,745**	402,064
Less: Cost of properties sold to date	**(621,330)**	(693,523)	**(209,191)**	(140,152)
	442,811	757,120	**216,554**	261,912

Interest expenses capitalised in property under/held for development during the year was $8,512,000 (2014: $11,087,000) for the group and $4,563,000 (2014: $4,511,000) for the company. Interest rates ranged from 1.95% to 2.83% (2014: 1.59% to 2.30%) per annum for the group; and 2.38% to 2.83% (2014: 2.23% to 2.30%) per annum for the company.

Properties under/held for development are classified as current assets in accordance with Financial Reporting Standards FRS 1 because they are expected to be realised in the normal operating cycle.

These properties are mortgaged to the banks and finance companies to secure credit facilities of the subsidiaries (Note 19).

9 PROPERTIES UNDER/HELD FOR DEVELOPMENT (CONT'D)

The properties under/held for development as at December 31, 2015 were as follows:

Property and address	Description of development	Tenure	Land area (sq m)
Lot 02083X MK23 at Jalan Lokam	5-storey residential building with commercial space	Freehold	9,643
Lot 10765A MK 27 at Tanah Merah Kechil Link[(1)]	9 blocks multi-storey condominium building	99 years leasehold	13,999
Lot 534W of TS 15 at 371 Beach Road[(1)]	30-storey building with apartments and commercial units	99 years leasehold	7,269
374 – 396 Murray Street, Perth, Australia	Multi-storey hotel building with residential space	Freehold	4,926
173 – 177 Macquarie Street, Tasmania	Multi-storey of commercial space	Freehold	2,000
134-160 Spencer Street, Melbourne, Victoria	Multi-storey mixed development with commercial and residential space	Freehold	1,800
171 Macquarie Street Hobart, Tasmania	Proposed development of multi-storey commercial space	Freehold	525
28-30 Davey Street Hobart, Tasmania	Proposed development of multi-storey commercial space	Freehold	1,153
39-47 Milligan Street and 453-471 Murray Street, Perth, Australia	Proposed development of multi-storey mixed use, consisting of retail, office, hotel and residential use	Freehold	3,560

9 PROPERTIES UNDER/HELD FOR DEVELOPMENT (CONT'D)

The properties under/held for development as at December 31, 2014 were as follows:

Property and address	Description of development	Tenure	Land area (sq m)
Lot 06219X & 06220K MK 25 at 340 Geylang Road	5-storey residential building with commercial space	Freehold	1,681
Lots 99033X & 99035C MK 03 at Pasir Panjang Road	Conservation of existing 2-storey shop houses with rear extension for a residential development	Freehold	2,056
Lots 01317M, 00638X TS 28 at Thomson Road	4-storey residential building with commercial space	Freehold	4,747
Lot 10505C MK 24 at Sims Drive/Aljunied Road	7-storey multiple user light industrial building	60 years leasehold	6,312
Lot 02083X MK23 at Jalan Lokam	5-storey residential building with commercial space	Freehold	9,643
Lot 10765A MK 27 at Tanah Merah Kechil Link(1)	9 blocks multi-storey condominium building	99 years leasehold	13,999
Lot 534W of TS 15 at 371 Beach Road(1)	30-storey building with apartments and commercial units	99 years leasehold	7,269
374 – 396 Murray Street, Perth, Australia	Multi-storey hotel building with residential space	Freehold	4,926
173 – 177 Macquarie Street, Tasmania	Multi-storey of commercial space	Freehold	2,000
555 Collins Street, Melbourne, Victoria	Multi-storey mixed development with commercial and residential space	Freehold	2,300
134 – 160 Spencer Street, Melbourne, Victoria	Multi-storey mixed development with commercial and residential space	Freehold	1,800

(1) These properties under development are in joint operations of the group and the company (Note 13).

10 PROPERTIES HELD FOR SALE

	Group $'000
Balance as at December 31, 2013	42,030
Less: Transfer to cost of sales	(27,524)
Add: Additions during the year	430
Balance as at December 31, 2014	**14,936**
Add: Additions during the year	**140,227**
Less: Transfer to cost of sales	**(4,576)**
Transfer to investment properties (Note 15)	**(121,425)**
Balance as at December 31, 2015	**29,162**

Additions during the year comprise transfer from properties under development (Note 9) upon completion of development.

The properties held for sale as at December 31, 2015 are as follows:

Property and address	Description	Tenure	Floor area (sq m)
#04-18 at 279 Thomson Road	A completed residential unit	Freehold	145
#01-10/11/14/15, #02-02/03/ 04/05/09/10/11/12/13/15/16 at Pasir Panjang Road	15 units of completed commercial retail units of shop and restaurant	Freehold	1,055
267/277 at Wak Hassan Drive	2 units of completed detached dwelling houses	99 years leasehold	994

The properties held for sale as at December 31, 2014 are as follows:

Property and address	Description	Tenure	Floor area (sq m)
267/273/277 Wak Hassan Drive	3 units of completed detached dwelling houses	99 years leasehold	1,433

11 ASSETS HELD FOR SALE

On October 19, 2015, the management approved the sale of a property originally intended to be developed by the group in Australia and a third party agent was appointed to market the property above cost. The carrying amount of $86,797,000 is the cost transferred from properties held for development. It is the expectation of management that the sale will be realised within 2016 and all costs are fully recoverable.

12 SUBSIDIARIES

	Company 2015 $'000	Company 2014 $'000 (reclassified)
Unquoted equity shares, at cost	**54,780**	54,780
Amount due from subsidiaries as part of net investment	**558,187**	466,206
Fair value of financial guarantees given by the company for credit facilities of subsidiaries[3]	**20,357**	16,085
	633,324	537,071

(a) Details of the company's subsidiaries at December 31, 2015 are as follows:

Name of subsidiaries	Country of incorporation and operation	Proportion of ownership interest % 2015	Proportion of ownership interest % 2014	Proportion of voting power held % 2015	Proportion of voting power held % 2014	Principal activities
Held by the company						
Fragrance Land Pte Ltd[1]	Singapore	**100**	100	**100**	100	Developing, dealing and trading in properties
Fragrance Properties Pte Ltd[1]	Singapore	**100**	100	**100**	100	Developing, dealing and trading in properties
Fragrance Homes Pte Ltd[1]	Singapore	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance Realty Pte Ltd[1]	Singapore	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance Holdings Pte Ltd[1]	Singapore	**100**	100	**100**	100	Investment holding and investing in properties
Fragrance Biz Space Pte Ltd[1]	Singapore	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance Grandeur Pte Ltd[1]	Singapore	**100**	100	**100**	100	Investment holding and investing in properties
Fragrance Regal Pte Ltd[1]	Singapore	**100**	100	**100**	100	Investment holding and investing in properties
The Colonial Settlement Pte Ltd[1]	Singapore	**100**	100	**100**	100	Investment holding and investing in properties
Kensington Land Pte Ltd[1]	Singapore	**60**	60	**60**	60	Development, dealing and trading in properties
Kensington Village Pte Ltd[1]	Singapore	**60**	60	**60**	60	Development, dealing and trading in properties
Fragrance Global Pte Ltd[1]	Singapore	**100**	100	**100**	100	Investment holding

12 SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation and operation	Proportion of ownership interest %		Proportion of voting power held %		Principal activities
		2015	**2014**	**2015**	**2014**	
Held by Fragrance Global Pte Ltd						
Fragrance South Pacific Pty Ltd(2)	Australia	**100**	100	**100**	100	Investment holding
Fragrance WA-Perth Pty Ltd(2)	Australia	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance WA-Perth (Milligan) Pty Ltd(2)	Australia	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance TAS-Hobart Pty Ltd(2)	Australia	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance TAS-Hobart (Davey) Pty Ltd(2)	Australia	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance VIC-MEL (SouthBank) Pty Ltd(2)	Australia	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance VIC-MEL (Collins) Pty Ltd(2)	Australia	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance VIC-MEL (Spencer) Pty Ltd(2)	Australia	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance QLD-Brisbane Pty Ltd(2)	Australia	**100**	100	**100**	100	Development, dealing and trading in properties

(1) Audited by Deloitte & Touche LLP, Singapore.
(2) Audited by Deloitte & Touche LLP, Singapore for consolidation purposes.
(3) Management has assessed the fair value of the financial guarantees to be equivalent to 1% (2014: 1%) of the loans guaranteed and the present value is discounted at 4.75% (2014: 4.75%) per annum.

12 SUBSIDIARIES (CONT'D)

(b) The table below shows details of subsidiaries of the group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by non-controlling interests %		Profit (Loss) allocated to non-controlling interests %		Accumulated non-controlling interests %	
		December 31, 2015	December 31, 2014	December 31, 2015 $'000	December 31, 2014 $'000	December 31, 2015 $'000	December 31, 2014 $'000
Kensington Land Pte Ltd	Singapore	**40%**	40%	**(578)**	1,726	**5,235**	53,813
Kensington Village Pte Ltd	Singapore	**40%**	40%	**3,766**	3,284	**8,539**	4,773
Global Premium Hotels Limited and its subsidiaries	Singapore	**–**	–	**–**	2,406	**–**	–
				3,188	7,416	**13,774**	58,586

(c) Non-controlling interests

The summarised financial information below represents amounts before intragroup eliminations.

	Kensington Land Pte Ltd		Kensington Village Pte Ltd	
	December 31, 2015 $'000	December 31, 2014 $'000	December 31, 2015 $'000	December 31, 2014 $'000
Current assets	**14,172**	162,657	**163,823**	175,321
Non-current assets	**4**	6	**–**	–
Current liabilities	**1,088**	28,131	**139,124**	161,969
Non-current liabilities	**–**	–	**3,351**	1,420
Equity attributable to owner of the company	**7,853**	80,719	**12,809**	7,159
Non-controlling interest	**5,235**	53,813	**8,539**	4,773
Revenue	**7**	13,279	**96,023**	71,385
Expenses	**(1,451)**	(8,963)	**(86,606)**	(63,174)
Profit (Loss), representing total comprehensive income for the year	**(1,444)**	4,316	**9,417**	8,211
Profit (Loss), representing total comprehensive income attributable to owners of the company for the year	**(866)**	2,590	**5,651**	4,927
Profit (Loss), representing total comprehensive income attributable to the non-controlling interest for the year	**(578)**	1,726	**3,766**	3,284
Total comprehensive income (loss) for the year	**(1,444)**	4,316	**9,417**	8,211
Net cash inflow (outflow) from operating activities	**(563)**	224,971	**26,131**	(278)
Net cash inflow from investing activities	**–**	25	**1**	7
Net cash outflow from financing activities	**–**	(225,700)	**(23,250)**	(9,390)
Net cash (outflow) inflow	**(563)**	(704)	**2,882**	(9,661)

13 INVESTMENT IN JOINT OPERATIONS

Details of the company's joint operations at December 31, 2015 are as follows:

Name of joint operations	Country of incorporation and operation	Proportion of ownership interest 2015 %	2014 %	Principal activities
Bayfront Ventures Pte Ltd[(1)]	Singapore	**50**	50	Development, dealing and trading in properties
Bayfront Realty Pte Ltd[(1)]	Singapore	**50**	50	Development, dealing and trading in properties
Bayfront Land Pte Ltd[(2)]	Singapore	**50**	50	Development, dealing and trading in properties

(1) Audited by Ernst & Young LLP, Singapore.
(2) Audited by CG Alliance, Singapore. The joint operation remains dormant since incorporation.

The group is entitled to a proportionate share of the income received and bears a proportionate share of the joint operations' expenses.

The joint operators' partner is controlled by the brother of an executive director of the company.

14 INVESTMENT IN JOINT VENTURE

	Group 2015 $'000	Company 2015 $'000
Cost of equity investment in joint venture	**5,000**	**5,000**
Additional capital contributions	**55,313**	**55,313**
Share of post-acquisition loss, net of dividend received	**(1,609)**	**–**
Share of other comprehensive income:		
Exchange differences on translation of foreign operations	**(1,421)**	**–**
Revaluation of land and buildings (net of tax)	**9,101**	**–**
Fair value loss on investment securities	**(72)**	**–**
	66,312	**60,313**

On January 9, 2015, the company acquired a 50% equity stake in AF Global Pte Ltd. On March 12, 2015, AF Global Pte Ltd acquired 576,437,569 ordinary shares or 54.61% equity interest in LCD Global Investments Ltd for $190.22 million.

14 INVESTMENT IN JOINT VENTURE (CONT'D)

Details of the joint venture at the end of the reporting period is as follow:

Name of joint venture	Country of incorporation and operation	Proportion of ownership interest 2015 %	2014 %	Principal activities
AF Global Pte Ltd[1]	Singapore	**50**	–	Investment holding

The above joint venture is accounted for using the equity method in these consolidated financial statements.

(1) Audited by Ernst & Young LLP, Singapore.

Summarised financial information of the joint venture is set out below.

	Group 2015 $'000
Current assets	**59,186**
Non-current assets	**459,402**
Current liabilities	**(221,340)**
Non-current liabilities	**(92,458)**
Net assets	**204,790**

Information relating to the joint venture:

	Group 2015 $'000
Cash and cash equivalent	**33,115**
Current financial liabilities (excluding trade and other payables and provision)	**(98,779)**
Non-current financial liabilities (excluding trade and other payables and provision)	**(60,572)**
Revenue	**40,720**
Loss for the year	**(1,836)**
Other comprehensive income for the year	**25,006**
Total comprehensive income for the year	**23,170**
The above loss for the year include the following:	
Depreciation and amortization	**5,994**
Interest income	**324**
Interest expense	**(3,258)**
Income tax expense	**(1,766)**

14 INVESTMENT IN JOINT VENTURE (CONT'D)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in these consolidated financial statements:

	Group 2015 $'000
Net assets of the joint venture	**204,790**
Proportion of the group's ownership interest in the joint venture	**50%**
Additional contribution to joint venture	**55,313**
Pre-acquisition loss	**(74)**
Pre-acquisition reserve	**144**
Non-controlling interest	**(91,466)**
Carrying amount of the group's interest on the joint venture	**66,312**

15 INVESTMENT PROPERTIES

	Group	
	2015 $'000	**2014 $'000**
At fair value:		
At January 1	**973,409**	889,305
Addition	**27,624**	9,488
Transfer to property, plant and equipment (Note 16)	**(19,063)**	–
Transfer from property, plant and equipment (Note 16)	**2,430**	4,725
Transfer from properties held for sale (Note 10)	**121,425**	–
Gain from fair value adjustments included in profit or loss (Note 28)	**28,187**	53,496
Gain on fair value adjustment arising from transfer of property, plant and equipment to investment properties included in other comprehensive income	**7,770**	16,395
At December 31	**1,141,782**	973,409

15 INVESTMENT PROPERTIES (CONT'D)

The investment properties held by the group as at December 31, 2015 are as follows:

Location	Tenure	Description
110 Lor 23 Geylang	Leasehold (remaining 57 years lease)	7 storey high-specification ramp-up B1 business space building with commercial facilities located at roof level
#01-12 at 218 Pasir Panjang Road	Freehold	Retail unit at first level with a part 2/part 5-storey residential cum commercial development with attic
#01-09/13/14/15/21/22/23/25/26/28/33/37/39/40/41/42/43/44 at 275 Thomson Road	Freehold	Retail units on first level within a 4-storey residential cum commercial development with carpark facility
15 Hoe Chiang Road	Freehold	29-storey commercial building with a 3-storey hotel block and a multi-level carpark
456 Alexandra Road[(1)]	Freehold	26-storey commercial building with a carpark podium
3 Punggol Point Road	Leasehold (remaining 13 years lease)	2-storey food and beverage outlets
168 Changi Road	Freehold	5-storey commercial building

(1) Investment property relates to the areas rented to external parties.

The investment properties held by the group as at December 31, 2014 are as follows:

Location	Tenure	Description
15 Hoe Chiang Road	Freehold	29-storey commercial building with a 3-storey hotel block and a multi-level carpark
456 Alexandra Road	Freehold	26-storey commercial building with a carpark podium
3 Punggol Point Road	Leasehold (approximately remaining 13 years lease)	2-storey food and beverage outlets
168 Changi Road[(1)]	Freehold	5-storey commercial building

(1) Investment property relates to the areas rented to external parties.

Fair value measurement of the group's investment properties

The fair value of the group's investment properties as at December 31, 2015 and December 31, 2014 were performed by an independent valuer who has the appropriate qualifications and experience in the fair value measurement of the different types of properties in Singapore.

15 INVESTMENT PROPERTIES (CONT'D)

Fair value measurement of the group's investment properties (cont'd)

The fair values of the investment properties were determined by adopting the direct comparison approach making reference to recent transactions of comparable properties and making adjustments for differences relating to the properties. In determining the market value of the investment properties, investment method was also adopted, which capitalises an income stream into a present value using capitalisation rates. The valuation conforms to International Valuation Standards. There has been no change to the valuation technique during the year.

The fair values are classified as Level 3 of the fair value hierarchy.

The following table shows the significant unobservable inputs used in the valuation model:

Description	Fair value as at December 31, 2015 $'000	Valuation technique(s)	Significant unobservable input(s)	Range
Industrial building	**100,000**	Direct comparison method	price per square meter(1)	$6,337
		Investment method	capitalisation rate(2)	5.5%
Retail units in mixed development	**62,926**	Direct comparison method	price per square meter(1)	$52,239 to $68,850
Commercial buildings	**959,856**	Direct comparison method	price per square meter(1)	$17,787 to $19,111
		Investment method	long-term net rental income margin(1)	72% to 84%
			capitalisation rate(2)	3.25% to 3.5%
F&B building	**19,000**	Direct comparison method	price per square meter(1)	$6,333
		Investment method	long-term net rental income margin(1)	82%
			capitalisation rate(2)	5.75%

Description	Fair value as at December 31, 2014 $'000	Valuation technique(s)	Significant unobservable input(s)	Range
Commercial buildings	955,409	Direct comparison method	price per square meter(1)	$17,228 to $19,148
		Investment method	long-term net rental income margin(1)	64% to 93%
			capitalisation rate(2)	3.5% to 4.8%
F&B building	18,000	Direct comparison method	price per square meter(1)	$6,000
		Investment method	long-term net rental income margin(1)	89%
			capitalisation rate(2)	5.0%

(1) Any significant isolated increases (decreases) in these inputs would result in a significantly higher (lower) fair value measurement.
(2) Any significant isolated increases (decreases) in these inputs would result in a significantly lower (higher) fair value measurement.

Rental income from the group's investment properties which are leased out under operating lease amounted to $19,216,000 (2014: $24,450,000). Direct operating expenses (including repairs and maintenance) relating to these properties amounted to $3,313,000 (2014: $3,521,000).

16 PROPERTY, PLANT AND EQUIPMENT

	Freehold land – office premises $'000	Freehold land – hotel $'000	Leasehold land $'000	Hotel buildings $'000	Building – office premises $'000	Motor vehicles $'000
Group						
Cost or valuation:						
At January 1, 2014	4,918	654,700	261,640	83,110	2,532	270
Additions	–	–	–	427	–	–
Written off	–	–	–	–	–	–
Disposal of a subsidiary (Note 31)	–	(654,700)	(261,640)	(83,537)	–	(183)
Transfer to investment property (Note 15)	(3,246)	–	–	–	(1,671)	–
At December 31, 2014	1,672	–	–	–	861	87
Additions	–	–	–	–	–	–
Transfer from investment property (Note 15)	–	–	–	–	19,063	–
Transfer to investment property (Note 15)	(1,672)	–	–	–	(861)	–
At December 31, 2015	–	–	–	–	19,063	87
Accumulated depreciation:						
At January 1, 2014	–	–	–	–	292	225
Depreciation	–	–	753	518	17	8
Written off	–	–	–	–	–	–
Eliminated on revaluation	–	–	(753)	(518)	–	–
Disposal of a subsidiary (Note 31)	–	–	–	–	–	(180)
Transfer to investment property (Note 15)	–	–	–	–	(192)	–
At December 31, 2014	–	–	–	–	117	53
Depreciation	–	–	–	–	67	8
Transfer to investment property (Note 15)	–	–	–	–	(133)	–
At December 31, 2015	–	–	–	–	51	61
Carrying amount:						
At December 31, 2015, at cost	–	–	–	–	19,012	26
At December 31, 2014, at cost	1,672	–	–	–	744	34

In 2014, interest capitalised for hotel buildings under construction was $364,000.

At December 31, 2014, the freehold land and office premises were mortgaged to banks and finance companies to secure credit facilities of the company and its subsidiaries (Note 19).

Furniture, fixtures and fittings $'000	Office equipment $'000	Kitchen $'000	Computer $'000	Electrical installation $'000	Renovation $'000	Construction-in-progress $'000	Total $'000
729	648	64	1,303	446	2,077	190,684	1,203,121
293	71	–	161	7	5	2,405	3,369
–	–	–	(6)	–	–	–	(6)
(848)	(664)	(64)	(1,139)	(252)	(2,068)	(193,089)	(1,198,184)
–	–	–	–	–	–	–	(4,917)
174	55	–	319	201	14	–	3,383
13	22	–	14	4	–	–	53
–	–	–	–	–	–	–	19,063
(163)	(3)	–	–	(205)	(14)	–	(2,918)
24	74	–	333	–	–	–	19,581
428	407	64	847	325	1,380	–	3,968
53	39	–	85	17	138	–	1,628
–	–	–	(5)	–	–	–	(5)
–	–	–	–	–	–	–	(1,271)
(323)	(415)	(64)	(733)	(151)	(1,513)	–	(3,379)
–	–	–	–	–	–	–	(192)
158	31	–	194	191	5	–	749
7	8	–	58	4	2	–	154
(149)	(4)	–	–	(195)	(7)	–	(488)
16	35	–	252	–	–	–	415
8	39	–	81	–	–	–	19,166
16	24	–	125	10	9	–	2,634

17 TRADE AND OTHER PAYABLES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Development work-in-progress	**59,896**	30,926	**59,896**	30,366
Retention sums payable	**2,200**	1,691	**–**	–
Goods and services tax payable	**1,073**	2,629	**122**	276
Subsidiaries (Note 12)	**–**	–	**72,950**	285,618
Amounts due to non-controlling interests [Note 12(c)]	**17,160**	17,160	**–**	–
Dividends payable to shareholders	**–**	18,000	**–**	18,000
Financial guarantee contracts	**–**	–	**2,489**	4,138
Deposits received	**5,631**	6,252	**116**	1,779
Accruals	**20,671**	34,523	**3,889**	8,771
Sundry creditors	**5,701**	553	**2,000**	492
Others	**1,068**	412	**1**	–
	113,400	112,146	**141,463**	349,440
Less: Non-current portion of financial guarantee contracts	**–**	–	**(1,411)**	(1,310)
	113,400	112,146	**140,052**	348,130
Development work-in-progress				
Progress billings	**59,896**	30,926	**59,896**	30,366
Less: Contract costs incurred plus recognised profits	**–**	–	**–**	–
	59,896	30,926	**59,896**	30,366

The amounts due to subsidiaries and non-controlling interests are unsecured, interest-free and repayable on demand. Amounts due to non-controlling interests are related to project financing.

18 NOTES PAYABLES

	Group and Company	
	2015	**2014**
	$'000	**$'000**
Notes payables	**86,476**	–
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(1,476)**	–
Amount due for settlement after 12 months	**85,000**	–

In January 16, 2015, the group and company issued $85,000,000 of notes under a $1 billion multi-currency debt program at a fixed coupon rate of 3.75% per annum. The notes payables are due on January 16, 2017.

19 TERM LOANS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Secured – At amortised cost				
Term loans	**875,588**	1,005,481	**154,305**	189,700
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(439,887)**	(559,919)	**(46,000)**	–
Amount due for settlement after 12 months	**435,701**	445,562	**108,305**	189,700

The interest rates of the term loans are at floating rates which are pegged to the commercial financing rates of the banks and financial institutions, the management is of the opinion that the carrying values of the term loans approximate their fair values.

The term loans from banks and finance companies bear interest rates from 2.03% to 2.83% (2014: 1.86% to 2.30%) per annum for the group and from 2.70% to 2.83% (2014: 2.23% to 2.30%) per annum for the company. The term loans are secured against the properties of the group with a fair value of $1,478,615,000 (2014: $1,551,652,000) and of the company with a fair value of $216,554,000 (2014: $261,912,000) (Notes 9, 10, 15 and 16), corporate guarantees by the company and assignment of developer's rights and benefits in the sale and purchase agreements.

At December 31, 2015, the group and the company had available $250,900,000 and $172,505,000 (2014: $279,182,000 and $137,110,000) of undrawn borrowing facilities in respect of which all conditions precedent had been met.

20 DEFERRED TAX

The following are the major deferred tax liabilities recognised by the group and the movements during the year:

	Percentage of completion profit from sold properties under development	**Accelerated tax depreciation**	**Revaluation gain of property, plant and equipment**	**Tax losses**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Group					
At January 1, 2014	33,458	122	36,893	–	70,473
Transfer to income tax payable	(31,123)	–	–	–	(31,123)
Charge (Credit) to profit or loss for the year	22,153	(6)	–	–	22,147
Charge to other comprehensive income for the year	–	–	489	–	489
Disposal of subsidiary (Note 32)	–	(116)	(36,893)	–	(37,009)
At December 31, 2014	**24,488**	**–**	**489**	**–**	**24,977**
Transfer to income tax payable	**(19,914)**	**–**	**–**	**–**	**(19,914)**
Charge (Credit) to profit or loss for the year	**10,124**	**–**	**–**	**(743)**	**9,381**
Credit to other comprehensive income for the year	**–**	**–**	**(489)**	**–**	**(489)**
At December 31, 2015	**14,698**	**–**	**–**	**(743)**	**13,955**

Profits from sale of development properties will only be taxed upon completion of development.

20 DEFERRED TAX (CONT'D)

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Deferred tax assets	**743**	–	**–**	–
Deferred tax liabilities	**(14,698)**	(24,977)	**(11,347)**	(7,611)
	(13,955)	(24,977)	**(11,347)**	(7,611)

21 SHARE CAPITAL

	Group and Company			
	2015	2014	2015	2014
	Number of ordinary shares ('000)		$'000	$'000
Issued and paid up:				
At beginning and end of the year	**6,720,000**	6,720,000	**150,000**	150,000

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.

22 TREASURY SHARES

	Group and Company			
	2015	2014	2015	2014
	Number of ordinary shares		$'000	$'000
At beginning of the year	**5,150,000**	5,775,000	**(503)**	(565)
Purchase during the year	**3,000,000**	–	**(623)**	–
Award of performance shares	**(550,000)**	(625,000)	**76**	62
At the end of the year	**7,600,000**	5,150,000	**(1,050)**	(503)

The total amount paid to acquire 3,000,000 shares from the open market was $623,000 and has been deducted from shareholders' equity.

The company settled performance share awards by issuing 550,000 (2014: 625,000) of treasury shares amounting to $76,000 (2014: $62,000) to the recipients of the performance share plan (Note 23).

23 PERFORMANCE SHARE RESERVE

The performance share reserve arises on the grant of the performance shares to directors and employees under the performance share plan.

The company has a performance share plan for all employees of the company. The plan is administered by the Committee, comprising of Mr Watt Kum Kuan, Ms Lim Wan Looi and Mr Teo Chang Kuang. Awards are given upon the employee achieving the specific performance targets during the vesting period. The awards are forfeited if the employee leaves the group before the awards vest.

In 2015, 550,000 performance shares were granted on December 30, 2015. The estimated fair value of the shares granted on the date was $0.205, based on the market price of the shares on the grant date and total expenses of $113,000 were recognised.

In 2014, 625,000 performance shares were granted on December 19, 2014. The estimated fair value of the shares granted on the date was $0.210, based on the market price of the share on the grant date and total expenses of $131,000 were recognised.

24 REVALUATION RESERVE

The revaluation reserve arises from the revaluation of land and buildings. Where revalued land and buildings are sold, the portion of the property revaluation reserve that relates to that asset is transferred directly to retained earnings.

25 FOREIGN CURRENCY TRANSLATION RESERVE

Exchange differences relating to the translation from the functional currencies of the group's foreign subsidiaries into Singapore dollars are accounted for as other comprehensive income and accumulated in foreign currency translation reserve, a component of equity.

Movement in translation reserve

	Group	
	2015	**2014**
	$'000	**$'000**
At January 1	**(14,396)**	–
Exchange loss on translation of foreign operations during the year, included in other comprehensive income	**(12,325)**	(14,396)
At December 31	**(26,721)**	(14,396)

26 REVENUE

	Group	
	2015	2014
	$'000	$'000
Continuing operations		
Property development	**259,346**	486,215
Rental income	**26,004**	32,760
Others	**377**	533
	285,727	519,508
Discontinued operation		
Hotel room revenue	–	18,071
Rental income	–	295
	–	18,366
Total	**285,727**	537,874

27 INVESTMENT GAIN (LOSS)

	Group	
	2015	2014
	$'000	$'000
Continuing operations		
Gain on disposal of financial assets classified as held for trading	–	960
Unrealised loss arising from change in fair value of financial assets classified as held for trading	**1,722**	(1,531)
	1,722	(571)

28 OTHER OPERATING INCOME

	Group	
	2015	2014
	$'000	$'000
Continuing operations		
Fair value gain on investment properties (Note 15)	**28,187**	53,496
Interest income	**789**	1,815
Others	**369**	331
	29,345	55,642
Discontinued operation		
Interest income	–	53
Others	–	469
	–	522
Total	**29,345**	56,164

29 FINANCE COSTS

	Group	
	2015	**2014**
	$'000	**$'000**
Continuing operations		
Interest expense on term loans (Note 19)	**9,457**	8,361
Interest expense on notes payable (Note 18)	**3,057**	–
	12,514	8,361
Discontinued operation		
Interest expense on term loans (Note 19)	**–**	2,683
Total	**12,514**	11,044

30 INCOME TAX EXPENSE

	Group	
	2015	**2014**
	$'000	**$'000**
Continuing operations		
Current tax	**20,360**	30,708
Deferred tax	**(10,533)**	(8,970)
(Over) Under provision in prior years:		
Current tax	**(397)**	35
	9,430	21,773
Discontinued operation		
Current tax	**–**	1,175
Deferred tax	**–**	(6)
Overprovision in prior years:		
Current tax	**–**	(33)
Net	**–**	1,136
Total	**9,430**	22,909

30 INCOME TAX EXPENSE (CONT'D)

The income tax varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2014: 17%) to profit before income tax as a result of the following differences:

	Group	
	2015	**2014**
	$'000	**$'000**
Profit before income tax – continuing operations	**80,782**	180,491
Profit before income tax – discontinued operation	**–**	6,261
Total	**80,782**	186,752
Income tax expense at the statutory rate	**13,733**	31,748
Effect of income exempted from taxation	**(137)**	(335)
Tax effect of items that are not taxable in determining taxable profit	**(3,429)**	(8,298)
Effects of tax concessions	**(242)**	(223)
(Over) Under provision in prior year – current tax	**(397)**	2
Others	**(98)**	15
Net	**9,430**	22,909

31 DISCONTINUED OPERATION

On May 2, 2014, the group disposed its hotel operation, previously owned through its subsidiary, Global Premium Hotels Limited ("GPHL"). This was effected through distribution of shares in GPHL that the company held in GPHL to its shareholders.

The shareholders received 0.8 shares in GPHL for each share of the company held by the shareholders. The company's cost of shares distributed to the shareholders amounted to $134,285,000. The balance of the shares with carrying amount of $3,125,000 which were not distributed was sold on the open market, resulting in a gain of $960,000 for the company.

(a) The results of the hotel operation for the period from January 1, 2014 to May 2, 2014 were as follows:

	2014
	$'000
Revenue	18,366
Cost of sales	(2,185)
Operating expenses	(7,759)
Finance costs	(2,683)
Other operating income	522
Profit before tax	6,261
Income tax expense	(1,136)
Profit for the year (attributable to owners of the company)	5,125

(b) During January 1, 2014 to May 2, 2014, GPHL contributed $9,954,000 to the group's net operating cash flows, paid $4,769,000 in respect of investing activities and paid $4,347,000 in respect of financing activities.

31 DISCONTINUED OPERATION (CONT'D)

(c) The effects of the disposal on the group's statement of financial position were as follows:

Book values of net assets over which control was lost

	2014
	$'000
Non-current asset	
Property, plant and equipment	1,194,805
Current assets	
Inventories	–
Trade and other receivables	2,935
Bank balances and cash	12,415
Total current assets	15,350
Non-current liabilities	
Term loan	463,146
Deferred tax liability	37,009
Total non-current liabilities	500,155
Current liabilities	
Trade and other payables	7,426
Term loan	17,814
Provision for taxation	8,013
Total current liabilities	33,253
Net assets derecognised	676,747
Represented by:	
Distribution of shares to shareholders of the company (Note 36)	(350,587)
Non-controlling interests	(322,945)
Sales proceeds of the shares of GPHL not distributed	(4,175)
Gain on disposal of shares	960
	(676,747)
Net cash outflow arising from disposal	
Sales proceeds of the shares of GPHL not distributed	4,175
Bank balances and cash disposed of	(12,415)
	(8,240)

32 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group					
	Continuing Operations		Discontinued Operation		Total	
	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
Audit fees:						
– paid to the auditors of the company	**172**	180	**–**	37	**172**	217
Non-audit fees						
– paid to the auditors of the company	**101**	65	**–**	9	**101**	74
Directors' remuneration	**4,724**	8,295	**–**	226	**4,724**	8,521
Directors' fee	**222**	260	**–**	68	**222**	328
Cost of development properties recognised as expenses	**194,462**	353,548	**–**	–	**194,462**	353,548
Depreciation of property, plant and equipment	**154**	85	**–**	1,543	**154**	1,628
Amortisation of prepaid land lease	**780**	780	**–**	–	**780**	780
Property, plant and equipment written off	**–**	–	**–**	1	**–**	1
Fair value gain on investment properties	**(28,187)**	(53,496)	**–**	–	**(28,187)**	(53,496)
Employee benefits expense (including directors' remuneration)	**6,664**	10,006	**–**	4,093	**6,664**	14,099
Cost of defined contribution plans included in employee benefits expense	**237**	204	**–**	520	**237**	724
Interest expense	**12,514**	8,361	**–**	2,683	**12,514**	11,044

33 EARNINGS PER SHARE

The calculation of the earnings per share attributable to the ordinary equity holders of the group is based on the following data:

From continuing and discontinued operations:

	Group	
	2015	2014
	$'000	$'000
Net profit attributable to equity holders of the group	**68,164**	156,427

	2015	2014
	Number of shares ('000)	
Weighted average number of ordinary shares for purposes of earnings per share	**6,713,512**	6,714,246

There are no dilutive ordinary shares for 2015 and 2014.

33 EARNINGS PER SHARE (CONT'D)

From continuing operations

The calculation of the earnings per share from continuing operations attributable to the ordinary equity holders of the group is based on the following data:

	2015 $'000	2014 $'000
Net profit attributable to equity holders of the group	**68,164**	156,427
Less: profit for the year from discontinued operation	**–**	(2,719)
Earning for the purpose of basic earnings per share from continued operations	**68,164**	153,708

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

From discontinued operation

In 2014, basic and diluted earnings per share for the discontinued operation is 0.04 cents per share based on the profit from the year from the discontinued operation of $2,719,000 and the denominators detailed above for both basic and diluted earnings per share.

34 DIVIDENDS AND DISTRIBUTIONS

	Group and Company	
	2015 **$'000**	**2014** **$'000**
Final tax-exempt dividend of $0.001 (2014: $0.004) per ordinary share in respect of financial year ended December 31,2014 (2014: December 31, 2013)	**6,715**	26,857
Interim tax-exempt dividend of $0.002 (2014: $0.001) per ordinary share in respect of financial year ended December 31,2015 (2014: December 31, 2014)	**10,068**	6,714
	16,783	33,571

Distribution of shares in a subsidiary

The distribution to its shareholders of the shares of a subsidiary, Global Premium Hotels Limited ("GPHL") held by the company as described in Note 31 was deemed as a "Common Control" transaction and scoped out of INT FRS 117 *Distribution of Non-Cash Assets to Owners* as GPHL is ultimately controlled by the same party before and after the distribution.

35 SEGMENT INFORMATION

For the purposes of the resource allocation and assessment of segment performance, the group's chief operating decision maker focuses on the business operating units which are segregated based on the products and services of the group.

The group's principal business operating units are property development and investment property after the disposal of hotel operation (Note 31).

The accounting policies of the reportable segments are as described in Note 2. Segment revenue represents revenue generated from external customers. Segment profit represents the profit earned by each segment after allocating central administrative costs and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Business segments

The group comprises the following main business segments:

Property development segment is involved in the development and sale of residential and commercial properties. Property investment segment is involved in investing in properties for rental yield and capital appreciation.

In 2014, the hotel operations were derived from GPHL, which was disposed on May 2, 2014 (Note 31).

Group	Continuing operations Property investment $'000	 Property development $'000	 Total $'000
2015			
REVENUE	**19,056**	**266,671**	**285,727**
RESULT			
Segment result	**19,056**	**72,209**	**91,265**
Other operating income	**28,405**	**2,662**	**31,067**
Operating expenses	**(5,103)**	**(22,324)**	**(27,427)**
Finance costs	**(9,033)**	**(3,481)**	**(12,514)**
	33,325	**49,066**	**82,391**
Share of results of joint venture			**(1,609)**
Profit before income tax			**80,782**
Income tax			**(9,430)**
Profit after income tax			**71,352**

35 **SEGMENT INFORMATION (CONT'D)**

Group	Continuing operations Property investment $'000	Continuing operations Property development $'000	Discontinued operations Hotel operation $'000	Total $'000
2014				
REVENUE	24,450	495,058	18,366	537,874
RESULT				
Segment result	24,450	141,510	16,181	182,141
Other operating income, net	53,714	1,928	522	56,164
Operating expenses	(5,184)	(27,566)	(7,759)	(40,509)
Finance costs	(8,025)	(336)	(2,683)	(11,044)
Profit before income tax	64,955	115,536	6,261	186,752
Income tax				(22,909)
Net profit after income tax				163,843

Group	Continuing operations Property investment $'000	Continuing operations Property development $'000	Total $'000
2015			
Segment assets			
Assets:			
Segment assets	**1,114,150**	**1,045,960**	**2,160,110**
Segment liabilities			
Liabilities:			
Segment liabilities	**608,145**	**502,616**	**1,110,761**
OTHER INFORMATION			
Addition of non-current assets	**27,661**	**15**	**27,676**
Amortisation of land lease	**780**	**–**	**780**
Depreciation expense	**126**	**28**	**154**

35 SEGMENT INFORMATION (CONT'D)

Group	Continuing operations Property investment $'000	 Property development $'000	Discontinued operations Hotel operation $'000	Total $'000
2014				
Segment assets				
Assets:				
Segment assets	984,390	1,227,256	–	2,211,646
Segment liabilities				
Liabilities:				
Segment liabilities	536,257	637,062	–	1,173,319
OTHER INFORMATION				
Addition of non-current assets	9,488	162	–	9,650
Amortisation of land lease	780	–	–	780
Depreciation expense	52	33	1,543	1,628

Geographical information

Segment revenue: Segment revenue is analysed based on the location of customers.

Segment non-current assets: Segment non-current assets are analysed based on the locations of those assets.

	Revenue 2015 $'000	 2014 $'000	Non-current assets 2015 $'000	 2014 $'000
Singapore	**283,442**	518,936	**1,236,168**	985,732
Australia	**2,285**	572	**743**	–
Total	**285,727**	519,508	**1,236,911**	985,732

Information about major customers

There is no customer who accounts for 10% or more of the group's revenue.

36 COMMITMENT

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Commitment for acquisition of land and contracted construction costs of properties but not provided for in the financial statements	**115,388**	82,997	**70,851**	16,452

37 OPERATING LEASE ARRANGEMENTS

The group as lessor

The group and the company rent out its properties under operating leases. Rental income earned during the year by the group and the company were $26,004,000 and $4,502,000 respectively (2014: $32,760,000 and $7,738,000) respectively.

At the end of the reporting period, the group has contracted with tenants for the following future minimum lease income:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Within one year	**18,175**	23,370	**–**	3,769
In the second to fifth years inclusive	**24,516**	16,785	**–**	850
After fifth years	**5,459**	5,925	**–**	–
	48,150	46,080	**–**	4,619

The group as lessee

	Group		Company	
Payment recognised as an expense during the year	**(889)**	(780)	**–**	–

At the end of the reporting period, the group has contracted with tenants for the following future minimum lease expenses:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Within one year	**229**	–	**–**	–
In the second to fifth years inclusive	**121**	–	**–**	–
After fifth years	**–**	–	**–**	–
	350	–	**–**	–

38 RECLASSIFICATIONS AND COMPARATIVES

Certain funds provided to subsidiaries are used to acquire long-term assets. They are in substance additional capital contributions to these subsidiaries and not expected to be repaid within the next 12 months. These funds, previously classified as other receivables (a component of current assets) are now classified as additional capital contributions to subsidiaries (non-current asset). Comparative figures in the statement of financial position at December 31, 2014 and at January 1, 2014 have been similarly reclassified as follows:

Statement of financial position of the Company at December 31, 2014

	As previously stated $'000	Reclassification $'000	As reclassified $'000
Trade and other receivables – current asset	414,660	(254,745)	159,915
Subsidiaries – non-current asset	282,326	254,745	537,071
Total current assets	706,893	(254,745)	452,148
Total non-current assets	282,328	254,745	537,073

Statement of financial position of the Company at January 1, 2014

	As previously stated $'000	Reclassification $'000	As reclassified $'000
Trade and other receivables – current asset	345,115	(287,470)	57,645
Subsidiaries – non-current asset	186,488	287,470	473,958
Total current assets	751,232	(287,470)	463,762
Total non-current assets	186,492	287,470	473,962

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FRAGRANCE GROUP LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The information in this Appendix III has been reproduced from the auditor's report on the consolidated financial statements of Fragrance Group Limited and its subsidiaries for the financial year ended 31 December 2016 and has not been specifically prepared for inclusion in this Information Memorandum.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FRAGRANCE GROUP LIMITED

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of the Fragrance Group Ltd (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at December 31, 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the group and statement of changes in equity of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 44 to 97.

In our opinion, the accompanying 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 Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at December 31, 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and of the changes in equity of the company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the matter was addressed in the audit
Recognition of revenue and cost from sale of properties under development (Refer to Note 3 and Note 26 to the financial statements)	
Revenue from development properties in Singapore amounts to $97,058,000 or 82% of total revenue. Revenue is recognised based on percentage of completion which is the proportion of cost incurred relative to estimated total cost to completion. Cost of sale for residential and commercial components differ due to the different values attached to land cost and development cost for dissimilar types of properties with significantly different market value on a per square metre basis. The key judgements and accounting estimates relate to (1) the estimation of total estimated cost to completion which impacts the total budgeted cost and the percentage of completion; and (2) the appropriate allocation of land and development cost between the commercial and residential components. The cost to completion have been estimated by management after considering the remaining work to be done and the estimated total cost based on contracts awarded or experience from comparable past projects. The allocation of land cost to residential and commercial components within the same development is based on relative estimated sales value of the finished commercial and residential components. Development costs have been allocated between the two components based on specific cost as determined by quantity surveyor or by floor area.	The development properties comprise those developed by a subsidiary which we audit and those developed by a joint operation which is audited by another auditor. The procedures below comprise those performed by us and those performed by the other auditor whose file have been reviewed by us to ascertain the procedures and evidence obtained by the other auditor: • tested the cost incurred to date and evaluated the basis and support for estimated cost to completion; • examined the basis of cost allocation between residential and commercial components , and verified the calculation. We considered the adequacy of the disclosures of significant judgement and accounting estimates in Note 3 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FRAGRANCE GROUP LIMITED

Key audit matters	How the matter was addressed in the audit
Valuation of investment properties (Refer to Note 3 and Note 15 to the financial statements)	
The aggregate value of investment properties amounting to $1,172,223,000 represents 60% of total assets. These investment properties are stated at their fair values based on valuations of an independent professional valuer. The valuation process involves significant judgements in determining the appropriate valuation methodologies, in estimating adjustments to comparable property prices when using the direct comparison method, in projecting income and estimating the appropriate capitalisation rate under the income capitalisation method.	We read the valuation reports from the external professional valuer and held a discussion with the valuer to: • evaluate the independence, qualifications, competence and objectivity of the external professional valuer and the scope of work of the valuer. • consider the valuation methodologies used, the comparable properties used by the valuer and the judgemental adjustments made by the valuer for differences in property attributes between the Group's properties when using the direct comparison method; and the basis of projecting income and estimating the capitalisation rate. We considered the adequacy of disclosures in the financial statements in describing the inherent subjectivity of the valuations, the key unobservable inputs and the relationships between the key unobservable inputs and fair value.
Recoverable amounts of development properties in Australia (Refer to the Note 3 and Note 9 to the financial statements)	
Total cost of nine development properties in Australia amount to $294,681,000 representing approximately 14.5% of total assets of the Group as of December 31, 2016. Two projects have commenced sales and development, one project has commenced development, another project has received approval of planning permit and the remaining five properties are at preliminary stage of evaluation. Significant assumptions are made by management regarding the types and physical attributes of development. Significant estimates comprise projected gross development values and development cost upon completion of development. Future market values which can be realised and future cost to be incurred may be significantly different from current estimates due to changes in types and physical attributes of development and macroeconomic changes impacting demand and supply.	We obtained details of management estimates of gross development values ("GDVs") and total cost of development, compared components of these estimates with third party estimates or quotations and transaction values of comparable properties where available; and where not available, evaluated the basis of management's estimates. We considered the effects of unfavourable adjustments for sensitivity analysis to evaluate whether this may result in foreseeable losses. These estimates indicate no foreseeable losses. We considered the adequacy of disclosures in the financial statements in describing the status of the properties, the significant assumptions and accounting estimates involved and the inherent uncertainty and subjectivity of such estimates. Future circumstances and actual results may differ from current assumptions and projections.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FRAGRANCE GROUP LIMITED

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FRAGRANCE GROUP LIMITED

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Wong-Yeo Siew Eng.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

March 16, 2017

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2016

	Note	Group		Company	
		2016	2015	2016	2015
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	**45,513**	94,354	**8,621**	59,000
Trade and other receivables	7	**75,276**	265,920	**40,583**	175,928
Held for trading investments	8	**–**	4,155	**–**	4,155
Properties under/held for development	9	**476,476**	442,811	**181,795**	216,554
Properties held for sale	10	**67,731**	29,162	**636**	–
Assets held for sale	11	**–**	86,797	**–**	–
Total current assets		**664,996**	923,199	**231,635**	455,637
Non-current assets					
Subsidiaries	12	**–**	–	**750,152**	633,324
Investment in joint operations	13	**–**	–	**–**	–
Investment in joint venture	14	**93,566**	66,312	**87,313**	60,313
Other receivables and prepayment	7	**9,366**	8,908	**1,238**	–
Deferred tax asset	20	**1,254**	743	**–**	–
Investment properties	15	**1,172,223**	1,141,782	**–**	–
Property, plant and equipment	16	**18,903**	19,166	**–**	–
Total non-current assets		**1,295,312**	1,236,911	**838,703**	693,637
Total assets		**1,960,308**	2,160,110	**1,070,338**	1,149,274
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	17	**32,920**	113,400	**40,159**	140,052
Notes payable	18	**76,048**	1,476	**76,048**	1,476
Term loans	19	**151,734**	439,887	**–**	46,000
Derivative financial instrument		**87**	–	**–**	–
Income tax payable		**16,848**	20,599	**11,440**	310
Total current liabilities		**277,637**	575,362	**127,647**	187,838
Non-current liabilities					
Trade and other payables	17	**–**	–	**2,000**	1,411
Notes payable	18	**–**	85,000	**–**	85,000
Term loans	19	**626,692**	435,701	**105,725**	108,305
Deferred tax liabilities	20	**2,692**	14,698	**2,692**	11,347
Total non-current liabilities		**629,384**	535,399	**110,417**	206,063
Capital and reserves					
Share capital	21	**150,000**	150,000	**150,000**	150,000
Treasury shares	22	**(999)**	(1,050)	**(999)**	(1,050)
Performance share reserve	23	**318**	308	**318**	308
Revaluation reserve	24	**35,682**	33,266	**–**	–
Foreign currency translation reserve	25	**(26,254)**	(26,721)	**–**	–
Investment revaluation reserve		**(141)**	(72)	**–**	–
Accumulated profits		**880,635**	879,844	**682,955**	606,115
Equity attributable to owners of the company		**1,039,241**	1,035,575	**832,274**	755,373
Non-controlling interests		**14,046**	13,774	**–**	–
Total equity		**1,053,287**	1,049,349	**832,274**	755,373
Total liabilities and equity		**1,960,308**	2,160,110	**1,070,338**	1,149,274

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2016

	Note	Group 2016 $'000	Group 2015 $'000
Revenue	26	**118,733**	285,727
Cost of sales		**(75,411)**	(194,462)
Gross profit		**43,322**	91,265
Investment gain	27	**467**	1,722
Other operating income	28	**3,850**	29,345
Selling and distribution costs		**(5,426)**	(9,489)
Administrative expenses		**(17,383)**	(17,938)
Finance costs	29	**(17,502)**	(12,514)
Share of results of joint venture	14	**1,311**	(1,609)
Profit before income tax		**8,639**	80,782
Income tax expense	30	**(864)**	(9,430)
Profit for the year	31	**7,775**	71,352
Other comprehensive income, net of tax:			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of land and buildings		**–**	7,770
Income tax relating to components of other comprehensive income that will not be reclassified subsequently		**–**	489
Share of other comprehensive income of joint venture			
Revaluation of land and buildings	14	**2,028**	10,603
Income tax relating to components of other comprehensive income that will not be reclassified subsequently	14	**388**	(1,502)
		2,416	17,360
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**3,871**	(10,904)
Share of other comprehensive income of joint venture			
Exchange differences on translation of foreign operations	14	**(3,404)**	(1,421)
Fair value loss on investment securities	14	**(69)**	(72)
		398	(12,397)
Other comprehensive income for the year, net of tax		**2,814**	4,963
Total comprehensive income for the year		**10,589**	76,315
Profit attributable to:			
Owners of the company		**7,503**	68,164
Non-controlling interests	12(b)	**272**	3,188
		7,775	71,352
Total comprehensive income attributable to:			
Owners of the company		**10,317**	73,127
Non-controlling interests		**272**	3,188
		10,589	76,315
Earnings per share			
– Basic and Diluted	32	**0.11 cents**	1.01 cents

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2016

	Note	Share capital $'000	Treasury share $'000	Performance shares reserve $'000	Revaluation reserve $'000	Foreign currency translation reserve $'000	Investment revaluation reserve $'000	Accumulated profits $'000	Attributable to equity holders of the company $'000	Non controlling interests $'000	Total $'000
Group											
Balance at January 1, 2015		150,000	(503)	271	15,906	(14,396)	–	828,463	979,741	58,586	1,038,327
Transactions with owners, recognised directly in equity											
Dividends paid	33	–	–	–	–	–	–	(16,783)	(16,783)	–	(16,783)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	(48,000)	(48,000)
Repurchase of shares	22	–	(623)	–	–	–	–	–	(623)	–	(623)
Award of performance shares	22 & 23	–	76	37	–	–	–	–	113	–	113
Total		–	(547)	37	–	–	–	(16,783)	(17,293)	(48,000)	(65,293)
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	68,164	68,164	3,188	71,352
Other comprehensive income for the year		–	–	–	17,360	(12,325)	(72)	–	4,963	–	4,963
Total		–	–	–	17,360	(12,325)	(72)	68,164	73,127	3,188	76,315
Balance at December 31, 2015		150,000	(1,050)	308	33,266	(26,721)	(72)	879,844	1,035,575	13,774	1,049,349
Transactions with owners, recognised directly in equity											
Dividends paid	33	–	–	–	–	–	–	(6,712)	(6,712)	–	(6,712)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–
Repurchase of shares	22	–	–	–	–	–	–	–	–	–	–
Award of performance shares	22 & 23	–	51	10	–	–	–	–	61	–	61
Total		–	51	10	–	–	–	(6,712)	(6,651)	–	(6,651)
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	7,503	7,503	272	7,775
Other comprehensive income for the year		–	–	–	2,416	467	(69)	–	2,814	–	2,814
Total		–	–	–	2,416	467	(69)	7,503	10,317	272	10,589
Balance at December 31, 2016		150,000	(999)	318	35,682	(26,254)	(141)	880,635	1,039,241	14,046	1,053,287

STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2016

	Note	Share capital $'000	Treasury share $'000	Performance shares reserve $'000	Accumulated profits $'000	Total $'000
Company						
Balance at January 1, 2015		150,000	(503)	271	291,483	441,251
Transactions with owners, recognised directly in equity						
Dividends declared	33	–	–	–	(16,783)	(16,783)
Repurchase of shares	22	–	(623)	–	–	(623)
Award of performance shares	22 & 23	–	76	37	–	113
Total		–	(547)	37	(16,783)	(17,293)
Profit for the year, representing total comprehensive income for the year		–	–	–	331,415	331,415
Balance at December 31, 2015		150,000	(1,050)	308	606,115	755,373
Transactions with owners, recognised directly in equity						
Dividends declared	33	–	–	–	(6,712)	(6,712)
Repurchase of shares	22	–	–	–	–	–
Award of performance shares	22 & 23	–	51	10	–	61
Total		–	51	10	(6,712)	(6,651)
Profit for the year, representing total comprehensive income for the year		–	–	–	83,552	83,552
Balance at December 31, 2016		150,000	(999)	318	682,955	832,274

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF
CASH FLOWS

Year ended December 31, 2016

	Group	
	2016	2015
	$'000	$'000
Operating activities		
Profit before income tax	**8,639**	80,782
Adjustments for:		
Depreciation of property, plant and equipment	**486**	154
Amortisation of prepaid land lease	**780**	780
Amortisation of rental incentives granted	**(721)**	(265)
Amortisation of processing fee on debt note issued	**192**	192
Property, plant and equipment written off	**1**	–
Change in fair value of held for trading investments	**(467)**	(1,722)
Fair value gain on investment properties	**(2,208)**	(28,187)
Fair value on derivative financial instrument	**87**	–
Interest income	**(640)**	(789)
Interest expense	**17,502**	12,514
Unrealised gain on foreign exchange differences	**(91)**	311
Allowance for doubtful receivables	**56**	–
Performance share award expenses	**61**	113
Share of results of joint venture	**(1,311)**	1,609
Operating cash flows before movements in working capital	**22,366**	65,492
Trade and other receivables	**178,824**	75,341
Development properties and properties held for sale	**(6,722)**	82,903
Trade and other payables	**(52,398)**	8,905
Cash generated from operations	**142,070**	232,641
Interest paid	**(22,246)**	(24,554)
Income tax paid	**(17,127)**	(30,320)
Net cash from operating activities	**102,697**	177,767
Investing activities		
Interest received	**640**	789
Investment in joint venture	**(27,000)**	(60,313)
Purchase of held for trading investments	**(1,354)**	–
Proceeds from disposal of held for trading investments	**5,976**	–
Purchase of investment property (Note B)	**(3,530)**	(22,781)
Purchase of property, plant and equipment	**(224)**	(53)
Net cash used in investing activities	**(25,492)**	(82,358)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2016

	Group	
	2016	2015
	$'000	$'000
Financing activities		
Proceeds from borrowings	**65,357**	44,000
Proceeds from notes issued	**–**	84,616
Repayment of notes issued	**(10,250)**	–
Repayment of borrowings	**(162,420)**	(173,090)
Repurchase of shares	**–**	(623)
Dividends paid (Note C)	**(6,712)**	(34,783)
Advances (to) from non-controlling interests (Note D)	**(11,880)**	2,900
Net cash used in financing activities	**(125,905)**	(76,980)
Net (decrease) increase in cash and cash equivalents	**(48,700)**	18,429
Cash and cash equivalents at beginning of year (Notes A and 6)	**94,354**	76,543
Effect of exchange rate change on balances of cash held in foreign currencies	**(141)**	(618)
Cash and cash equivalents at end of year (Notes A and 6)	**45,513**	94,354

Note A: Included in the cash and cash equivalents is an amount of $3,854,000 (2015: $48,713,000) deposited in the project accounts and fixed deposits. Withdrawals of these monies for expenditure related to specific properties under development are governed by the Housing Developers (Control and Licensing) Act.

Note B:

	Group	
	2016	2015
	$'000	$'000
Addition of investment properties (Note 15)	**2,760**	27,624
Capitalised interest included as interest in statement of cash flows	**–**	(4,302)
Payment of cost accrued in preceding year/(cost incurred yet to be paid)	**770**	(541)
	3,530	22,781

Note C: In 2015, dividends paid comprise those declared in 2015 and the $18,000,000 declared in 2014.

Note D: In 2015, the dividend payable to non-controlling interest of $48,000,000 was offset against advances from non-controlling interest.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

1 GENERAL

The company (Registration No. 200006656M) is incorporated in Singapore with its principal place of business and registered office at 456 Alexandra Road, #26-01 Fragrance Empire Building, Singapore 119962. The company is listed on the Singapore Exchange Securities Trading Limited.

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

The principal activities of its subsidiaries, joint operations and joint venture are described in Notes 12, 13 and 14 to the financial statements.

The financial statements are expressed in Singapore dollars, which is also the functional currency of the company. The consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company for the year ended December 31, 2016 were authorised for issue by the Board of Directors on March 16, 2017.

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 ("FRSs").

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 such a 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.

NOTES TO
FINANCIAL STATEMENTS

DECEMBER 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

ADOPTION OF NEW AND REVISED STANDARDS – On January 1, 2016, 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.

At the date of authorisation of these financial statements, the following FRSs and amendments to FRS that are relevant to the group and the company were issued but not effective:

- FRS 109 *Financial Instruments* [2]
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)* [2]
- FRS 116 *Leases* [3]
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative* [1]

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

[1] Applies to annual periods beginning on or after January 1, 2017, with early application permitted.
[2] Applies to annual periods beginning on or after January 1, 2018, with early application permitted.
[3] Applies to annual periods beginning on or after January 1, 2019, with earlier application permitted if FRS 115 is adopted.

Management has not early adopted any of the above new/amended FRS.

FRS 109 *Financial Instruments*

FRS 109 will 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) general hedge accounting (iii) impairment requirements for financial assets.

Based on the existing profile of financial instruments (absence of equity and debt investments and absence of financial liabilities designated as "fair value to profit and loss") new requirements for classification and measurement of financial instruments under FRS 109 will have no effect on the group.

In respect of hedge accounting, FRS 109 provides greater flexibility to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Should the present type and nature of hedging be existing on date of adoption of FRS109, there will be no impact on the measurement and recognition of fair value changes.

In relation to 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.

On adoption of FRS 109, the group will need to account for expected credit losses and expect to use historical experience, modified by any future change such as customers' profile and payment modes.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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. Further clarifications to FRS 115 were also issued in June 2016.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard 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 (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Based on the existing sources of revenue as at December 31, 2016 management has made a preliminary assessment that the application of FRS 115 may not have a material impact on the group's financial statements. Further evaluation will be undertaken should there be further updates on the application of FRS 115 or should the sources of revenue change in the year when FRS 115 becomes effective.

FRS 116 *Leases*

FRS 116 was issued in June 2016 and will supersede FRS 17 Leases and its associated interpretative guidance.

The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer. Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Upon adoption of FRS 116, the group will recognise liabilities for non-cancellable operating lease commitments (other than those which fall within the exceptions stated above); and recognise a corresponding right of use asset to be amortised on a straight line basis over the lease period. Note 36 provides an indication of the nature and extent of lease commitments which fall within FRS 116.

FRS convergence in 2018

Singapore-incorporated companies listed on the SGX will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after 1 January 2018. The group will be adopting the new framework for the first time for financial year ending 31 December 2018.

Based on a preliminary assessment of the potential impact arising from IFRS 1 First-time adoption of IFRS, management does not expect significant changes to the group's current accounting policies or material adjustments on transition to the new framework, other than those that may arise from implementing new/revised IFRSs as set out in the preceding paragraphs on the equivalent FRSs.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Management is currently performing a detailed analysis of the transition options and other requirements of IFRS 1. The preliminary assessment above may be subject to change arising from the detailed analysis.

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.

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 when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 the profit or loss.

FINANCIAL INSTRUMENTS – 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 asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts to present value, the estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

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.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial liability is either held for trading or it is designated as FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- It is a part of an identified portfolio of financial instruments that the group manages together and has a recent pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed with its performance evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and FRS 39 – *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as FVTPL.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest paid on the financial asset and is included in "investment revenue" line in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 4.

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 method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, 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 according to the contractual terms of the receivables as well as observable change 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a 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.

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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the 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, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

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 and equity instruments

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.

Other 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, and are subsequently measured at amortised cost, using the effective interest 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).

Financial guarantee contract liabilities of the company are measured initially at their fair values and subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 Revenue.

Financial guarantees

The company has issued corporate guarantees to banks and financial institutions for bank borrowings of its subsidiaries. These financial guarantees require the company to reimburse the banks and financial institutions if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised at their fair value plus any transaction costs.

Financial guarantee contracts are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless the company has incurred an obligation to reimburse the bank or financial institution for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank or financial institution.

Derecognition of financial liabilities

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity instruments (cont'd)

Derivative financial instruments

The group uses foreign currency option contracts to manage its exposure to foreign exchange rate risk.

The financial derivatives are initially recognised at fair value on the contract date and are subsequently remeasured at their fair values at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

The fair values of the derivatives are determined by reference to market value quoted by a bank at the reporting date.

PROPERTIES UNDER DEVELOPMENT – Development properties are stated at cost plus recognised profits on units sold, less progress billings and any impairment loss. Cost comprises the payment made for acquisition of land, development costs, finance costs and other related expenditure which are capitalised as and when activities that are necessary to get the asset ready for its intended use until such time that the properties are substantially completed.

Foreseeable losses, if any, are provided as soon as they become known based on the management's estimates of net realisable value and estimates of cost to complete.

PROPERTIES HELD FOR SALE – Properties held for sale are stated at the lower of cost (specific identification) and net realisable value. Net realisable value is determined by reference to estimated sale proceeds less selling expense.

Cost of property includes acquisition costs, development expenditure, interests and other direct costs attributable to such property up to completion.

PROPERTY, PLANT AND EQUIPMENT

Office premises and plant and equipment are carried at cost, less accumulated depreciation and any impairment losses.

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

Building – office premises	–	2%
Motor vehicles	–	20%
Furniture, fixtures and fittings	–	20%
Office equipment	–	20%
Computer	–	20% to $33\frac{1}{3}$%
Electrical installation	–	20%
Renovation	–	20%

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

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

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

Amounts due from lessees under finance leases are recorded as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease over the lease term including lease incentives granted to tenants are recognised on the profit or loss statement on a straight-line basis over the period of the lease.

The group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Contingent rentals, if any, arising under operating leases are recognised as an expense in the period in which they are incurred.

Lease incentives received from lessors are recognised as reductions of rental expense on a straight-line basis over the period of the lease.

IMPAIRMENT OF TANGIBLE 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 the 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, to the extent 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 the 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.

NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE – Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

JOINT VENTURE – 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 results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the joint venture. When the group's share of losses of a joint venture exceeds the group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the group's net investment in the joint venture), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale. When the group retains an interest in the former joint venture and the retained interest is a financial asset, the group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The group continues to use the equity method when an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the group reduces its ownership interest in a joint venture but the group continues to use the equity method, the group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with a joint venture of the group, profits and losses resulting from the transactions with the joint venture are recognised in the group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the group.

The company carries investment in the joint venture at cost less any impairment loss and does not equity account for the results of the joint venture.

INTERESTS IN JOINT OPERATIONS – A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the 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.

When a group entity undertakes its activities under joint operations, the group/company as a joint operator recognises in relation to its interest in a join operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output to the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Consistent with the substance of the arrangement with the other joint operation, the group/company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the FRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the group/company is considered to be conducting the transaction with the other party to the joint operation, and gains and losses resulting from the transactions are recognised in the group's consolidated financial statements and the company's financial statements only to the extent of other party's interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the group/company does not recognise its share of the gains and losses until it resells those assets to a third party.

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

SHARE-BASED PAYMENTS – The group issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 23. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

The group recognises profits on sale of properties under development in Singapore using the percentage of completion method when the transfer of significant risks and rewards of ownership occurs as development progresses. The percentage of completion is measured by reference to the percentage of physical completion at the end of each reporting period determined by independent qualified surveyors. When losses are expected, full provision is made in the financial statements after taking into account estimated costs to completion. Revenue from sale of properties in Australia will be recognised on completion of development.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease, including lease incentives given to tenants, are recognised in the profit or loss statements on a straight-line basis over the lease term.

Interest income is accrued on a time basis, by reference to the principal sums and at the applicable effective interest rates.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Income from providing financial guarantees to financial institutions for credit facilities used by certain wholly-owned subsidiaries are recognised as income of the company over the guarantee period.

DEFFERED COMMISSION EXPENSES – Commission paid in connection with sales of development properties are amortised as expense in profit or loss at same percentage as revenue from the sale recognised on a percentage completion basis.

BORROWING COSTS – Borrowing costs directly attributable to the acquisition and construction of properties, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Development of properties are considered complete upon the issue of temporary occupation permits.

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

RETIREMENT BENEFIT OBLIGATIONS – 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 year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other 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 by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. 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.

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.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each group entity are measured and presented in its functional currency which is the currency of the primary economic environment in which the entity operates. 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 in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences on foreign currency borrowings used to finance assets under construction for future productive use, the total cost of financing the assets during the construction period, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

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 period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On consolidation, exchange differences arising from 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 of borrowings and other currency instruments designated foreign currency translation reserve as hedges of such investments, are recognised in other comprehensive income and accumulated in a component of equity.

SEGMENT – An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The group determines and presents operating segments based on information that is internally provided to the Chief Executive Officer who is the group's chief operating decision maker. Decisions about resources to be allocated and assessment of performance, are distinguished by operating segments.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits 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.

Critical judgements in applying the entity's accounting policies

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below, and except for those affecting accounting estimates.

Allocation of costs to individual units of different components in mixed development projects

For mixed development projects, the group segregates the land cost and all costs directly related to the acquisition of the land between commercial, retail and residential components based on the relative estimated sales value of each finished component. Management considers the use of this basis for allocating cost of land more closely approximates the basis on which the economic value of the land had been determined. Other development costs such as construction costs are allocated based on specific cost as determined by quantity surveyor or the floor area of each unit relative to the total floor area available for sale.

Deferred taxation on revaluation gains from investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the management has reviewed the group's investment property portfolio and concluded that, while certain of the group's investment properties are depreciable, they are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, no deferred tax is provided on revaluation gains from all investment properties.

Classification of development properties and investment properties

For the purposes of classifying properties held for sales or held for investment purposes, management reviews the business objectives upon completion of development of properties. In maximizing shareholders' value, management considers potential earnings of unsold commercial units and the actions taken to secure tenancies before classifying these unsold units as "Investment Properties". Such transfer of units can be made on enbloc basis or by individual units based on the adopted strategy to maximise shareholders' value.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION (CONT'D)

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.

Revenue and costs from properties under development

The revenue from property development is stated in Note 26 to the financial statements.

As described in Note 2 to the financial statements, revenue and costs associated with sold units of Singapore properties under development are recognised as revenue and expenses respectively by reference to the stage of completion of project activity at the end of the reporting period, using architects' or quantity surveyors' estimates. Percentage of completion is the ratio of costs certified over total projected cost to complete the development.

The key judgements and accounting estimates relate to (1) the estimation of total estimated cost to completion which impacts the total budgeted cost and the percentage of completion; and (2) the appropriate allocation of land and development cost between the commercial and residential components.

The cost to completion have been estimated by management after considering the remaining work to be done and the estimated total cost based on contracts awarded or experience from comparable past projects.

The allocation of land cost to residential and commercial components within the same development is based on relative estimated sales value of the finished commercial and residential components. Development costs have been allocated between the two components based on specific cost as determined by quantity surveyor or by floor area.

Recoverable amounts of development properties for sale and properties under/held for development

The amounts and nature of these properties are described in Notes 9 and 10 to the financial statements.

For properties in Singapore, management considers the expected net realisable values based on prices achieved from recent sales for the same development and the cost to completion as described in the preceding section "Revenue and costs from properties under development".

Total cost of nine development properties in Australia amount to $294,681,000 representing approximately 15% of total assets of the Group as of December 31, 2016. Two projects have commenced sales and development, one project has commenced development, another project has received approval of planning permit and the remaining five properties are at preliminary stage of evaluation.

Significant assumptions are made by management regarding the types and physical attributes of development. Significant estimates comprise projected gross development values and development cost upon completion of development. Future market values which can be realised and future cost to be incurred may be significantly different from current estimates due to changes in types and physical attributes of development and macroeconomic changes impacting demand and supply.

On the basis of assumptions made regarding the type of development an estimates regarding selling prices, gross development values and development cost, management expect cost to be recoverable.

Valuation of investment properties

Investment properties are stated at fair values based on independent professional valuations. In determining the fair value, the valuer has used valuation techniques which involve certain estimates and significant unobservable inputs which are disclosed in Note 15.

In relying on the valuation reports, management has exercised its judgement and is satisfied that the independent valuer has appropriate recognised professional qualifications and the estimates are reflective of current market conditions at the end of each reporting period.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION (CONT'D)

Key sources of estimation uncertainty (cont'd)

Income tax

Significant estimate is involved in determining the provision for income taxes. The group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcomes of these matters are different from the amounts that were initially estimated, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

In 2016, the group transferred certain properties previously held for sale to investment properties as described in the section "Classification of development properties and investment properties". No tax is attributed to the change in fair values of these properties relative to cost at the date of transfer from development properties held for sale to investment properties.

In 2016, the group reassessed for tax purposes, the allocation of land cost between sold residential properties and unsold commercial properties (classified as investment property) in a mixed development. The relative values of development charge applicable to residential and commercial development used by the relevant authorities to levy charges for enhancement of land through development, was used to allocate land cost instead of the accounting basis of allocation. This resulted in an adjustment to prior year tax estimates, recorded in 2016.

Information about the deferred tax and income tax expenses are disclosed in Notes 20 and 30 respectively.

Recoverable amounts of trade and other receivables

A considerable amount of judgement and accounting estimates is required in assessing the ultimate realisation of trade and other receivables (Note 7). Based on observed collection patterns, management expects all receivables to be recoverable and no allowance for doubtful receivables is required.

Should any buyer of properties under development default on payment obligations, collections to date are forfeitable to the extent necessary to make good those obligations, after deducting the net values realisable from resale of the property.

The carrying amounts of trade and other receivables are disclosed in Note 7 of the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Fair value through profit or loss (FVTPL):				
Held for trading investments	–	4,155	–	4,155
Assets held for sale	–	86,797	–	–
Loans and receivables (including cash and cash equivalents)	**94,149**	338,488	**39,519**	223,958
Financial liabilities				
Amortised cost	**886,890**	1,014,495	**220,691**	319,737
Derivative financial instrument	**87**	–	–	–
Financial guarantee contracts	–	–	**3,050**	2,489

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and object

The group is exposed to various financial risks in the normal course of business. There is no significant change in the risks except for increased exposure to the effect of foreign currency translations of assets in an Australian dollar functional currency environment as the group increases its acquisition of properties in Australia and exposure to effects of currency movements when equity accounting for a share of results and assets of a joint venture.

(i) Foreign exchange risk management

The group has nine properties in Australia (Note 9). Changes in exchange rates between Australian dollars and the group's reporting currency result in currency translation movements which are recognised in Other Comprehensive Income. The group equity accounts for its share of the results and net assets of a joint venture (Note 14) which has invested in another listed group with operations in a number of countries and exposures to variability in exchange rates. Management has not entered into any hedge arrangements in respect of these foreign currency positions.

(ii) Interest rate risk management

The Group has variable rate borrowings. Management actively reviews the debt portfolio and switches to more cost-effective sources of funding to achieve a certain level of protection against interest hikes. Summary quantitative data of the group's interest-bearing financial instruments can be found in Section (iv) of this Note.

Interest rate sensitivity

If interest rates had been 50 basis points higher or lower and all other variables were held constant, interest cost would increase/decrease by approximately $3,120,000 (2015: $2,051,000).

Reasonably possible changes in interest rates on cash and cash equivalents (Note 6) are not expected to have a significant impact on operating results.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss to the group.

The group's financial assets are cash and bank balances, and trade and other receivables. The group's credit risk with respect to trade receivables is mitigated by legal recourse to the properties sold, in the event of default in payment by buyers of the property.

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The group has no significant concentration of credit risk.

Cash is held with creditworthy financial institutions.

The carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for losses, represent the group's maximum exposure to credit risk.

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FINANCIAL STATEMENTS

DECEMBER 31, 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and object (cont'd)

(iv) Liquidity risk management

The group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. The group finances its liquidity needs through internally generated cash flows and external financing, and minimises liquidity risk by keeping committed credit lines available and reviewing the maturity profile of its borrowings relative to expected cash inflows.

Liquidity and interest risk analyses

Financial liabilities

The following undiscounted cash flows of financial liabilities based on the earliest date on which the group and company can be required to pay includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to future interest which are not included in the carrying amount of the financial liability on the statements of financial position.

	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
Group						
2016						
Non-interest bearing	N.A	**32,416**	–	–	–	**32,416**
Fixed interest rate instruments	3.75	**76,163**	–	–	**(115)**	**76,048**
Variable interest rate instruments	2.12	**159,460**	**563,483**	**129,474**	**(73,991)**	**778,426**
2015						
Non-interest bearing	NA	52,431	–	–	–	52,431
Fixed interest rate instruments	3.75	3,188	85,128	–	(1,840)	86,476
Variable interest rate instruments	2.42	450,421	353,372	141,861	(70,066)	875,588
Company						
2016						
Non-interest bearing	NA	**38,918**	–	–	–	**38,918**
Fixed interest rate instruments	3.75	**76,163**	–	–	**(115)**	**76,048**
Variable interest rate instruments	2.78	**2,939**	**107,195**	–	**(4,409)**	**105,725**
2015						
Non-interest bearing	NA	78,956	–	–	–	78,956
Fixed interest rate instruments	3.75	3,188	85,128	–	(1,840)	86,476
Variable interest rate instruments	2.79	50,198	108,560	–	(4,453)	154,305

All loans above are covered by corporate guarantees given by the company to the financial institutions.

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FINANCIAL STATEMENTS

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4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)**

(b) Financial risk management policies and object (cont'd)

(iv) Liquidity risk management (cont'd)

Financial assets

The following undiscounted cash flows are based on contractual maturities of the financial assets including any interest except where the group and the company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to future interest which are not included in the carrying amount of the financial asset on the statements of financial position.

	Weighted Average Effective Interest rate	**On demand or within 1 year**	**Adjustment**	**Total**
	%	**$'000**	**$'000**	**$'000**
Group				
2016				
Non-interest bearing	NA	**93,147**	**–**	**93,147**
Fixed interest rate instruments	1.00	**1,003**	**(1)**	**1,002**
2015				
Non-interest bearing	NA	393,429	–	393,429
Fixed interest rate instruments	0.82	36,026	(15)	36,011
Company				
2016				
Non-interest bearing	NA	**39,519**	**–**	**39,519**
Fixed interest rate instruments	NA	**–**	**–**	**–**
2015				
Non-interest bearing	NA	193,102	–	193,102
Fixed interest rate instruments	0.82	35,025	(14)	35,011

(vi) Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other current receivables and trade and other payables and short-term loans approximate their respective fair values due to the 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.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) Capital management policies and objectives

The group manages its capital to ensure that entities in the group will be able to continue as going concerns while optimising the return to stakeholders through a combination of debt and equity balance.

The capital structure of the group consists of equity and reserves; and borrowings through term loans from financial institutions (Note 19) and notes issued on the capital market (Note 18). The group is in compliance with financial covenants associated with external borrowings.

The management reviews the capital structure on a semi-annual basis. As part of the review, the management considers the cost of capital, risks and tenures associated with each class of capital. Based on the review, the group may adjust the capital structure through the payment of dividends, purchase of treasury shares, issuance of new shares, issuance of new debt instruments or the redemption of existing debts.

The group monitors capital using debt ratios as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Total assets	**1,960,308**	2,160,110
Total debts	**854,474**	962,064
Total equity	**1,053,287**	1,049,349
Debt-to-total assets	**43.6%**	44.5%
Debt-to-total equity	**81.1%**	91.7%

5 RELATED PARTY TRANSACTIONS

Related companies in these financial statements refer to the members of the company's group of companies.

Transactions and arrangements between the company and the members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated. Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related company transactions.

Transactions and arrangements between the group and related parties on the basis determined between the parties are reflected in these financial statements. The balances with related parties are unsecured, interest-free and repayable on demand unless stated otherwise.

NOTES TO FINANCIAL STATEMENTS

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5 RELATED PARTY TRANSACTIONS (CONT'D)

Transactions with the related parties include:

	Group	
	2016	2015
	$'000	$'000
Early redemption of a note by a director (Note 18)	**10,337**	–
Sale of two property units to be developed in Australia to a director	**1,330**	–
Rental income received from a related party in which directors has interest	**564**	264
Project management fee received from a related party in which directors has interest	**28**	100

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2016	2015
	$'000	$'000
Short-term benefits	**2,545**	5,150
Post-employment benefits	**69**	49
Share-based payments	**33**	42

The remuneration of directors and key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Cash and bank balances	**40,657**	29,630	**5,460**	3,537
Fixed deposits	**1,002**	36,011	–	35,011
Project accounts	**3,854**	28,713	**3,161**	20,452
Total	**45,513**	94,354	**8,621**	59,000

Monies received from sale of units of the properties under development are deposited into the project accounts, withdrawals from which are governed by the Housing Developers (Control and Licensing) Act.

All fixed deposits are for terms of approximately one to three months with interest rate of 1% at the end of the year (2015 : 0.8%).

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7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Rental debtors	**2,454**	1,006	**–**	3
Less: Allowance for doubtful receivables	**(56)**	–	**–**	–
	2,398	1,006	**–**	3
Goods and services tax receivables	**2,514**	791	**282**	2
Unbilled revenue on completed properties	**29,298**	12,821	**14,771**	–
Unbilled revenue on properties under/held for development	**5,091**	223,969	**5,091**	139,028
Deposits	**5,900**	866	**1,277**	126
Prepayments	**9,480**	10,266	**9**	201
Subsidiaries	**–**	–	**9,759**	25,798
Advances to non-controlling interests	**5,260**	4,980	**–**	–
Deferred commission expenses	**22,774**	19,637	**9,394**	10,767
Others	**1,927**	492	**1,238**	3
	84,642	274,828	**41,821**	175,928
Less: Prepayment (non-current portion)	**(8,128)**	(8,908)	**–**	–
Other receivable (non-current portion)	**(1,238)**	–	**(1,238)**	–
	75,276	265,920	**40,583**	175,928
Contracts in progress at the end of the reporting period:				
Amounts due from customers on sale of completed properties	**29,298**	12,821	**14,771**	–
Amounts due from customers on sale of properties under development	**5,091**	223,969	**5,091**	139,028
	34,389	236,790	**19,862**	139,028
Contract costs incurred plus recognised profits	**1,331,146**	1,347,407	**363,531**	285,558
Less: Progress billings	**(1,296,757)**	(1,110,617)	**(343,669)**	(146,530)
	34,389	236,790	**19,862**	139,028

Unbilled revenue on properties under/held for development are classified as current in accordance with Financial Reporting Standards FRS 1 because they are expected to be realised in the normal operating cycle.

The group's and company's trade receivables include receivables with a carrying amount of $1,042,000 and $Nil (2015 : $445,000 and $3,000) respectively which are past due as at the end of the reporting period for which the group and the company has not made any allowance for doubtful receivables as management considers this amount to be recoverable.

Allowance for doubtful receivables charged to profit and loss statement in 2016 amounted to $56,000 (2015 : $Nil).

The group and the company generally do not assess the credit quality of customers buying properties as it is not within the group's and the company's control to ensure that buyers are able to obtain external financing if they need to borrow subsequent to contracting to purchase the properties. Deposits and/or progress receipts from defaulters can be forfeited to the extent necessary to make good the obligations of these buyers after deducting net proceeds from resale of properties.

The amount due from subsidiaries to the company and the amounts due from non-controlling interests to the group are unsecured, interest-free and repayable on demand.

Prepayment includes prepaid operating lease of a land parcel amounting to $8,909,000 (2015 : $9,689,000). The lease period of the land is 15 years. Prepaid land lease amortised during the year amounted to $780,000 (2015 : $780,000).

Other receivables included deposits of $1,238,000 for purchase of a land parcel. The purchase was completed on 20 February 2017.

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7 TRADE AND OTHER RECEIVABLES

The table below is an analysis of the trade receivables as at the end of the reporting period:

	Group	
	2016	**2015**
	$'000	**$'000**
Not past due and not impaired	**1,412**	561
Past due but not impaired	**1,042**	445
Trade receivables not impaired	**2,454**	1,006
Impaired receivables	**56**	–
Less: Allowance for doubtful debts	**(56)**	–
	–	–
Total trade receivables, net	**2,454**	1,006

The aging profile of trade receivables which were past due but not impaired is as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Past due by:		
30 days to 60 days	**112**	178
60 days to 90 days	**30**	19
More than 90 days	**900**	248
	1,042	445

8 HELD FOR TRADING INVESTMENTS

	Group and Company	
	2016	**2015**
	$'000	**$'000**
Quoted equity shares, at fair value	**–**	4,155

Fair values at December 31, 2015 were based on quoted market prices. All investments were disposed in 2016 (Note 27).

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9 PROPERTIES UNDER/HELD FOR DEVELOPMENT

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Land and other related costs	**408,604**	775,026	**185,879**	332,914
Development costs	**84,887**	225,489	**31,083**	71,652
Interest, property tax and other costs	**34,427**	63,626	**16,275**	21,179
	527,918	1,064,141	**233,237**	425,745
Less: Cost of properties sold to date	**(51,442)**	(621,330)	**(51,442)**	(209,191)
	476,476	442,811	**181,795**	216,554

Interest expenses capitalised in property under/held for development during the year was $4,480,000 (2015: $8,512,000) for the group and $3,170,000 (2015: $4,563,000) for the company. Interest rates ranged from 1.96% to 2.78% (2015: 1.95% to 2.83%) per annum for the group; and 2.78% (2015: 2.38% to 2.83%) per annum for the company.

Properties under/held for development are classified as current assets in accordance with Financial Reporting Standards FRS 1 because they are expected to be realised in the normal operating cycle.

All properties in Singapore are mortgaged to the banks and finance companies to secure credit facilities of the subsidiaries (Note 19).

The properties under/held for development as at December 31, 2016 were as follows:

Property and address	Description of development	Tenure	Land area (sq m)
Lot 534W of TS 15 at 371 Beach Road[1]	30-storey building with apartments and commercial units	99 years leasehold	7,269
374 – 396 Murray Street, Perth, Australia	Multi-storey hotel building and a residential building	Freehold	4,926
173 – 177 Macquarie Street, Tasmania	Multi-storey hotel building consisting of 296 rooms	Freehold	2,000
134-160 Spencer Street, Melbourne, Victoria	Multi-storey mixed development with commercial, hotel and residential space	Freehold	1,800
171 Macquarie Street Hobart, Tasmania	Proposed development of multi-storey commercial space	Freehold	525
28-30 Davey Street Hobart, Tasmania	Proposed development of multi-storey hotel building	Freehold	1,153
39-47 Milligan Street and 453-471 Murray Street, Perth, Australia	Proposed development of multi-storey mixed use, consisting of retail, office, hotel and residential use	Freehold	3,560

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9 PROPERTIES UNDER/HELD FOR DEVELOPMENT (CONT'D)

Property and address	Description of development	Tenure	Land area (sq m)
555 Collins Street Melbourne, Victoria	Multi-storey mixed development with commercial and residential space	Freehold	2,300
2 – 6 Collins Street Hobart, Tasmania	Multi-storey hotel building	Freehold	3,009
234 – 250 Elizabeth Street, Hobart, Tasmania	Multi-storey mixed development with commercial and residential space	Freehold	3,501

The properties under/held for development as at December 31, 2015 were as follows:

Property and address	Description of development	Tenure	Land area (sq m)
Lot 02083X MK23 at Jalan Lokam	5-storey residential building with commercial space	Freehold	9,643
Lot 10765A MK 27 at Tanah Merah Kechil Link[1]	9 blocks multi-storey condominium building	99 years leasehold	13,999
Lot 534W of TS 15 at 371 Beach Road[1]	30-storey building with apartments and commercial units	99 years leasehold	7,269
374 – 396 Murray Street, Perth, Australia	Multi-storey hotel building with residential space	Freehold	4,926
173 – 177 Macquarie Street, Tasmania	Multi-storey of commercial space	Freehold	2,000
134-160 Spencer Street, Melbourne, Victoria	Multi-storey mixed development with commercial and residential space	Freehold	1,800
171 Macquarie Street Hobart, Tasmania	Proposed development of multi-storey commercial space	Freehold	525
28-30 Davey Street Hobart, Tasmania	Proposed development of multi-storey commercial space	Freehold	1,153
39-47 Milligan Street and 453-471 Murray Street, Perth, Australia	Proposed development of multi-storey mixed use, consisting of retail, office, hotel and residential use	Freehold	3,560

[1] These properties under development are in joint operations of the group and the company (Note 13).

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10 PROPERTIES HELD FOR SALE

	Group $'000	Company $'000
Balance as at December 31, 2014	14,936	–
Add: Additions during the year	140,227	–
Less: Transfer to cost of sales	(4,576)	–
Transfer to investment properties (Note 15)	(121,425)	–
Balance as at December 31, 2015	29,162	–
Add: Additions during the year	66,262	636
Less: Transfer to cost of sales	(2,220)	–
Transfer to investment properties (Note 15)	(25,473)	–
Balance as at December 31, 2016	67,731	636

Additions during the year comprise transfer from properties under development (Note 9) upon completion of development.

The properties held for sale as at December 31, 2016 are as follows:

Property and address	Description	Tenure	Floor area (sq m)
#01-10/11/14/15 at Pasir Panjang Road	4 units of completed commercial retail units of shop and restaurant	Freehold	170
267/277 at Wak Hassan Drive	2 units of completed detached dwelling houses	99 years leasehold	994
#01-48/49/50 at Tanah Merah Kechil Link	3 units of completed commercial retail units of shop	99 years leasehold	113
#01-05/08/09/10/11/12/13/14 15/16/17/19/20/23/40/45/46/47/ 49/50/51/52/54/56 at Jalan Lokam	24 units of completed commercial retail units of shop and restaurant	Freehold	1,443

The properties held for sale as at December 31, 2015 were as follows:

Property and address	Description	Tenure	Floor area (sq m)
#04-18 at 279 Thomson Road	A completed residential unit	Freehold	145
#01-10/11/14/15, #02-02/03/ 04/05/09/10/11/12/13/15/16 at Pasir Panjang Road	15 units of completed commercial retail units of shop and restaurant	Freehold	1,055
267/277 at Wak Hassan Drive	2 units of completed detached dwelling houses	99 years leasehold	994

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

11 ASSETS HELD FOR SALE

In 2015, management approved the sale of a property in Australia originally intended to be developed by the group. A third party agent was appointed to market the property. Cost of $86,797,000 was transferred from properties held for development.

In 2016, management reassessed the development potential, secured a planning permit from the Australian authorities in September 2016 to develop the property. With this change, the cost of the property was reclassified to "Properties under/held for development" (Note 9).

12 SUBSIDIARIES

	Company	
	2016	**2015**
	$'000	**$'000**
Unquoted equity shares, at cost	**63,784**	54,780
Amount due from subsidiaries as part of net investment	**665,474**	558,187
Fair value of financial guarantees given by the company for credit facilities of subsidiaries[3]	**20,894**	20,357
	750,152	633,324

(a) Details of the company's subsidiaries at December 31, 2016 are as follows:

Name of subsidiaries	Country of incorporation and operation	Proportion of ownership interest % 2016	Proportion of ownership interest % 2015	Proportion of voting power held % 2016	Proportion of voting power held % 2015	Principal activities
Held by the company						
Fragrance Land Pte Ltd[5]	Singapore	**100**	100	**100**	100	Dormant
Fragrance Properties Pte Ltd[5]	Singapore	**100**	100	**100**	100	Dormant
Fragrance Homes Pte Ltd[1]	Singapore	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance Realty Pte Ltd[1]	Singapore	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance Holdings Pte Ltd[1]	Singapore	**100**	100	**100**	100	Investment holding and investing in properties
Fragrance Biz Space Pte Ltd[1]	Singapore	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance Grandeur Pte Ltd[1]	Singapore	**100**	100	**100**	100	Investment holding and investing in properties
Fragrance Regal Pte Ltd[1]	Singapore	**100**	100	**100**	100	Investment holding and investing in properties

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12 SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation and operation	Proportion of ownership interest		Proportion of voting power held		Principal activities
		% 2016	% 2015	% 2016	% 2015	
Held by the company						
The Colonial Settlement Pte Ltd[1]	Singapore	**100**	100	**100**	100	Investment holding and investing in properties
Kensington Land Pte Ltd[1]	Singapore	**60**	60	**60**	60	Development, dealing and trading in properties
Kensington Village Pte Ltd[1]	Singapore	**60**	60	**60**	60	Development, dealing and trading in properties
Fragrance Global Pte Ltd[1]	Singapore	**100**	100	**100**	100	Investment holding
Fragrance Great Britain Pte Ltd[4]	Singapore	**100**	–	**100**	–	Investment holding
Held by Fragrance Global Pte Ltd						
Fragrance South Pacific Pty Ltd[2]	Australia	**100**	100	**100**	100	Investment holding
Fragrance WA-Perth Pty Ltd[2]	Australia	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance WA-Perth (Milligan) Pty Ltd[2]	Australia	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance TAS-Hobart Pty Ltd[2]	Australia	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance TAS-Hobart (Collins) Pty Ltd (formerly known as Fragrance TAS-Hobart (Davey) Pty Ltd)[2]	Australia	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance TAS-Hobart (Elizabeth) Pty Ltd (formerly known as Fragrance VIC-MEL (Southbank) Pty Ltd)[2]	Australia	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance VIC-MEL (Collins) Pty Ltd[2]	Australia	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance VIC-MEL (Spencer) Pty Ltd[2]	Australia	**100**	100	**100**	100	Development, dealing and trading in properties
Fragrance Macquarie Hotel Pty Ltd[2] (formerly known as Fragrance QLD-Brisbane Pty Ltd)[2]	Australia	**100**	100	**100**	100	Development, dealing and trading in properties

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) Audited by Deloitte & Touche LLP, Singapore for consolidation purposes.

(3) Management estimates the fair value of the financial guarantees at 1% (2015: 1%) per annum of the loans guaranteed.

(4) The entity is newly incorporated during the year.

(5) These dormant entities are in the process of being stricken off.

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12 SUBSIDIARIES (CONT'D)

(b) The table below shows details of subsidiaries of the group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by non-controlling interests		Profit (Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		December 31, 2016	December 31, 2015	December 31, 2016 $'000	December 31, 2015 $'000	December 31, 2016 $'000	December 31, 2015 $'000
Kensington Land Pte Ltd	Singapore	**40%**	40%	**(26)**	(578)	**5,209**	5,235
Kensington Village Pte Ltd	Singapore	**40%**	40%	**298**	3,766	**8,837**	8,539
				272	3,188	**14,046**	13,774

(c) Non-controlling interests

The summarised financial information below represents amounts before intragroup eliminations.

	Kensington Land Pte Ltd		Kensington Village Pte Ltd	
	December 31, 2016 $'000	December 31, 2015 $'000	December 31, 2016 $'000	December 31, 2015 $'000
Current assets	**13,435**	14,172	**69,403**	163,823
Non-current assets	**1**	4	**11,500**	–
Current liabilities	**412**	1,088	**58,810**	139,124
Non-current liabilities	**–**	–	**–**	3,351
Equity attributable to owner of the company	**7,815**	7,853	**13,256**	12,809
Non-controlling interest	**5,209**	5,235	**8,837**	8,539
Revenue	**17**	7	**16,653**	96,023
Expenses	**(80)**	(1,451)	**(15,909)**	(86,606)
(Loss) Profit, representing total comprehensive income for the year	**(63)**	(1,444)	**744**	9,417
(Loss) Profit, representing total comprehensive income attributable to owners of the company for the year	**(37)**	(866)	**446**	5,651
(Loss) Profit, representing total comprehensive income attributable to the non-controlling interest for the year	**(26)**	(578)	**298**	3,766
Total comprehensive (loss) income for the year	**(63)**	(1,444)	**744**	9,417
Net cash (outflow) inflow from operating activities	**(606)**	(563)	**77,088**	26,131
Net cash inflow from investing activities	**–**	–	**8**	1
Net cash inflow (outflow) from financing activities	**500**	–	**(82,420)**	(23,250)
Net cash (outflow) inflow	**(106)**	(563)	**(5,324)**	2,882

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13 INVESTMENT IN JOINT OPERATIONS

Details of the company's joint operations at December 31, 2016 and 2015 are as follows:

Name of joint operations	Country of incorporation and operation	Proportion of ownership interest		Principal activities
		2016	2015	
		%	%	
Bayfront Ventures Pte Ltd[(1)]	Singapore	**50**	50	Development, dealing and trading in properties
Bayfront Realty Pte Ltd[(1)]	Singapore	**50**	50	Development, dealing and trading in properties
Bayfront Land Pte Ltd[(2)]	Singapore	–	50	Development, dealing and trading in properties

(1) Audited by Ernst & Young LLP, Singapore.
(2) Struck off from the Register of Companies on November 7, 2016.

The group is entitled to a proportionate share of the income received and bears a proportionate share of the joint operations' expenses.

The other joint operator is controlled by the brother of an executive director of the company.

14 INVESTMENT IN JOINT VENTURE

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Cost of equity investment in joint venture	**5,000**	5,000	**5,000**	5,000
Additional capital contributions	**82,313**	55,313	**82,313**	55,313
Share of post-acquisition loss, net of dividend received	**(298)**	(1,609)	–	–
Share of other comprehensive income:				
Exchange differences on translation of foreign operations	**(4,825)**	(1,421)	–	–
Revaluation of land and buildings (net of tax)	**11,517**	9,101	–	–
Fair value loss on investment securities	**(141)**	(72)	–	–
	93,566	66,312	**87,313**	60,313

On January 9, 2015, the company acquired a 50% equity stake in AF Corporation Pte Ltd (formerly known as AF Global Pte Ltd). On March 12, 2015, AF Corporation Pte Ltd acquired 576,437,569 ordinary shares or 54.61% equity interest in AF Global Limited (formerly known as LCD Global Investments Ltd) for $190.22 million.

On June 6, 2016, AF Corporation Pte Ltd acquired additional 304,946,000 ordinary shares or 28.89% equity interest in AF Global Limited for $74.16 million.

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14 INVESTMENT IN JOINT VENTURE (CONT'D)

Details of the joint venture at the end of the reporting period is as follow:

Name of joint venture	Country of incorporation and operation	Proportion of ownership interest 2016 %	2015 %	Principal activities
AF Corporation Pte Ltd[(1)]	Singapore	**50**	50	Investment holding
Held by AF Corporation Pte Ltd[(1)]				
AF Global Limited	Singapore	**41.75**	27.31	Property investment, development and consultancy; and hospitality

The above joint venture is accounted for using the equity method in these consolidated financial statements.

At December 31, 2016, AF Corporation Pte Ltd controls 83.50% (2015 : 54.61%) of the voting rights attached to shares in AF Global Limited.

(1) Audited by Ernst & Young LLP, Singapore.

Summarised financial information of the joint venture is set out below.

	Group 2016 $'000	2015 $'000
Current assets	**36,292**	59,186
Non-current assets	**441,167**	459,402
Current liabilities	**(195,110)**	(221,340)
Non-current liabilities	**(148,307)**	(92,458)
Net assets	**134,042**	204,790

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14 INVESTMENT IN JOINT VENTURE (CONT'D)

Information relating to the joint venture:

	Group	
	2016	2015
	$'000	$'000
Cash and cash equivalent	**20,827**	33,115
Current financial liabilities (excluding trade and other payables and provision)	**(68,916)**	(98,779)
Non-current financial liabilities (excluding trade and other payables and provision)	**(68,043)**	(60,572)
Revenue	**54,237**	40,720
Profit (Loss) for the year	**8,286**	(1,836)
Profit (Loss) for the year:		
– attributable to owners of the company	**2,622**	(3,218)
– attributable to non-controlling interests	**5,664**	1,382
	8,286	(1,836)
Other comprehensive (loss) income:		
– attributable to owners of the company	**(2,114)**	15,216
– attributable to non-controlling interests	**(4,123)**	9,790
	(6,237)	25,006
Total comprehensive income:		
– attributable to owners of the company	**508**	11,998
– attributable to non-controlling interests	**1,541**	11,172
Total comprehensive income for the year	**2,049**	23,170
The above profit (loss) for the year include the following:		
Depreciation and amortization	**7,236**	5,994
Interest income	**320**	324
Interest expense	**(3,566)**	(3,258)
Income tax expense	**(1,860)**	(1,766)

Reconciliation of the above summarised financial information with the carrying amount of the interest in the joint venture recognised in these consolidated financial statements:

	Group	
	2016	2015
	$'000	$'000
Net assets of the joint venture*	**134,042**	204,790
Proportion of the group's ownership interest in the joint venture	**50%**	50%
	67,021	102,395
Excess of net assets acquired over consideration paid on additional investment of joint venture	**(10,448)**	–
Pre-acquisition gain (loss)	**(415)**	(74)
Pre-acquisition reserve	**374**	144
Non-controlling interest	**(45,279)**	(91,466)
	11,253	10,999
Additional contribution to joint venture*	**82,313**	55,313
Carrying amount of the group's interest on the joint venture	**93,566**	66,312

* Additional contribution to the joint venture is recorded by the joint venture as payable to shareholders and deducted from net assets of the joint venture.

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15 INVESTMENT PROPERTIES

	Group	
	2016	**2015**
	$'000	**$'000**
At fair value:		
At January 1	**1,141,782**	973,409
Addition	**2,760**	27,624
Transfer to property, plant and equipment (Note 16)	**–**	(19,063)
Transfer from property, plant and equipment (Note 16)	**–**	2,430
Transfer from properties held for sale (Note 10)	**25,473**	121,425
Gain from fair value adjustments included in profit or loss (Note 28)	**2,208**	28,187
Gain on fair value adjustment arising from transfer of property, plant and equipment to investment properties included in other comprehensive income	**–**	7,770
At December 31	**1,172,223**	1,141,782

The investment properties held by the group as at December 31, 2016 are as follows:

Location	**Tenure**	**Description**
110 Lor 23 Geylang	Leasehold (remaining 56 years lease)	7 storey high-specification ramp-up B1 business space building with commercial facilities located at roof level
#01-12, #02-02/03/04/05/ 09/10/11/12/13/15/16 at 218 Pasir Panjang Road	Freehold	Retail units at first and second level within a part 2/part 5-storey residential cum commercial development with attic
#01-09/13/14/15/21/22/ 23/25/26/28/33/37/39/40/ 41/42/43/44 at 275 Thomson Road	Freehold	Retail units on first level within a 4-storey residential cum commercial development with carpark facility
15 Hoe Chiang Road	Freehold	29-storey commercial building with a 3-storey hotel block and a multi-level carpark
456 Alexandra Road[(1)]	Freehold	26-storey commercial building with a carpark podium
3 Punggol Point Road	Leasehold (remaining 12 years lease)	2-storey food and beverage outlets
168 Changi Road	Freehold	5-storey commercial building
#01-37 at 2 Jalan Lokam	Freehold	Supermarket unit on first level within a 5-storey residential cum commercial development with carpark facility

(1) Investment property relates to the areas rented to external parties

NOTES TO FINANCIAL STATEMENTS

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15 INVESTMENT PROPERTIES (CONT'D)

The investment properties held by the group as at December 31, 2015 are as follows:

Location	Tenure	Description
110 Lor 23 Geylang	Leasehold (remaining 57 years lease)	7 storey high-specification ramp-up B1 business space building with commercial facilities located at roof level
#01-12 at 218 Pasir Panjang Road	Freehold	Retail unit at first level within a part 2/part 5-storey residential cum commercial development with attic
#01-09/13/14/15/21/22/ 23/25/26/28/33/37/39/40/ 41/42/43/44 at 275 Thomson Road	Freehold	Retail units on first level within a 4-storey residential cum commercial development with carpark facility
15 Hoe Chiang Road	Freehold	29-storey commercial building with a 3-storey hotel block and a multi-level carpark
456 Alexandra Road[1]	Freehold	26-storey commercial building with a carpark podium
3 Punggol Point Road	Leasehold (remaining 13 years lease)	2-storey food and beverage outlets
168 Changi Road	Freehold	5-storey commercial building

(1) Investment property relates to the areas rented to external parties.

Fair value measurement of the group's investment properties

The fair value of the group's investment properties as at December 31, 2016 and December 31, 2015 were performed by an independent valuer who has the appropriate qualifications and experience in the fair value measurement of the different types of properties in Singapore.

The fair values of the investment properties were determined by adopting the direct comparison approach making reference to recent transactions of comparable properties and making adjustments for differences relating to the properties. In determining the market value of the investment properties, investment method was also adopted, which capitalises an income stream into a present value using capitalisation rates. The valuation conforms to International Valuation Standards. There has been no change to the valuation techniques during the year.

The fair values are classified as Level 3 of the fair value hierarchy.

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15 INVESTMENT PROPERTIES (CONT'D)

The following table shows the significant unobservable inputs used in the valuation model:

Description	Fair value as at December 31, 2016 $'000	Valuation technique(s)	Significant unobservable input(s)	Range
Industrial building	**100,000**	Direct comparison method	price per square meter[1]	$6,337
		Investment method	capitalisation rate[2]	5.25%
Retail units in mixed development	**94,286**	Direct comparison method	price per square meter[1]	$24,538 to $67,683
Commercial buildings	**960,437**	Direct comparison method	price per square meter[1]	$17,787 to $19,111
		Investment method	long-term net rental income margin[1]	36% to 80%
			capitalisation rate[2]	3.25% to 3.5%
F&B building	**17,500**	Direct comparison method	price per square meter[1]	$5,833
		Investment method	long-term net rental income margin[1]	86%
			capitalisation rate[2]	5.5%

(1) Any significant isolated increases (decreases) in these inputs would result in a significantly higher (lower) fair value measurement.
(2) Any significant isolated increases (decreases) in these inputs would result in a significantly lower (higher) fair value measurement.

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15 INVESTMENT PROPERTIES (CONT'D)

Description	Fair value as at December 31, 2015 $'000	Valuation technique(s)	Significant unobservable input(s)	Range
Industrial building	100,000	Direct comparison method	price per square meter[1]	$6,337
		Investment method	capitalisation rate[2]	5.5%
Retail units in mixed development	62,926	Direct comparison method	price per square meter[1]	$52,239 to $68,850
Commercial buildings	959,856	Direct comparison method	price per square meter[1]	$17,787 to $19,111
		Investment method	long-term net rental income margin[1]	72% to 84%
			capitalisation rate[2]	3.25% to 3.5%
F&B building	19,000	Direct comparison method	price per square meter[1]	$6,333
		Investment method	long-term net rental income margin[1]	82%
			capitalisation rate[2]	5.75%

(1) Any significant isolated increases (decreases) in these inputs would result in a significantly higher (lower) fair value measurement.

(2) Any significant isolated increases (decreases) in these inputs would result in a significantly lower (higher) fair value measurement.

Rental income from the group's investment properties which are leased out under operating lease amounted to $18,835,000 (2015: $19,216,000). Direct operating expenses (including repairs and maintenance) relating to these properties amounted to $6,269,000 (2015: $3,313,000).

NOTES TO
FINANCIAL STATEMENTS
DECEMBER 31, 2016

16 PROPERTY, PLANT AND EQUIPMENT

	Freehold land – office premises $'000	Building – office premises $'000	Motor vehicles $'000	Furniture, fixtures and fittings $'000	Office equipment $'000	Computer $'000	Electrical installation $'000	Renovation $'000	Total $'000
Group									
Cost or valuation:									
At January 1, 2015	1,672	861	87	174	55	319	201	14	3,383
Additions	–	–	–	13	22	14	4	–	53
Transfer from investment property (Note 15)	–	19,063	–	–	–	–	–	–	19,063
Transfer to investment property (Note 15)	(1,672)	(861)	–	(163)	(3)	–	(205)	(14)	(2,918)
At December 31, 2015	–	19,063	87	24	74	333	–	–	19,581
Additions	–	–	28	–	–	56	–	140	224
Written off	–	–	–	(1)	–	–	–	–	(1)
At December 31, 2016	**–**	**19,063**	**115**	**23**	**74**	**389**	**–**	**140**	**19,804**
Accumulated depreciation:									
At January 1, 2015	–	117	53	158	31	194	191	5	749
Depreciation	–	67	8	7	8	58	4	2	154
Transfer to investment property (Note 15)	–	(133)	–	(149)	(4)	–	(195)	(7)	(488)
At December 31, 2015	–	51	61	16	35	252	–	–	415
Depreciation	–	381	11	2	10	70	–	12	486
At December 31, 2016	**–**	**432**	**72**	**18**	**45**	**322**	**–**	**12**	**901**
Carrying amount:									
At December 31, 2016, at cost	**–**	**18,631**	**43**	**5**	**29**	**67**	**–**	**128**	**18,903**
At December 31, 2015, at cost	–	19,012	26	8	39	81	–	–	19,166

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

17 TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Development work-in-progress	**147**	59,896	**147**	59,896
Retention sums payable	**1,438**	2,200	**724**	–
Goods and services tax payable	**357**	1,073	**44**	122
Subsidiaries (Note 12)	**–**	–	**33,993**	72,950
Amounts due to non-controlling interests [Note 12(c)]	**5,560**	17,160	**–**	–
Financial guarantee contracts	**–**	–	**3,050**	2,489
Deposits received	**5,235**	5,631	**–**	116
Accruals	**8,437**	20,671	**2,289**	3,889
Sundry creditors	**10,805**	5,701	**1,912**	2,000
Others	**941**	1,068	**–**	1
	32,920	113,400	**42,159**	141,463
Less: Non-current portion of financial guarantee contract	**–**	–	**(2,000)**	(1,411)
	32,920	113,400	**40,159**	140,052
Development work-in-progress				
Progress billings	**147**	59,896	**147**	59,896
Less: Contract costs incurred plus recognised profits	**–**	–	**–**	–
	147	59,896	**147**	59,896

The amounts due to subsidiaries and non-controlling interests are unsecured, interest-free and repayable on demand. Amounts due to non-controlling interests are related to project financing.

18 NOTES PAYABLE

	Group and Company	
	2016	2015
	$'000	$'000
Notes payable	**76,048**	86,476
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(76,048)**	(1,476)
Amount due for settlement after 12 months	**–**	85,000

On January 16, 2015, the group and company issued $85,000,000 of notes under a $1 billion multi-currency debt program at a fixed coupon rate of 3.75% per annum. The notes payables are due on January 16, 2017. Early redemption of notes by a director in 2016 amounted to $10,337,000, comprising principal and accrued interest.

NOTES TO FINANCIAL STATEMENTS

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19 TERM LOANS

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Secured – At amortised cost				
Term loans	**778,426**	875,588	**105,725**	154,305
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(151,734)**	(439,887)	**–**	(46,000)
Amount due for settlement after 12 months	**626,692**	435,701	**105,725**	108,305

Term loans bear floating interest rates and their carrying amounts approximate fair value.

The term loans from banks and finance companies bear interest rates from 1.79% to 2.78% (2015: 2.03% to 2.83%) per annum for the group and from 2.78% (2015: 2.70% to 2.83%) per annum for the company. The term loans are secured against the properties of the group with a fair value of $1,440,176,000 (2015: $1,478,615,000) and of the company with a fair value of $181,795,000 (2015: $216,554,000) (Notes 9, 10, 15 and 16), corporate guarantees by the company and assignment of developer's rights and benefits in the sale and purchase agreements.

20 DEFERRED TAX

The following are the major deferred tax liabilities recognised by the group and the movements during the year:

	Percentage of completion profit from sold properties under development	Revaluation gain of property, plant and equipment	Tax losses	Total
	$'000	$'000	$'000	$'000
Group				
At December 31, 2014	24,488	489	–	24,977
Transfer to income tax payable	(19,914)	–	–	(19,914)
Charge (Credit) to profit or loss for the year	10,124	–	(743)	9,381
Credit to other comprehensive income for the year	–	(489)	–	(489)
At December 31, 2015	14,698	–	(743)	13,955
Transfer to income tax payable	(15,027)	–	–	(15,027)
Charge (Credit) to profit or loss for the year	3,021	–	(511)	2,510
At December 31, 2016	**2,692**	**–**	**(1,254)**	**1,438**

Profits from sale of development properties in Singapore are taxed upon completion of development; and based on the timing of entitlement to residual instalments of purchase prices after completion of development.

NOTES TO FINANCIAL STATEMENTS

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20 DEFERRED TAX (CONT'D)

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Deferred tax assets	**1,254**	743	**–**	–
Deferred tax liabilities	**(2,692)**	(14,698)	**(2,692)**	(11,347)
	(1,438)	(13,955)	**(2,692)**	(11,347)

21 SHARE CAPITAL

	Group and Company			
	2016	2015	2016	2015
	Number of ordinary shares ('000)		$'000	$'000
Issued and paid up:				
At beginning and end of the year	**6,720,000**	6,720,000	**150,000**	150,000

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.

22 TREASURY SHARES

	Group and Company			
	2016	2015	2016	2015
	Number of ordinary shares		$'000	$'000
At beginning of the year	**7,600,000**	5,150,000	**(1,050)**	(503)
Purchase during the year	**–**	3,000,000	**–**	(623)
Award of performance shares	**(370,000)**	(550,000)	**51**	76
At the end of the year	**7,230,000**	7,600,000	**(999)**	(1,050)

In 2015, the total amount paid to acquire 3,000,000 shares from the open market was $623,000 and has been deducted from shareholders' equity.

The company settled performance share awards by issuing 370,000 (2015: 550,000) of treasury shares amounting to $51,000 (2015: $76,000) to the recipients of the performance share plan (Note 23).

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

23 PERFORMANCE SHARE RESERVE

The performance share reserve arises on the grant of the performance shares to directors and employees under the performance share plan.

The company has a performance share plan for all employees of the company. The plan is administered by the Committee, comprising of Mr Watt Kum Kuan, Ms Lim Wan Looi and Mr Teo Chang Kuang. Awards are given upon the employee achieving the specific performance targets during the vesting period. The awards are forfeited if the employee leaves the group before the awards vest.

On December 30, 2016, 370,000 performance shares were granted. The estimated fair value of the shares granted on the date was $0.165, based on the market price of the shares on the grant date and total expenses of $61,000 were recognised.

On December 30, 2015, 550,000 performance shares were granted. The estimated fair value of the shares granted on the date was $0.205, based on the market price of the shares on the grant date and total expenses of $113,000 were recognised.

24 REVALUATION RESERVE

The revaluation reserve arises from the revaluation of land and buildings. Where revalued land and buildings are sold, the portion of the property revaluation reserve that relates to that asset is transferred directly to retained earnings.

25 FOREIGN CURRENCY TRANSLATION RESERVE

Exchange differences relating to the translation from the functional currencies of the group's foreign subsidiaries into Singapore dollars are accounted for as other comprehensive income and accumulated in foreign currency translation reserve, a component of equity.

Movement in translation reserve

	Group	
	2016	**2015**
	$'000	**$'000**
At January 1	**(26,721)**	(14,396)
Exchange gain (loss) on translation of foreign operations during the year, included in other comprehensive income	**467**	(12,325)
At December 31	**(26,254)**	(26,721)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

26 REVENUE

	Group	
	2016	2015
	$'000	$'000
Property development	**97,058**	259,346
Rental income	**21,174**	26,004
Others	**501**	377
	118,733	285,727

Rental income comprise income earned from the investment properties (Note 15) and income earned from existing buildings on land in Australia, which have been acquired for development purposes (Note 9).

27 INVESTMENT GAIN

	Group	
	2016	2015
	$'000	$'000
Loss on disposal of financial assets classified as held for trading	**(636)**	–
Unrealised gain arising from change in fair value of financial assets classified as held for trading	**1,103**	1,722
	467	1,722

28 OTHER OPERATING INCOME

	Group	
	2016	2015
	$'000	$'000
Fair value gain on investment properties (Note 15)	**2,208**	28,187
Interest income	**640**	789
Gain on foreign exchange option premium	**607**	–
Others	**395**	369
	3,850	29,345

29 FINANCE COSTS

	Group	
	2016	2015
	$'000	$'000
Interest expense on term loans (Note 19)	**14,396**	9,457
Interest expense on notes payable (Note 18)	**3,106**	3,057
	17,502	12,514

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

30 INCOME TAX EXPENSE

	Group	
	2016	2015
	$'000	$'000
Current tax	**15,648**	20,360
Deferred tax	**(12,517)**	(10,533)
Overprovision in prior years:		
Current tax	**(2,267)**	(397)
	864	9,430

The income tax varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2015: 17%) to profit before income tax as a result of the following differences:

	Group	
	2016	2015
	$'000	$'000
Profit before income tax	**8,639**	80,782
Income tax expense at the statutory rate	**1,469**	13,733
Effect of income exempted from taxation	**(79)**	(137)
Tax effect of items that are not taxable in determining taxable profit	**1,945**	(3,429)
Effects of tax concessions	**(202)**	(242)
Overprovision in prior year – current tax	**(2,267)**	(397)
Others	**(2)**	(98)
Net	**864**	9,430

31 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2016	2015
	$'000	$'000
Audit fees for auditors of the company	**137**	172
Non-audit fees for auditors of the company	**89**	101
Directors' remuneration	**2,180**	4,724
Directors' fee	**185**	222
Cost of development properties recognised as expenses	**75,411**	194,462
Depreciation of property, plant and equipment	**486**	154
Amortisation of prepaid land lease	**780**	780
Fair value gain on investment properties	**(2,208)**	(28,187)
Employee benefits expense (including directors' remuneration)	**4,380**	6,664
Cost of defined contribution plans included in employee benefits expense	**278**	237
Interest expense	**17,502**	12,514

NOTES TO
FINANCIAL STATEMENTS

DECEMBER 31, 2016

32 EARNINGS PER SHARE

The calculation of the earnings per share attributable to the ordinary equity holders of the group is based on the following data:

	Group	
	2016	2015
	$'000	$'000
Net profit attributable to equity holders of the group	**7,503**	68,164

	2016	2015
	Number of shares ('000)	
Weighted average number of ordinary shares for purposes of earnings per share	**6,712,402**	6,713,512

There are no dilutive ordinary shares for 2016 and 2015.

33 DIVIDENDS AND DISTRIBUTIONS

	Group and Company	
	2016	2015
	$'000	$'000
Final tax-exempt dividend of $Nil (2015: $0.001) per ordinary share in respect of financial year ended December 31, 2015 (2015: December 31, 2014)	–	6,715
Interim tax-exempt dividend of $0.001 (2015: $0.002) per ordinary share in respect of financial year ended December 31, 2016 (2015: December 31, 2015)	**6,712**	10,068
	6,712	16,783

34 SEGMENT INFORMATION

For the purposes of the resource allocation and assessment of segment performance, the group's chief operating decision maker focuses on the business operating units which are segregated based on the products and services of the group.

The group's principal business operating units are property development and investment property.

The accounting policies of the reportable segments are as described in Note 2. Segment revenue represents revenue generated from external customers. Segment profit represents the profit earned by each segment after allocating central administrative costs and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

34 SEGMENT INFORMATION (CONT'D)

Business segments

The group comprises the following main business segments:

Property development segment is involved in the development and sale of residential and commercial properties. Property investment segment is involved in investing in properties for rental yield and capital appreciation.

Group	Property investment $'000	Property development $'000	Total $'000
2016			
REVENUE	**18,452**	**100,281**	**118,733**
RESULT			
Segment result	**18,452**	**24,870**	**43,322**
Other operating income	**2,748**	**1,569**	**4,317**
Operating expenses	**(8,227)**	**(14,582)**	**(22,809)**
Finance costs	**(13,382)**	**(4,120)**	**(17,502)**
	(409)	**7,737**	**7,328**
Share of results of joint venture			**1,311**
Profit before income tax			**8,639**
Income tax			**(864)**
Profit after income tax			**7,775**

Group	Property investment $'000	Property development $'000	Total $'000
2015			
REVENUE	19,056	266,671	285,727
RESULT			
Segment result	19,056	72,209	91,265
Other operating income	28,405	2,662	31,067
Operating expenses	(5,103)	(22,324)	(27,427)
Finance costs	(9,033)	(3,481)	(12,514)
	33,325	49,066	82,391
Share of results of joint venture			(1,609)
Profit before income tax			80,782
Income tax			(9,430)
Profit after income tax			71,352

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

34 SEGMENT INFORMATION (CONT'D)

Group	Property investment $'000	Property development $'000	Total $'000
2016			
Segment assets			
Assets:			
Segment assets	**1,113,638**	**846,670**	**1,960,308**
Segment liabilities			
Liabilities:			
Segment liabilities	**593,467**	**313,554**	**907,021**
OTHER INFORMATION			
Addition of non-current assets	**2,813**	**171**	**2,984**
Amortisation of land lease	**780**	**–**	**780**
Depreciation expense	**447**	**39**	**486**

Group	Property investment $'000	Property development $'000	Total $'000
2015			
Segment assets			
Assets:			
Segment assets	1,114,150	1,045,960	2,160,110
Segment liabilities			
Liabilities:			
Segment liabilities	608,145	502,616	1,110,761
OTHER INFORMATION			
Addition of non-current assets	27,661	15	27,676
Amortisation of land lease	780	–	780
Depreciation expense	126	28	154

Geographical information

Segment revenue: Segment revenue is analysed based on the location of customers.

Segment non-current assets: Segment non-current assets are analysed based on the locations of those assets.

	Revenue		Non-current assets	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Singapore	**116,341**	283,442	**1,294,058**	1,236,168
Australia	**2,392**	2,285	**1,254**	743
Total	**118,733**	285,727	**1,295,312**	1,236,911

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

34 SEGMENT INFORMATION (CONT'D)

Information about major customers

There is no customer who accounts for 10% or more of the group's revenue.

35 COMMITMENT

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Contracted construction costs of properties yet to be incurred and not provided for in the financial statements	**393,128**	82,997	**55,700**	16,452

36 OPERATING LEASE ARRANGEMENTS

The group as lessor

The group and the company rent out its properties under operating leases. Rental income earned during the year by the group and the company were $21,174,000 and $Nil respectively (2015: $26,004,000 and $4,502,000) respectively.

At the end of the reporting period, the group has contracted with tenants for the following future minimum lease income:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Within one year	**18,334**	18,175	–	–
In the second to fifth years inclusive	**10,635**	24,516	–	–
After fifth years	**67**	5,459	–	–
	29,036	48,150	–	–

The group as lessee

Payment recognised as an expense during the year	(1,010)	(889)	–	–

At the end of the reporting period, the group has contracted with tenants for the following future minimum lease expenses:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Within one year	**105**	229	–	–
In the second to fifth years inclusive	–	121	–	–
After fifth years	–	–	–	
	105	350	–	–

37 EVENTS AFTER THE REPORTING PERIOD

On January 25, 2017, the group announced that it had entered into a contract to acquire The Imperial Hotel, Blackpool located at Promenade, Blackpool, FY1 2HB, United Kingdom (the "Property"), at the purchase consideration of GBP12,800,000. The acquisition of the Property was completed on February 20, 2017, by a newly incorporated wholly-owned subsidiary, Fragrance UK-Blackpool Limited.

UNAUDITED FINANCIAL STATEMENTS OF FRAGRANCE GROUP LIMITED AND ITS SUBSIDIARIES FOR THE FIRST QUARTER ENDED 31 MARCH 2017

The information in this Appendix IV has been reproduced from the announcement of the unaudited financial statements of Fragrance Group Limited and its subsidiaries for the first quarter ended 31 March 2017 and has not been specifically prepared for inclusion in this Information Memorandum.

FRAGRANCE GROUP LIMITED

UNAUDITED RESULTS AND DIVIDEND ANNOUNCEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2017

Unaudited Results and Dividend Announcement for the First Quarter Ended 31 March 2017

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS – 31 MARCH 2017

1(a)(i) *An income statement and statement of comprehensive income or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.*

	Statement of comprehensive income for the first quarter ended 31 March		
	2017	2016	Change
	S$'000	S$'000	%
Turnover	43,657	22,718	92.2
Cost of sales	(28,167)	(15,565)	81.0
Gross profit	**15,490**	**7,153**	**116.6**
Other operating (loss) income	(406)	6,757	(106.0)
Other operating expenses	(5,776)	(4,146)	39.3
Finance costs	(3,634)	(4,828)	(24.7)
Share of results of a joint venture	1,051	1,078	(2.5)
Profit before income tax	**6,725**	**6,014**	**11.8**
Taxation	(1,479)	(226)	554.4
Profit for the period	**5,246**	**5,788**	**(9.4)**
Attributable to:			
Equity holders of the Company	5,389	5,293	1.8
Non-controlling interests	(143)	495	(128.9)
Other comprehensive income			
Exchange difference on translation of foreign operations	7,072	412	1,616.5
Share of other comprehensive income of a joint venture			
Exchange difference on translation of foreign operations	(1,797)	(2,882)	(37.6)
Fair value gain on investment securities	82	30	(173.3)
Net other comprehensive income	**5,357**	**(2,440)**	**(319.5)**
Total comprehensive income	**10,603**	**3,348**	**216.7**

1(a)(i) *An income statement and statement of comprehensive income or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year. - Continued*

GROUP	Statement of comprehensive income for the first quarter ended 31 March		
	2017	2016	Change
	S$'000	S$'000	%
Attributable to:			
Equity holders of the Company	10,746	2,853	276.7
Non-controlling interests	(143)	495	(128.9)

1(a)(ii) *Profit before taxation is determined after (charging)/crediting:-*

GROUP	First Quarter ended 31 March		
	2017	2016	Change
	S$'000	S$'000	%
Amortisation and depreciation	(222)	(202)	9.9
Finance costs	(3,634)	(4,828)	(24.7)
Other operating (loss) income			
Net gain on held for trading investments	-	468	N.M
Net foreign exchange loss	(295)	(2)	N.M
Interest income	85	195	(56.4)
Fair value (loss) gain on investment properties	(346)	5,970	(105.8)
Others	150	126	19.0
Total	**(406)**	**6,757**	**(106.0)**

N.M – Not Meaningful

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.*

Statements of financial position	Group		Company	
S$'000	31-Mar-2017	31-Dec-2016	31-Mar-2017	31-Dec-2016
Non-current assets				
Property, plant and equipment	60,125	18,903	-	-
Other receivables	-	1,238	-	1,238
Investment properties	1,176,640	1,172,223	-	-
Prepayments	7,933	8,128	-	-
Subsidiaries	-	-	645,871	750,152
Investment in a joint venture	94,402	93,566	88,813	87,313
Deferred tax asset	1,281	1,254	-	-
Total non-current assets	**1,340,381**	**1,295,312**	**734,684**	**838,703**
Current assets				
Cash and cash equivalents	27,020	45,513	16,580	8,621
Trade and other receivables	74,558	75,276	74,512	40,583
Development properties	483,340	476,476	163,941	181,795
Properties held for sale	62,016	67,731	636	636
Inventories	80	-	-	-
Total current assets	**647,014**	**664,996**	**255,669**	**231,635**
Current liabilities				
Trade and other payables	34,919	32,920	38,440	40,159
Notes payable	-	76,048	-	76,048
Term loans	163,548	151,734	-	-
Income tax payable	15,752	16,848	11,440	11,440
Derivative financial instrument	-	87	-	-
Total current liabilities	**214,219**	**277,637**	**49,880**	**127,647**
Net current assets	**432,795**	**387,359**	**205,789**	**103,988**
Non-current liabilities				
Trade and other payables	-	-	1,790	2,000
Term loans	705,177	626,692	95,225	105,725
Deferred taxation	4,109	2,692	4,109	2,692
Total non-current liabilities	**709,286**	**629,384**	**101,124**	**110,417**
Net Assets	**1,063,890**	**1,053,287**	**839,349**	**832,274**

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. - Continued

Statement of financial position	Group		Company	
S$'000	31-Mar-2017	31-Dec-2016	31-Mar-2017	31-Dec-2016
Shareholders' equity				
Share capital	150,000	150,000	150,000	150,000
Treasury shares	(999)	(999)	(999)	(999)
Performance share reserves	318	318	318	318
Revaluation reserves	35,682	35,682	-	-
Foreign translation reserves	(20,979)	(26,254)	-	-
Investment revaluation reserve	(59)	(141)	-	-
Retained earnings	886,024	880,635	690,030	682,955
Equity attributable to the owners of the Company	**1,049,987**	**1,039,241**	**839,349**	**832,274**
Non-controlling interests	13,903	14,046	-	-
Total Equity	**1,063,890**	**1,053,287**	**839,349**	**832,274**

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	As at 31 Mar 2017		As at 31 Dec 2016	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
Amount repayable in one year or less, or on demand	163,548	-	151,734	76,048
Amount repayable after one year	705,177	-	626,692	-

Details of collaterals

The credit facilities for the Group are secured by the following:

i) the legal mortgage of company's office premises, investment and development properties and properties held for sale;

ii) assignment of sale and rental proceeds, construction contracts, performance bonds and/or insurance policies; and

iii) corporate guarantees by Fragrance Group Limited.

1(c) *A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.*

Statement of cash flows	First Quarter Ended 31 March	
Group (S$'000)	2017	2016
Operating activities		
Profit before income tax	6,725	6,014
Adjustments for:		
Amortisation and depreciation	121	117
Amortisation of land lease	195	195
Net amortisation of rental incentive granted	(94)	(158)
Amortisation of processing fee on debt note issued	-	48
Interest expense	3,634	4,828
Net gain on held for trading investments	-	(468)
Change in fair value of investment property	346	(5,970)
Unrealised loss on foreign exchange difference	491	2
Share of results of a joint venture	(1,051)	(1,078)
Interest income	(85)	(195)
Fair value on derivative financial instrument	(87)	-
Allowance for doubtful debt	-	1
Operating cash flow before movements in working capital	**10,195**	3,336
Inventories	(80)	-
Trade and other receivables	(293)	23,557
Development properties and properties held for sale	4,172	(71)
Trade and other payables	4,878	(2,125)
Net cash from operations	**18,872**	24,697
Interest paid	(5,587)	(7,189)
Income taxes paid	(1,158)	165
Net cash from operating activities	**12,127**	17,673
Investing activities		
Purchase of held for trading investments	-	(1,354)
Investment in a joint venture	(1,500)	(3,600)
Interest received	85	195
Purchase of property, plant and equipment	(41,343)	(79)
Additions to investment properties	(385)	(1,639)
Proceeds from disposal of held for trading investments	-	5,976
Net cash used in investing activities	**(43,143)**	(501)

1(c) *A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. – Continued*

Statement of cash flows	First Quarter Ended 31 March	
Group (S$'000)	2017	2016
Financing activities		
Advance to non-controlling interests	(2,800)	(14)
Proceeds from borrowings	105,000	-
Repurchase of debt note issued	(74,750)	-
Repayment of borrowings	(14,686)	(34,390)
Net cash from (used in) financing activities	**12,764**	**(34,404)**
Net decrease in cash and cash equivalents	**(18,252)**	**(17,232)**
Cash and cash equivalents at beginning of period	45,513	94,354
Effect of exchange rate on foreign currency balances	(241)	(150)
Cash and cash equivalents at end of period	**27,020**	**76,972**

1(d)(i) *A statement (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.*

Statement of changes in equity	Share Capital	Retained Earnings	Treasury Shares	Performance Share Reserves	Revaluation Reserves	Foreign Currency Translation Reserve	Investment Revaluation Reserve	Attributable to Equity Holders	Non-Controlling Interests	Total
Group (S$'000)										
Balance as at 1 January 2016	**150,000**	**879,844**	**(1,050)**	**308**	**33,266**	**(26,721)**	**(72)**	**1,035,575**	**13,774**	**1,049,349**
Total comprehensive income for the period	-	5,293	-	-	-	(2,470)	30	**2,853**	495	**3,348**
Balance as at 31 March 2016	**150,000**	**885,137**	**(1,050)**	**308**	**33,266**	**(29,191)**	**(42)**	**1,038,428**	**14,269**	**1,052,697**

Statement of changes in equity	Share Capital	Retained Earnings	Treasury Shares	Performance Share Reserves	Revaluation Reserves	Foreign Currency Translation Reserve	Investment Revaluation Reserve	Attributable to Equity Holders	Non-Controlling Interests	Total
Group (S$'000)										
Balance as at 1 January 2017	**150,000**	**880,635**	**(999)**	**318**	**35,682**	**(26,254)**	**(141)**	**1,039,241**	**14,046**	**1,053,287**
Total comprehensive income for the period	-	5,389	-			5,275	82	**10,746**	(143)	**10,603**
Balance as at 31 March 2017	**150,000**	**886,024**	**(999)**	**318**	**35,682**	**(20,979)**	**(59)**	**1,049,987**	**13,903**	**1,063,890**

1(d)(i) *A statement (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. - Continued*

Statement of changes in equity	Share Capital	Retained Earnings	Treasury Shares	Performance Share Reserves	Total
Company (S$'000)					
Balance as at 1 January 2016	**150,000**	**606,115**	**(1,050)**	**308**	**755,373**
Total comprehensive income for the period	-	592	-	-	**592**
Balance as at 31 Mar 2016	**150,000**	**606,707**	**(1,050)**	**318**	**755,965**
Balance as at 1 January 2017	**150,000**	**682,955**	**(999)**	**318**	**832,274**
Total comprehensive income for the period	-	7,075	-	-	**7,075**
Balance as at 31 March 2017	**150,000**	**690,030**	**(999)**	**318**	**839,349**

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.*

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 year.*

	As at 31 Mar 2017	As at 31 Dec 2016
Total number of Ordinary Shares issued and fully paid	6,720,000,000	6,720,000,000
Treasury Shares	(7,230,000)	(7,230,000)
	6,712,770,000	6,712,770,000

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.*

	No. of shares
Balance as at 1 January 2017	7,230,000
Add: Purchases during the year	-
Less: Sales, transfers, disposals or cancellation	-
Balance as at 31 March 2017	7,230,000

2. *Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.*

The figures have neither 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.*

The Group has applied the same accounting policies and methods of computation in the first quarter announcement for the current financial period as those of the audited financial statements for the year ended 31 December 2016.

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 effect of, the change.*

Not applicable.

6. *Earnings per ordinary share (EPS) 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.*

Earnings per share for the financial period based on 6,712,770,000 shares (2016: 6,712,400,000) (excluding treasury shares)	First Quarter Ended 31 March	
	2017	2016
Based on the weighted average number of ordinary shares in issue	0.08 cents	0.08 cents
On a fully diluted basis	0.08 cents	0.08 cents

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-Mar-2017	31-Dec-2016	31-Mar-2017	31-Dec-2016
Net asset value per ordinary share based on 6,712,770,000 shares (2016: 6,712,770,000) (excluding treasury shares)	15.6 cents	15.5 cents	12.5 cents	12.4 cents

8. *A review of performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:*

(a) 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; and
(b) 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

GROUP	First Quarter Ended 31 March		
	2017	2016	Change %
REVENUE (S$'000)			
Property development	37,862	18,260	107.4
Property investment	4,957	4,458	11.2
Hotel	838	-	N.M
Total	**43,657**	**22,718**	**92.2**
GROSS PROFIT (S$'000)			
Property development	10,128	2,695	275.8
Property investment	4,957	4,458	11.2
Hotel	405	-	N.M
Total	**15,490**	**7,153**	**116.6**
GROSS PROFIT MARGIN			
Property development	26.7%	14.8%	
Property investment	N.A.	N.A.	
Hotel	48.3%	N.A.	
Consolidated Total	**35.5%**	**31.5%**	
PROFIT BEFORE TAXATION (S$'000)			
Property development	6,884	1,246	452.5
Property investment	(249)	4,768	(105.2)
Hotel	90	-	N.M
Total	**6,725**	**6,014**	**11.8**

N.A- Not Applicable

First quarter 2017 Vs First quarter 2016

Revenue
The Group recorded a turnover of $43.66 million in the first quarter of 2017, a 92.2% increase from $22.72 million recorded in the corresponding period in 2016. Property development and property investment segment mainly attributed to this increase, while Hotel segment, through a newly acquired hotel in the United Kingdom, made its maiden contribution during this period.

(a) Property development segment contributed $37.86 million in the fist quarter of 2017 which is 107.4% higher than $18.26 million recorded in the corresponding period of 2016. This was mainly due to the substantial revenue contribution from the *City Gate* project, for which construction commenced in the second quarter of 2016.

(b) Rental from our investment properties namely *Tower 15*, *Fragrance Empire Building, The Punggol Point and Victory Centre* were the main contributors to revenue from this segment in the first quarter of 2017. The higher rental income in the fist quarter of 2017 was due mainly to higher occupancy status in *Fragrance Empire Building* and *Victory Centre*. The increase is partly offset by decrease in rental income from *Tower 15*.

(c) Hotel income of $0.84 million is derived from our newly acquired hotel operation in the United Kingdom during the first quarter of 2017.

Gross Profit
Our overall gross profit increased by 116.6% to $15.49 million mainly in line with the increase in overall revenue. There is a slight increase in gross profit margin to 35.5% in the first quarter of 2017 compared with 31.5% achieved during the same period in 2016, mainly due to the higher margin contributed by *City Gate* project.

Other Operating (Loss) Income
The decrease in other operating income was largely due to the absence of fair value gain recorded in the first quarter of 2016 pertaining mainly to *Icon @ Pasir Panjang*.

Other Operating Expenses
Other operating expenses increased from $4.15 million in the first quarter of 2016 to $5.78 million in the first quarter of 2017. The increase was mainly due to the following:

1. Increase in commission expenses relating to the development projects and leasing of investment properties;
2. Increase in property tax expense for the investment properties in Singapore and as well as certain Australian properties; and partly offset by
3. Decrease in advertising and promotion costs due to less sales activities during the quarter.

Finance Costs
Finance costs decreased by $1.19 million in the first quarter of 2017 mainly due to:

i) full redemption of the $85 million debt notes in January 2017, thus reducing the related interest expense; and
ii) general decrease in overall interest rates across the floating rate borrowings.

Share of Results of Joint Venture
The share of results of a joint venture was attributable to the equity accounting of the Group's share of results in AF Global Limited, through AF Corporation Pte Ltd.

Profit before Income Tax
Overall profit before taxation increased by 11.8% from $6.01 million in the fist quarter of 2016 to $6.73 million in the first quarter of 2017.

Statements of financial position & Statement of cash flows

Non-current assets mainly comprise i) land and building of our investment properties, ii) hotel properties and office which are accounted as property, plant and equipments. The Group's investment properties totaled at $1,176.64 million as at 31 March 2017.

Hotel properties comprises two UK properties, namely, the Imperial Hotel Blackpool and the Municipal offices building in Liverpool (Refer to details under Hotel Segment on Page 17 below). The acquisition of the Imperial Hotel Blackpool and its on-going business is a business combination to be accounted for in accordance with FRS 103. This hotel property is provisionally recorded at the value as per the Sale & Purchase agreement for the purposes of this quarterly reporting.

Investment in a joint venture comprises the Group's investment in AF Global Limited, through AF Corporation Pte Ltd.

Current assets comprise mainly development properties, trade and other receivables and properties held for sale. As at 31 March 2017, the Group's current assets totaled $647.01 million.

Development properties include land costs, development costs, interest capitalised and other related costs and these accounted for $483.34 million or 74.7% of total current assets as at 31 March 2017. The net increase of $6.86 million compared to the balance as at 31 December 2016 was mainly due to additional costs incurred for Australia and Singapore projects during the period. This increase is partially offset by the progressive recognition of costs to the income statement for Singapore project.

Trade and other receivables of $74.56 million include $34.15 million of revenue from our property development projects in Singapore which are recognised based on the percentage of completion method and have yet to be billed. Billing is based on the payment schedule in the standard sale and purchase agreement. The slight decrease compared to the balance as at 31 December 2016 was mainly due to the collections from the buyers partly offset by additional revenue recognised, yet to be billed.

Trade and other payables, which mainly comprise trade creditors, amount due to joint operator and accrual for project costs increased from $32.92 million as at 31 December 2016 to $34.92 million due to more payables for ongoing development projects.

The additional draw down of certain term loans, partly offset by repayment of debt note, resulted in the increase in the Group's total borrowings by 1.7% to $868.73 million from $854.47 million as at 31 December 2016.

During the period ended 31 March 2017, the Group generated $12.13 million of cash from operating activities. Cash outflow used in investing activities amounted to $43.14 million which was substantially used towards acquisition of a hotel operation and a municipal building in the United Kingdom. Net cash inflow from financing activities amounted to $12.76 million which comprise proceeds from project related loans partly offset by repayment of notes payables and certain borrowings. Cash and cash equivalents stood at $27.02 million as at the end of 31 March 2017 compared to $45.51 million as at the end of 31 December 2016.

9. *Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.*

The current announced results are in line with the general prospect commentary as disclosed to shareholders in the previous results announcements.

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.*

Property Development Segment:

Singapore:
In March 2017, the Governement has made certain calibrated adjustments to the seller's stamp duty and certain provisions of Total Debt Servicing Ratio (TDSR) framework. This may bring certain positive vibes to the real estate market though any big impact is yet to be seen. The real estate statistics for 1st quarter of 2017 released by Urban Redevelopment Authority indicates a downward trend with 0.4% decrease in overall prices.

Having sold almost all of its residential units in Singapore, the Group has only one ongoing development project currently which is as follows.

Project name	Type	Total No. of units	Percentage of units sold[1]
City Gate (Group has 50% interest)	Residential flats	311	100% Sold
	Commercial units	188	65% Sold

Construction works for City Gate commenced during the second quarter of 2016. The Group has started to, and will progressively recognise revenue from sales of about $332 million (our 50% share of the joint operations), based on the percentage of completion method.

Australia:

The Group has the following properties held for development in Australia.

Project Name/Location	Type	Tenure	Land Area (Sq ft)
NV Apartments & Hotel 374-396 Murray Street, Perth, Western Australia	Mixed-use Development	Freehold	53,023
39-47 Milligan Street and 453-471 Murray Street, Perth, Western Australia	Mixed-use Development	Freehold	38,320
Premier Tower 134-160 Spencer Street Melbourne, Victoria	Mixed-use Skyscraper Development	Freehold	19,375
555 Collins Street Melbourne, Victoria	Mixed-use Development	Freehold	24,757
173-177 Macquarie Street Hobart, Tasmania	Hotel Development	Freehold	21,528
28 – 30 Davey Street Hobart, Tasmania	Hotel Development	Freehold	12,411
171 Macquarie Street Hobart, Tasmania	Commercial Development	Freehold	5,651
2-6 Collins Street Hobart, Tasmania	Hotel Development	Freehold	32,389
234-250 Elizabeth Street Hobart, Tasmania	Mixed-use Development	Freehold	37,680

[1] Sales information represents the percentage of sold units over total units and is updated with Option to Purchase which has already been excercised up to 11 May 2017.

Of the above, Premier Tower and NV Apartments have been launched for sale and about 73% and 21% of residential units are sold, respectively[2]. Slated for completion in 2021, demolition works for Premier Tower started in early December 2016 and the ground breaking ceremony was held on 18 January 2017. Based on the nature of the sales and purchase agreement and payment terms, revenue and profits from sale of properites in Australia will be recognised on completion of development in accordance with financial reporting standards.

The development works at 173-177 Macquarie Street, Hobart is progressing well for the development of a hotel building with 296 rooms, with retail/restaurant and full amenities.

The Group is actively working on the redevelopment plans/works for the rest of the Australian portfolio of properties.

Property Investment Segment:

Singapore:

Based on the statistics released by Urban Redevelopment Authority, the rental rate for office space is still on the downward trend with another 3.4% decrease in first quarter of 2017. Office rentals is expected to be competitive for the rest of FY2017.

The table below summarises the Group's portfolio of investment properties.

Name/Location	Type	Occupancy Status[3]
Fragrance Empire Building 456 Alexandra Road (Freehold)	Office/Retail/ Medical Suites/F&B	51%
Tower 15 15 Hoe Chiang road (Freehold)	Office/Hotel/F&B	69%
Fragrance Building 168 Changi Road (Freehold)	Office/Retail/Café	98%
The Colonial Settlement 3 Punggol Point Road (15-years lease)	F&B	80%
Victory Centre 110 LOR 23 Geylang Road (60-years lease)	Business 1/ Industrial	58%

[2] Sales status presents the percentage of units sold as of 11 May 2017.
[3] Occupancy Status represents the percentage of committed lettable space over total lettable space in the building as of 11 May 2017.

Name/Location	Type	Occupancy Status[3]
Commercial units at *Novena Regency* (Freehold)	Restaurant/Shop	27%
Commercial units at *Icon @ Pasir Panjang* (Freehold)	Restaurant/Shop	7%
Commercial units at *Kensington Village* (Freehold)	Retail/Restaurant	100%

Hotel Segment:

United Kingdom:

Imperial Hotel, Blackpool

The Group , through its subsidiary – Fragrance UK-Blackpool, entered into a contract to acquire The Imperial Hotel, Blackpool (the "Imperial Hotel") in January 2017. This acquistion was completed on 20 February 2017 and has already started to contribute operating profit to the Group.

The Municipal offices Building, Liverpool

The Group's subsidiary, Fragrance UK-Liverpool, had been awarded the tender to acquire the Property located at Dale Street, Liverpool, L2 2DH, United Kingdom. The Property was offered for sale by the Liverpool City Council through a public tender exercise. The Property was sold by way of a lease for a term of 250 years with an option to purchase the freehold title upon completion of certain works on the property. The Group intends to carry out refurbishment and conversion works to convert the property into a hotel building to be eventually operated by the Group.

Overall Summary

In summary, in the recent past few years, the Group has remained resilient to the challenges in local market and sold almost all of its residential properties in Singapore. Meanwhile, with the timely diversification of operations into Australia and the United Kingdom, the Group has laid a good foundation for sustainable growth in future years.

For the remaining nine months of FY2017, the Group's profits and cashflows will highly depend on the following key factors:

i) Construction of City Gate is in full swing in FY2017 and will contribute significantly to the property development revenue of the Group. Approximately $225 million of balance attributable revenue, from the units sold, will be recognised progressively henceforth and attributable profits will be recognised in FY2017 and beyond.

ii) Revenue from property investment segment will be highly dependent on the occupancy rate of the investment properties. The Group is working closely with marketing agents to increase the occupancy rate.

iii) As for Australian property portfolio, as of 11 May 2017, sales of units in Premier Tower and NV Apartments amounts to approximately $451 million. Such revenue will only be recognised on completion of development of the respective properties. No revenue and profits are expected to be reported in FY2017.

iv) For United Kingdom, the *Imperial Hotel*, Blackpool, acquired by the Group during the quarter, has already contributed positively to the Group results. It is expected to generate stable income streams for the upcoming quarters.

In view of the above, the Group will remain profitable for FY2017 taken as a whole but may expect to report losses for certain quarters of the year.

11. Dividend

(a) Current Financial Period Reported on

Any dividend declared for the current financial period reporting on: No

(b) 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/recommended.

13. *If the Group has obtained a general mandate from Shareholders for IPT, 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 from Shareholders for Interested Person Transactions ("IPT").

14. *Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results).*

    The Directors confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the first quarter and three months ended 31 March 2017 to be false or misleading in any material aspect.

15. *Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)*

    The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

KOH WEE MENG
Executive Chairman and CEO

PERIAKARUPPAN ARAVINDAN
Executive Director

11 May 2017