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 supplemental information memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached supplemental information memorandum. In accessing the attached supplemental 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 supplemental information memorandum or make an investment decision with respect to the securities, investors must not be a U.S. person (as defined in Regulation S under the Securities Act (as defined below)). The attached supplemental information memorandum is being sent at your request and by accepting the e-mail and accessing the attached supplemental 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 e-mail has been delivered is not located in the U.S. and, to the extent you purchase the securities described in the attached supplemental 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 supplemental information memorandum and any amendments or supplements thereto by electronic transmission. By accepting this e-mail and accessing the attached supplemental information memorandum, 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 a person to whom an offer, as referred to in Section 275(1A) of the SFA, is being made and (B) agree to be bound by the limitations and restrictions described herein.

The attached supplemental information memorandum 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 Heeton Holdings Limited, DBS Bank Ltd. or Oversea-Chinese Banking Corporation Limited, or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the supplemental information memorandum distributed to you in electronic format and the hard copy version.

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

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

The attached supplemental 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 Heeton Holdings Limited in such jurisdiction. The attached supplemental 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 supplemental information memorandum on the basis that you are a person into whose possession this supplemental 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 supplemental information memorandum, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

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

YOU ARE NOT AUTHORISED AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED SUPPLEMENTAL INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH SUPPLEMENTAL INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED SUPPLEMENTAL 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.

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Supplemental Information Memorandum dated 4 January 2018 to Information Memorandum dated 25 July 2016

HEETON HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 7 July 1976)
(UEN/Company Registration No. 197601387M)

S$300,000,000
Multicurrency Debt Issuance Programme
(the "Programme")

This Supplemental Information Memorandum is a supplement to, and is to be read together with, the Information Memorandum dated 25 July 2016 (the "**Information Memorandum**") relating to the Programme.

This Supplemental Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Supplemental 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 Heeton Holdings 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.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and the listing and quotation of 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. Approval in-principle from, admission to the Official List of, and the listing 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 in the Information Memorandum (as supplemented by this Supplemental Information Memorandum). 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 Supplemental Information Memorandum contains information with regard to the Issuer, its subsidiaries and associated companies (if any) and the Securities. The Issuer, having made all due and careful enquiries, confirms that this Supplemental Information Memorandum (read together with the 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 in the Information Memorandum (as supplemented by this Supplemental Information Memorandum) is true and accurate in all respects, the opinions, expectations and intentions expressed in this Supplemental Information Memorandum have been carefully considered, 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 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" of the Information Memorandum)) 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 in the Information Memorandum) in bearer form or a Permanent Global Security (as defined in the Information Memorandum) in bearer form or a registered Global Certificate (as defined in the Information Memorandum) 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 in the Information Memorandum) or a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") or otherwise delivered as agreed between the Issuer and the relevant Dealer (as defined in the Information Memorandum). 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 in the Information Memorandum) 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 the Information Memorandum and this Supplemental Information Memorandum.

Perpetual Securities may be issued in series having one or more issue dates, and on identical terms (including as to listing) except for the issue dates, issue prices and/or the dates of the first payment of distribution. Each series may be issued in one or more tranches on the same or different issue dates. The Perpetual Securities will be issued in bearer form or registered form and may be listed on a stock exchange. The Perpetual Securities will initially be represented by either a Temporary Global Security in bearer form or a Permanent Global Security in bearer form or a registered Global Certificate which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP or a common depositary for Euroclear and/or Clearstream, Luxembourg or otherwise delivered as agreed between the 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 the Information Memorandum and this Supplemental 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 in the Information Memorandum) shall be S$300,000,000 (or its equivalent in any other currencies) or such increased amount in accordance with the terms of the Programme Agreement (as defined in the Information Memorandum).

No person has been authorised to give any information or to make any representation other than those contained in this Supplemental Information Memorandum in connection with the Programme and the issue, offer or sale of the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Arranger or any of the Dealers. The delivery or dissemination of this Supplemental Information Memorandum at any time after the date of this Supplemental Information Memorandum does not imply that the information contained in this Supplemental Information Memorandum or any part of this Supplemental Information Memorandum is correct at any time after such date. Save as expressly stated in this Supplemental 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 Supplemental Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme and the issue of the Securities may be used for the purpose of, 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 Supplemental Information Memorandum (or any part thereof) or any such other document or information and the offer of the Securities in certain jurisdictions may be prohibited or restricted by law. Persons who distribute or publish this Supplemental Information Memorandum (or any part thereof) or any such other document or information or into whose possession this Supplemental Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such prohibitions and restrictions and all applicable laws, orders, rules and regulations.

The Securities have not been, and will not be, registered under the Securities Act (as defined in the Information Memorandum) and include Securities in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Securities may not be offered, sold or delivered within the United States or to U.S. persons.

Neither this Supplemental 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 Supplemental 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 Supplemental 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 Supplemental Information Memorandum shall not reissue, circulate or distribute this Supplemental Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Supplemental 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 Supplemental Information Memorandum has been most recently amended or supplemented.

The Arranger and the Dealers have not separately verified the information contained in this Supplemental 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 Supplemental Information Memorandum.

Neither this Supplemental 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 Supplemental 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 Supplemental 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 Supplemental 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 Supplemental 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 the Information Memorandum (as supplemented by this Supplemental 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 in the Information Memorandum), 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 the Information Memorandum (as supplemented by this Supplemental Information Memorandum) or any such statement.

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

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, the Information Memorandum (as supplemented by this Supplemental 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 the Information Memorandum (as supplemented by this Supplemental Information Memorandum) issued by the Issuer. The Information Memorandum (as supplemented by this Supplemental 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 the Information Memorandum (as supplemented by this Supplemental Information Memorandum) or in a document deemed to be incorporated by reference in the Information Memorandum (as supplemented by this Supplemental Information Memorandum) shall be deemed to be modified or superseded for the purpose of the Information Memorandum (as supplemented by this Supplemental Information Memorandum) to the extent that a statement contained in the Information Memorandum (as supplemented by this Supplemental 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 the Information Memorandum (as supplemented by this Supplemental 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 in the Information Memorandum).

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 Supplemental 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 in the Information Memorandum (as supplemented by this Supplemental Information Memorandum) between the listed amounts and totals thereof are due to rounding.

The distribution of this Supplemental Information Memorandum and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Issuer, the Arranger and the Dealers to inform themselves about and to observe any such restrictions. The attention of recipients of this Supplemental Information Memorandum is drawn to the restrictions on resale of the Securities and the distribution of the Information Memorandum (as supplemented by this Supplemental Information Memorandum) set out under "Subscription, Purchase and Distribution" on pages 165 and 166 of the Information Memorandum.

Any person(s) who is invited to purchase or subscribe for the Securities or to whom this Supplemental 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.

Markets in Financial Instruments Directive II

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Packaged Retail Investment and Insurance Products – Prohibition of Sales to Retail Investors

The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

AMENDMENTS TO THE INFORMATION MEMORANDUM

The Information Memorandum shall be amended as follows:

1. by inserting as a new paragraph after the thirteenth paragraph of the section "**NOTICE**" appearing on page 4 of the Information Memorandum the following:

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

2. by inserting as new paragraphs after the last paragraph of the section "**NOTICE**" appearing on page 5 of the Information Memorandum the following:

   "**Markets in Financial Instruments Directive II**

   Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

   Packaged Retail Investment and Insurance Products – Prohibition of Sales to Retail Investors

   The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.";

3. by deleting the words "Teng Heng Chew" appearing throughout the Information Memorandum and substituting therefor the words "Teng Heng Chew Eric";

4. by deleting the third row of the section "**SUMMARY OF THE PROGRAMME**" appearing on page 12 of the Information Memorandum in its entirety and substituting therefor the following:

"Dealers	:	DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.";

5. by deleting the third paragraph of the sub-section "**1.1 History**" appearing on page 88 of the Information Memorandum in its entirety and substituting therefor the following:

   "The Group's business consists of property development, property investment, property management, hospitality and other related corporate activities. As at 15 December 2017, the Issuer has a total market capitalisation of approximately S$182.09 million. The Issuer's net asset value as at 30 September 2017 is approximately S$385.88 million.";

6. by deleting the figure "36" in line 2 of the second paragraph of the sub-section "**1.2 Overview**" appearing on page 88 of the Information Memorandum and substituting therefor the figure "43";

7. by deleting the second sentence in the third paragraph of the sub-section "**1.2 Overview**" appearing on page 88 of the Information Memorandum in its entirety and substituting therefor the following:

   "Such properties include NEWest at West Coast Way, KAP and KAP Residences at King Albert Park, High Park Residences at Fernvale Road in Sengkang and Westwood Residences, an executive condominium development in Westwood Avenue. During the year, the Group has completed the acquisition of the land parcel at Woodleigh Lane.";

8. by deleting the words "The Woodgrove," in lines 4 and 5 of the fifth paragraph of the sub-section "**1.2 Overview**" appearing on page 88 of the Information Memorandum in its entirety;

9. by inserting the words ", Luma Concept Hotel London" after the words "ibis Hotel Gloucester" in line 4 of the sixth paragraph of the sub-section "**1.2 Overview**" appearing on page 88 of the Information Memorandum;

10. by deleting the seventh, eighth and ninth paragraphs of the sub-section "**1.2 Overview**" appearing on page 89 of the Information Memorandum and substituting therefor the following:

    "The Group had acquired two new hotel properties in the UK during FY2015 – an 86-keys hotel, ibis Budget Bradford in Bradford City and a property at 28-36 Glenthorne Road, London, which was developed into an 89-bedrooms hotel, Luma Concept Hotel London. Subsequent to the end of FY2015, the Group has further expanded its hospitality portfolio with the acquisition of two more operating hotels, ibis Hotel Gloucester and Holiday Inn Express Hotel Manchester, both in the UK. This brings the total number of hotels under the Group's portfolio which are in operation to eight (of which one has been leased out).

    In August 2017, the Group completed the acquisition of the property previously known as Dry Bar, an iconic entertainment venue in one of Manchester City's most vibrant districts, with a view to converting it into a stylish new hotel.

    Separately, in 2016, the Group has, in its maiden foray into the Japanese market, through its joint venture with KSH Holdings Limited and Shikizakura Limited, purchased a freehold property in Sapporo City, Hokkaido, Japan, consisting of a 15-storey hotel with 164 bedrooms and another 14-storey building that comprises 66 residential and four retail units.

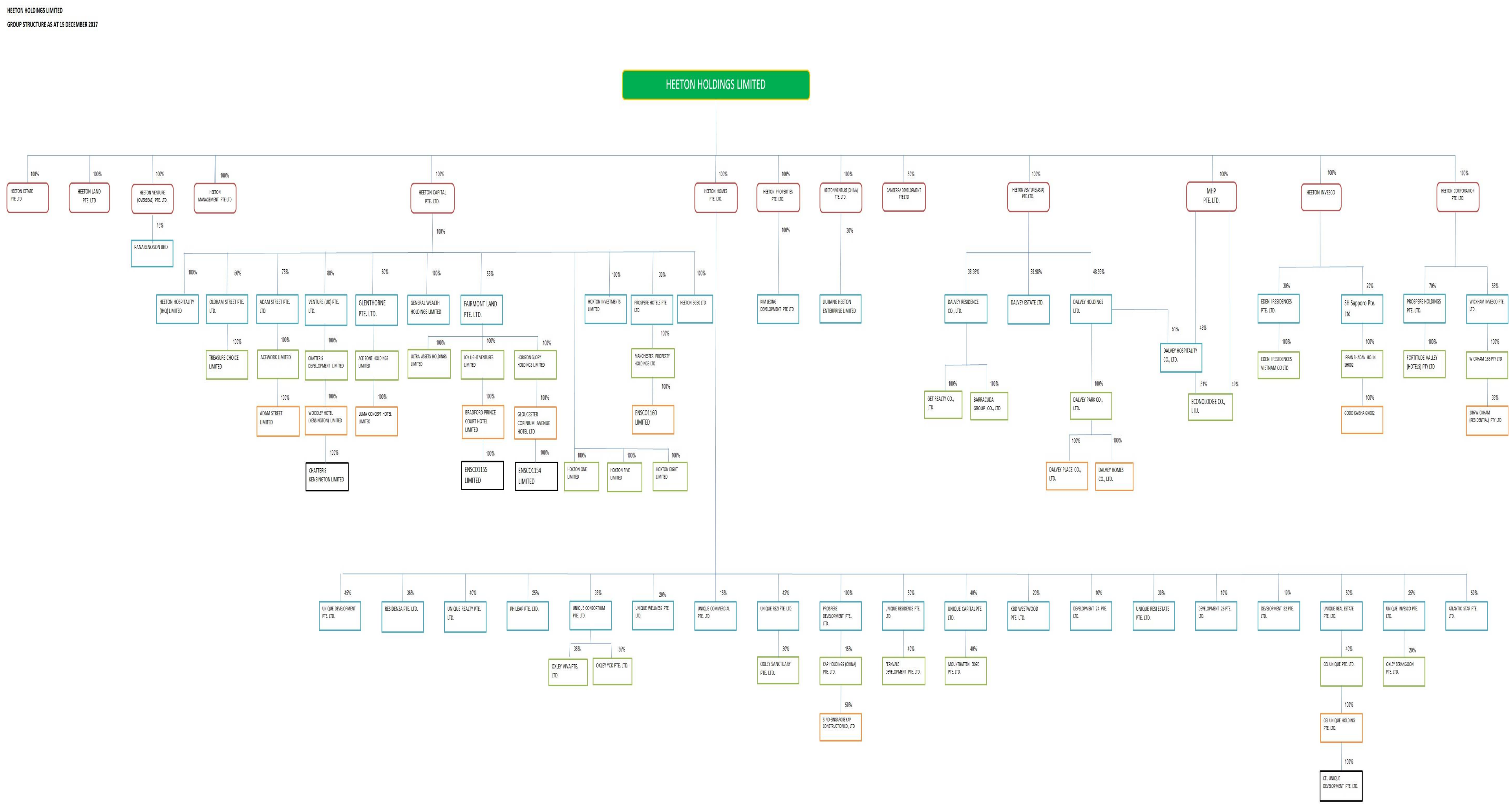
In relation to its property management business, the Group generally manages its investment properties, such as Tampines Mart and Sun Plaza. In connection with its management of the properties, the Group also undertakes to organise promotional and marketing activities for them. The Group also manages the operations of the five existing hotels in UK.";

11. by deleting the words "FY2015" in line 6 of the last paragraph of the sub-section "**1.2 Overview**" appearing on page 89 of the Information Memorandum and substituting therefor the words "FY2017";

12. by deleting the sub-paragraph "**2. GROUP STRUCTURE**" appearing on page 90 of the Information Memorandum in its entirety and substituting therefor the following:

“2. GROUP STRUCTURE

The Group structure as at 15 December 2017 is set out as follows:



13. by deleting the second paragraph of the sub-section "**3. BUSINESS**" appearing on page 91 of the Information Memorandum in its entirety and substituting therefor the following:

"The Group's revenue from its various business segments for FY2016, FY2015 and FY2014 are as follows:

	FY2016		FY2015		FY2014	
	Revenue (S$'000)	**%**	**Revenue (S$'000)**	**%**	**Revenue (S$'000)**	**%**
Property development	43,092	64.0	13,417	39.1	24,112	66.4
Property investment	13,300	19.7	13,463	39.3	11,219	30.9
Hospitality	9,825	14.6	5,826	17.0	944	2.6
Corporate/Others	1,152	1.7	1,588	4.6	43	0.1

";

14. by deleting the words "land use rights for" in line 2 of the second paragraph of the sub-section "**3.1 Property Development**" appearing on page 91 of the Information Memorandum in its entirety;

15. by deleting the last sentence of the second paragraph of the sub-section "**3.1.1 Property Development Business in Singapore**" appearing on page 91 of the Information Memorandum in its entirety and substituting therefor the following:

"While sales performances for the projects were expected to be modest in the current circumstances, High Park Residences' take up rate performed beyond expectations and was a huge success with 100.0% of units sold as at 30 September 2017. The development has recently won several top awards in PropertyGuru Asia Property Awards 2017.

In October 2017, the Group completed the acquisition of the land parcel at Woodleigh Lane together with Chip Eng Seng Corporation Limited and KSH Holdings Limited.

In July 2017, the tender submitted by the Group's associated company for the collective purchase of Serangoon Ville was accepted.";

16. by deleting the words "and the recently launched" in line 5 of the third paragraph of the sub-section "**3.1.1 Property Development Business in Singapore**" appearing on page 92 of the Information Memorandum in its entirety and substituting therefor the punctuation ",";

17. by deleting the fourth paragraph of the sub-section "**3.1.1 Property Development Business in Singapore**" appearing on page 92 of the Information Memorandum in its entirety and substituting therefor the following:

"As at 15 December 2017, the Group has several property development projects in the process of development. These include Trio, High Park Residences, Westwood Residences and the newly acquired land parcel at Woodleigh Lane.";

18. by deleting the last sentence in the fourth paragraph of the sub-section "**3.1.2 Property Development Business in Thailand**" appearing on page 92 of the Information Memorandum in its entirety and substituting therefor the following:

"The property consists of 236 units of residential condominium and as at 15 December 2017, 79.7% of the development has been sold.";

19. by deleting the words "31 March 2016" in lines 3 and 4 the first paragraph and line 6 of the second paragraphs of the sub-section "**3.1.3 Property Development Business in UK**"

appearing on page 92 of the Information Memorandum in its entirety and substituting therefor the words “15 December 2017”;

20. by deleting the last sentence of the third paragraph of the sub-section “**3.1.3 Property Development Business in UK**” appearing on page 93 of the Information Memorandum in its entirety and substituting therefor the following:

“The mixed-use development site is expected to consist of, amongst others, a 192-bedroom hotel to be operated by international hotel chain operator, Hilton and residential properties.

In September 2017, the Group led a consortium comprising KSH Holdings Limited and Ryobi Kiso Holdings Ltd to acquire Dry Bar, a four-storey terraced building with one basement level in Manchester, UK with a view to converting it into a stylish new hotel.”;

21. by deleting the last sentence of the first paragraph of the sub-section “**3.1.4 Property Development Business in Malaysia**” appearing on page 93 of the Information Memorandum in its entirety and substituting therefor the following:

“As at 15 December 2017, 98.1% of this development has been sold.”;

22. by deleting the second paragraph of the sub-section “**3.1.5 Property Development in Australia**” appearing on page 93 of the Information Memorandum in its entirety and substituting therefor the following:

“The Group is currently reviewing the development for the proposed residential development site with an estimated gross floor area of approximately 28,000 square metres.”;

23. by deleting the figure “70%” in line 3 of the third paragraph of the sub-section “**3.1.5 Property Development in Australia**” appearing on page 93 of the Information Memorandum and substituting therefor the figure “70.0%”;

24. by deleting the last paragraph of the sub-section “**3.1.7 Land Bank**” appearing on page 96 of the Information Memorandum in its entirety and substituting therefor the following:

“Please refer to the tables at Sections 3.1.8 (d), (e) and (f) below for a breakdown, by geographical areas and proposed development, of the total land bank held by the Group as at 15 December 2017.”;

25. by deleting the figure “50” in line 5 of the sub-section “**3.1.8 Details of Property Developments**” appearing on page 96 of the Information Memorandum and substituting therefor the figure “43”;

26. by deleting the tables under the headings “(a) Recently Completed Property Developments (in Singapore) in the past six (6) years as at 31 March 2016”, “(b) Recently Completed Property Developments in Thailand in the past six (6) years as at 31 March 2016”, “(c) Recently Completed Property Developments in UK in the past six (6) years as at 31 March 2016”, “(d) Ongoing Property Developments (in Singapore) as at 31 March 2016”, “(e) Ongoing Property Developments and Land Bank in Australia as at 31 March 2016” and “(f) Ongoing Property Developments and Land Bank in UK as at 31 March 2016” appearing on pages 97 to 100 of the Information Memorandum in their entirety and substituting therefor the following:

(a) Recently Completed Property Developments (in Singapore) in the past six (6) years as at 15 December 2017

Name of development	Location / Type of development	Tenure	Approximate total Gross Floor Area (sq m)	Residential Units	Shop Units	% sold as at 15 December 2017	Group's stake (%)	Launch Date	Completion Date
The Lumos	No. 9 Leonie Hill / Residential	Freehold	9,953	53	N/A	100.0	50.0	July 2007	August 2011
Lincoln Suites	1/3 Khiang Guan Avenue, Off Newton Road / Residential	Freehold	16,826	175	N/A	96.6	25.0	October 2009	April 2014
The Boutiq	145 Killiney Road / Residential	Freehold	10,397	130	N/A	100.0	45.0	April 2011	October 2014
iLiv@Grange	74 Grange Road / Residential	Freehold	4,362	30	N/A	100.0	100.0	Sold in September 2016	October 2013
Rezi 26	5, 5A and 5B Lorong 26 Geylang Road / Residential	Freehold	6,925	106	N/A	100.0	10.0	October 2011	September 2015
Palacio	Lorong M Telok Kurau Road / Residential	Freehold	4,152	21	N/A	100.0	36.0	August 2012	December 2015
Sky Green	568 & 570 Macpherson Road / Residential	Freehold	13,907	176	N/A	98.3	40.0	October 2012	November 2015
KAP and KAP Residences	9 and 11 King Albert Park / Commercial and Residential	Freehold	17,178	142	107	99.2	12.60	May 2013	November 2016

Name of development	Location / Type of development	Tenure	Approximate total Gross Floor Area (sq m)	Residential Units	Shop Units	% sold as at 15 December 2017	Group's stake (%)	Launch Date	Completion Date
Floraville, Floravista & Floraview	2/A/B – 20A/B/C Cactus Road / Commercial and Residential	Freehold	11,549	140	28	100.0	12.25	August 2013	August 2017
NEWest	West Coast Way / Commercial and Residential	956 years from May 1928	25,148	136	141	100.0	12.25	May 2013	July 2016
Onze@Tanjong Pagar	11 Kee Seng Street / Commercial and Residential	Freehold	5,572	56	13	69.6	100.0	September 2013	January 2017
Rezi 3Two	48-60 Lorong 32 Geylang Road / Residential	Freehold	3,455	65	N/A	100.0	10.0	November 2013	June 2017
Westwood Residences	180 to 196 Westwood Avenue / Residential	Leasehold term of 99 years from 14 April 2014	48,397	480	N/A	100.0	20.0	May 2015	October 2017
121 Collection on Whitley	121 Whitley Road / Residential	Freehold	2,108	9	N/A	44.4	30.0	April 2016	February 2017

(b) Recently Completed Property Developments in Thailand in the past six (6) years as at 15 December 2017

Name of development	**Location / Type of development**	**Tenure**	**Approximate total Gross Floor Area (sq m)**	**Residential Units**	**Shop Units**	**% sold as at 15 December 2017**	**Group's stake (%)**	**Launch Date**	**Completion Date**
Haus[23]	Ladprao 23 Road, Ladyarw (Bangsae-nuar) Bangkhen Bangkok Thailand / Residential	Freehold	17,214	236	N/A	79.2	48.99	September 2011	May 2014

(c) Recently Completed Property Developments in UK in the past six (6) years as at 15 December 2017

Name of development	Location / Type of development	Tenure	Approximate total Gross Floor Area (sq m)	Residential Units	Shop Units	% sold as at 15 December 2017	Group's stake (%)	Launch Date	Completion Date
Earlington	30-31 Philbeach Gardens, London, UK / Residential	Freehold	751	15	N/A	100.0	100.0	October 2012	March 2014
The Britton	35-37 Cock Lane, London, UK / Residential	999 years from January 2004	944	15	N/A	100.0	100.0	May 2012	November 2012

(d) Ongoing Property Developments and Land Bank in Singapore as at 15 December 2017

Name of development	Location / Type of development	Tenure	Approximate total Gross Floor Area (sq m)	Residential Units	Shop Units	% sold as at 15 December 2017	Group's stake (%)	Launch Date/ Expected Launch Date	Targeted Completion Date
Trio	7 to 19 Sam Leong Road / Commercial	Freehold	3,445	0	43	37.2	15.0	May 2014	2018
High Park Residences	40 Fernvale Road / Commercial and Residential	Leasehold term of 99 years from 14 April 2014	112,300	1,390	9	100.0	20.0	July 2015	2019
To be confirmed	Woodleigh Lane	Leasehold term of 99 years from 11 October 2017	58,640	To be confirmed	N/A	N/A	20.0	To be confirmed	To be confirmed

(e) Ongoing Property Development and Land Bank in Australia as at 15 December 2017

Name of development	Location / Type of development	Tenure	Approximate total Gross Floor Area (sq m)	Residential Units	Shop Units	% sold as at 15 December 2017	Group's stake (%)	Expected Launch Date	Targeted Completion
188 W Residences	186 Wickham Street Fortitude Valley, Queensland, Australia / Residential	Freehold	28,000	324	N/A	–	18.15	To be confirmed	To be confirmed

(f) Ongoing Property Development and Land Bank in UK as at 15 December 2017

Name of development	Location / Type of development	Tenure	Approximate total Gross Floor Area (sq m)	Residential Units	Shop Units	% sold as at 15 December 2017	Group's stake (%)	Expected Launch Date	Targeted Completion
Leeds/Hampton by Hilton Leeds City Centre	New York Road, Leeds as registered at the Land Registry under title number WYK592211 / Hotel and Residential	Freehold	84,568	To be confirmed	To be confirmed	–	55.0	To be confirmed	To be confirmed";

27. by deleting the last sentence of the sub-section "**3.1.9 Description of Property Developments – (a) Description of Recently Completed Property Developments (in Singapore) in the past six (6) years – The Lumos (No. 9 Leonie Hill)**" appearing on page 101 of the Information Memorandum in its entirety;

28. by inserting the following as new paragraphs after the last paragraph of the sub-section "**3.1.9 Description of Property Developments – (a) Description of Recently Completed Property Developments (in Singapore) in the past six (6) years – The Lumos (No. 9 Leonie Hill)**" appearing on page 101 of the Information Memorandum:

    "In July 2017, Heeton Land Pte. Ltd., a wholly-owned subsidiary of the Issuer, and Koh Brothers Development Pte Ltd, a wholly-owned subsidiary of Koh Brothers Group Limited, sold their respective 50.0% shareholding interests in Buildhome Pte. Ltd., which owned The Lumos, to Central Core Pte Ltd. (the "**Buildhome Disposal**").

    The consideration of S$41.60 million for the Buildhome Disposal (the "**Buildhome Consideration**") was arrived at on a willing-buyer and willing-seller basis with reference to the unaudited financial statements of Buildhome Pte. Ltd., as at 28 February 2017 and the agreed value of S$185.60 million for The Lumos. The Buildhome Consideration has been paid equally to Koh Brothers Development Pte Ltd and Heeton Land Pte. Ltd. in the following manner (a) S$30.00 million in cash paid on 19 July 2017 and (b) S$11.60 million to be deferred to after completion, which shall be novated to the shareholders of Central Core Pte Ltd. As part of the transaction consideration, Heeton Land Pte. Ltd. and Koh Brothers Development Pte Ltd have also agreed to convert the outstanding shareholders' loans to Buildhome Pte. Ltd. aggregating S$36.00 million into a three-year promissory note bearing interest at 5.0% per annum.";

29. by deleting the sub-section "**3.1.9 Description of Property Developments – (a) Description of Recently Completed Property Developments (in Singapore) in the past six (6) years – Juluca (380 Pasir Panjang Road)**" appearing on page 101 of the Information Memorandum in its entirety;

30. by deleting the second last sentence of the sub-section "**3.1.9 Description of Property Developments – (a) Description of Recently Completed Property Developments (in Singapore) in the past six (6) years – Lincoln Suites (1/3 Khiang Guan Avenue, off Newton Road)**" appearing on page 101 of the Information Memorandum in its entirety and substituting therefor the following:

    "This development was launched in October 2009 and as at 15 December 2017, 96.6% of the development has been sold.";

31. by deleting the second last sentence of the sub-section "**3.1.9 Description of Property Developments – (a) Description of Recently Completed Property Developments (in Singapore) in the past six (6) years – The Boutiq (145 Killiney Road)**" appearing on page 102 of the Information Memorandum in its entirety and substituting therefor the following:

    "This development was launched in April 2011 and as at 15 December 2017, this development has been fully sold.";

32. by deleting the last two paragraphs of the sub-section "**3.1.9 Description of Property Developments – (a) Description of Recently Completed Property Developments (in Singapore) in the past six (6) years – iLiv@Grange (74 Grange Road)**" appearing on page 102 of the Information Memorandum in its entirety and substituting therefor the following:

"The Group has obtained the TOP for this development in October 2013. On 30 September 2016, the Group completed the sale of iLiv@Grange via the disposal of the Group's entire shareholding interest in Heeton Residence Pte. Ltd. (the "**iLiv@Grange Disposal**"). Heeton Residence Pte. Ltd. is the sole shareholder of Heeton Realty Pte. Ltd. which owns iLiv@Grange. The consideration for the iLiv@Grange Disposal comprised a nominal amount of S$4 for the purchase of the shares as well as S$21 million for the transfer of the shareholder's loan owing from Heeton Residence Pte. Ltd. to the Issuer.";

33. by deleting the second last sentence of the sub-section "**3.1.9 Description of Property Developments – (a) Description of Recently Completed Property Developments (in Singapore) in the past six (6) years – Rezi 26 (5, 5A and 5B Lorong 26 Geylang Road)**" appearing on page 103 of the Information Memorandum in its entirety and substituting therefor the following:

   "This development was launched in October 2011 and as at 15 December 2017, this development has been fully sold.";

34. by deleting the second last sentence of the sub-section "**3.1.9 Description of Property Developments – (a) Description of Recently Completed Property Developments (in Singapore) in the past six (6) years – Palacio (Lorong M Telok Kurau Road)**" appearing on page 103 of the Information Memorandum in its entirety and substituting therefor the following:

   "This development was launched in August 2012 and as at 15 December 2017, has been fully sold.";

35. by deleting the second last sentence of the sub-section "**3.1.9 Description of Property Developments – (a) Description of Recently Completed Property Developments (in Singapore) in the past six (6) years – Sky Green (568 & 570 Macpherson Road)**" appearing on page 103 of the Information Memorandum in its entirety and substituting therefor the following:

   "This development was launched in October 2012 and as at 15 December 2017, 98.3% of the development has been sold.";

36. by inserting the following as new paragraphs after the last paragraph of the sub-section "**3.1.9 Description of Property Developments – (a) Description of Recently Completed Property Developments (in Singapore) in the past six (6) years**" appearing on page 103 of the Information Memorandum:

   "<u>KAP and KAP Residences (9 and 11 King Albert Park)</u>

   This freehold property development with a total floor area of approximately 17,178 sq m is located at the south-western junction of King Albert Park and Bukit Timah Road, off its junction with Jalan Anak Bukit and Clementi Road, and some 12 km from the city centre. It is sited within an established bungalow area (King Albert Park) near some mid-rise apartments and condominium developments along Bukit Timah and Dunearn Road. King Albert Park is also located directly across King Albert Lodge. Other prominent developments in the vicinity include Ngee Ann Polytechnic, Bukit Timah Plaza, Sherwood Tower The Sterling, Sim Darby Centre, Jardin, Gardenvista, Pei Hwa Presbyterian Primary School, Bukit Timah Market and Food Centre, Beauty World Plaza, Beauty World Centre and Suites @ Bukit Timah. The proposed seven-storey mixed development will comprise of two residential blocks of four to five storeys, a retail podium of two storeys, and retail shops and carparks comprising two levels below ground. There will be a total of 107 commercial units and 142 residential units.

This development was launched in May 2013 and as at 15 December 2017, 84.5% of the development has been sold. TOP for this development was granted in November 2016.

Floraville, Floravista & Floraview

This freehold development consists of two developments – Floraville and Flora Vista & Floraview. They are located on the southern side of Yio Chu Kang Road and is about 14.5 km from the city centre. The immediate locality comprises low-rise residential estates to the east and industrial developments to the west. Residential developments nearby include Sunrise Villa, Sunrise Gardens, Grande Vista and Cabana, amongst others. Prominent developments nearby include ST Electronics, Maybank Centre, Techpoint, Econ International Building, and Amoy Quee Camp.

The proposed development for Floraville, Floravista and Floraview will comprise 50 residential units, 28 commercial units and 90 residential units respectively. The developments have swimming pools, wading pools, gymnasium, pavilion and barbeque facilities. The total gross floor area of the two developments is approximately 11,549 sq m.

This development was launched in August 2013 and as at 15 December 2017, the residential units of the development have been fully sold. The remaining 26 commercial units have been reclassified as investment properties. TOP for this development was granted in August 2017.

NEWest (West Coast way)

NEWest is easily accessible with the Clementi mass rapid transit (MRT) station located just a short distance away. This 956-year leasehold development is also well-served by a network of roads and expressways, with the Ayer Rajah Expressway (AYE) and West Coast Highway sandwiching it, and the Pan Island Expressway (PIE) nearby. The immediate locality is mixed in nature comprising both commercial and residential uses. Prominent developments in the vicinity include Ayer Rajah Wet Market and Food Centre, Clementi Wet Market & Food Centre, Clementi Mall and West Coast Plaza.

The development comprises a five to 12 storey shop flat development with shops on the 1st storey, commercial carparks at basement one, residential carparks on the 2nd and 3rd storeys and residential flats and ancillary facilities in the rest of the building. There is a total of 141 commercial units and 136 residential units with a total gross floor area of approximately 25,148 sq m.

This development was launched in May 2013 and as at 15 December 2017, all units of the development have been sold. The Group has obtained the TOP for this development in July 2016.

Onze@ Tanjong Pagar (11 Kee Seng Street)

The development site is located at the end of Kee Seng Street, off Tanjong Pagar to the east. It is situated at the fringe of the Central Business District and within the ERP zone, about 1.5 km from Raffles Place and within walking distance to Chinatown and Tanjong Pagar MRT station.

The proposed development will comprise of a 19-storey mixed development consisting of 15 storeys of 56 residential units with a sky terrace and swimming pool on the 17th storey and 13 commercial units on the 1st storey with 3 levels of carparks at the 2nd, 3rd and 4th storeys. This property has an estimated gross floor area of 5,572 sq m.

This development was launched in September 2013 and as 15 December 2017, 69.6% of the development has been sold. TOP for this development was granted in January 2017.

Rezi 3Two (48-60 Lorong 32 Geylang Road)

The site is located along Lorong 32 Geylang, off Guillemard Road and Geylang Road. The immediate vicinity comprises a mixture of high-rise apartments and shophouses and it is only minutes away from the Paya Lebar Commercial Hub, Katong, Singapore Sports Hub, Old Airport Food Centre & OneKM Mal. The vicinity is highly accessible via PIE, KPE, ECP & CTE.

The proposed freehold development will comprise of an eight storey residential building comprising 65 exclusive units with a wide range of facilities including a leisure pool and two sky terraces with spa alcove, outdoor gym, gourmet dining and multi-storey car park, and has a total gross floor area of approximately 3,455 sq m. This development was launched in November 2013 and as 15 December 2017, this development has been fully sold. The Group has obtained the TOP for this development in June 2017.

Westwood Residences

In May 2015, together with Koh Brothers Group Limited, the Group launched Singapore's first bike-themed executive condominium development, Westwood Residences, in Jurong West, Singapore. The 480-units 99-year leasehold project is the second executive condominium to be launched in Jurong after 18 years.

The site is located along Westwood Avenue and opposite Singapore's first eco-business park. It is approximately 1.7 km away from Boon Lay and Pioneer MRT stations where large scale shopping centres can be found, alongside other recreational centres such as Jurong West Sports and Recreation Centre and Jurong Safra Club.

This development was launched in May 2015 and as at 15 December 2017, this development has been fully sold. The Group has obtained the TOP for this development in October 2017.

121 Collection on Whitley (121C Whitley Road)

121 Collection on Whitley is a freehold property development located on the southern flank of Whitley Road, between two cul-de-sacs. It is approximately 6.5 km away from the city centre. The immediate locality is generally residential in character with residential developments such as Villa Chancerita, Espana, Villa Des Flores and conventional landed houses located nearby. Prominent landmarks nearby include Catholic Junior College, St. Joseph's Institution, the former Police Academy and Thomson Medical Centre.

The mixed landed housing development consists of four pairs of two-storey semi-detached dwelling houses each with an attic, basement and swimming pool and one two storey detached dwelling house with an attic, basement and swimming pool, comprising a total gross floor area of approximately 2,108 sq m.

This development was launched in April 2016 and sale of units is by special invitation only due to the exclusivity and uniqueness of each unit, and as at 15 December 2017, four units have been sold. The Group has obtained the TOP for this development in February 2017.";

37. by deleting the second last sentence of the sub-section "**3.1.9 Description of Property Developments – (b) Description of Recently Completed Property Developments (outside Singapore) in the past six (6) years – Thailand – Haus[23] (Ladprao 23 Road, Ladyarw (Bangsae-nuar) Bangkhen Bangkok Thailand)**" appearing on page 104 of the Information Memorandum in its entirety and substituting therefor the following:

"This development was launched in September 2011 and as at 15 December 2017, 79.2% of the development has been sold.";

38. by deleting the last sentence of the sub-section "**3.1.9 Description of Property Developments – (b) Description of Recently Completed Property Developments (outside Singapore) in the past six (6) years – UK – Earlington (30-31 Philbeach Gardens, London, UK)**" appearing on page 104 of the Information Memorandum in its entirety and substituting therefor the following:

"This development was launched in October 2012 and as at 15 December 2017, this development has been fully sold.";

39. by deleting the last sentence of the sub-section "**3.1.9 Description of Property Developments – (b) Description of Recently Completed Property Developments (outside Singapore) in the past six (6) years – UK – The Britton (35 – 37 Cock Lane, London, UK)**" appearing on page 104 of the Information Memorandum in its entirety and substituting therefor the following:

"As at 15 December 2017, this development has been fully sold.";

40. by deleting the sub-section "**3.1.9 Description of Property Developments – (c) Description of Ongoing Property Developments (in Singapore)**" appearing on pages 104 to 107 of the Information Memorandum in its entirety and substituting therefor the following:

"**(c) <u>Description of Ongoing Property Developments (in Singapore)</u>**

<u>Trio (7 to 19 Sam Leong Road)</u>

Trio is located along Sam Leong Road, which is off Jalan Besar. It is located approximately 3.0 km from the city centre. The immediate vicinity comprises low-rise shophouses, commercial-cum-residential developments and shopping complexes. Prominent developments in the vicinity include City Square Residences, City Square Mall, Mustafa Centre, Serangoon Plaza, Parkroyal on Kitchener Road, New World Centre, Verdun House and Jalan Besar Plaza. Located in the vicinity are numerous backpackers' hostels and budget hotels.

This freehold site was acquired by the Group and its joint venture partners in December 2012 for the purpose of commercial development. The proposed development of the freehold site is the erection of 43 shops units with a total gross floor area of approximately 3,455 sq m.

This development was launched in May 2014 and as at 15 December 2017, 37.2% of the development has been sold. The Group expects to obtain the TOP for this development in 2018.

<u>High Park Residences</u>

The development site is located at the junction of Fernvale Road and Sengkang East Way. Developments within the immediate vicinity comprise Sengkang Riverside Park, Fernvale Point, The Seletar Mall and educational institutions such as Sengkang Green Primary School and Pei Hwa Secondary School. The Thanggam LRT station is within 5 minutes' walk from the property. Connectivity to the Seletar Exressway (SLE), Tampines Expressway (TPE) and Central Expressway (CTE) facilitate access to various parts of the island.

This development was launched in July 2015 and as at 15 December 2017, the development has been fully sold. The Group expects to obtain the TOP for this development in 2019.

Land Parcel at Woodleigh Lane

The property is located along Woodleigh Lane, off Upper Serangoon Road and situated near the town centre of Serangoon New Town. The immediate vicinity includes several civic and community institutions such as Stamford American International School, Bidadari Park (under construction), Cedar Primary School and PUB Recreation Club, amongst others. Woodleigh MRT station is located within walking distance and accessibility to other parts of the island is facilitated by the Pan-Island Expressway (PIE).

The Woodleigh Site has a lease term of 99 years comprising 210,404 sq ft of land area. It has a maximum allowable Gross Floor Area of 631,212 sq ft. The proposed development to be built on the Woodleigh Site is proposed to have full condominium facilities and to comprise 16-storey residential blocks having more than 800 residential units.

128, 129, 130, 131, 132, 133, 134, Serangoon North Avenue 1

On 26 July 2017, the tender submitted by Oxley Serangoon Pte. Ltd. for the collective purchase of the property known as Serangoon Ville at 128, 129, 130, 131, 132, 133, 134, Serangoon North Avenue 1, Singapore (the "**Serangoon Ville Property**") at the purchase price of S$499,000,000, was duly accepted by the owners of the Serangoon Ville Property. The Issuer has a 5% effective interest in Oxley Serangoon Pte. Ltd., which is a joint venture company. The purchase is expected to be completed in March 2018.

The Serangoon Ville Property is a former HUDC estate which has been privatised. The site area is approximately 27,583.9 sq m. Oxley Serangoon Pte. Ltd. intends to apply for the grant of a fresh 99-year lease for the Serangoon Ville Property and to redevelop the Serangoon Ville Property, subject to obtaining all the necessary approvals from the relevant authorities. An estimated differential premium of S$195 million is payable to the State for the top-up of the lease and for the development of the site to a gross plot ratio of 2.8.

31 to 51 (ODD) Lorong 24 Geylang (31 to 51 (ODD) Lorong 24 Geylang)

On 11 December 2017, Development 24 Pte. Ltd., a 10%-owned investee company held by the Group exercised an option from a vendor (the "**Lorong 24 Geylang Option**") to purchase the freehold properties known as 31 to 51 (ODD) Lorong 24 Geylang Singapore on Lots 01717W, 01718V, 01719P, 01720W, 01721V, 97922N, 97921K, 97920A, 97919N, 97918K, 97917A and 97916T all of Mukim 25 (collectively, the "**Lorong 24 Geylang Properties**").

The aggregate purchase consideration for the Lorong 24 Geylang Properties is S$60,000,000.00 (the "**Lorong 24 Geylang Purchase Consideration**"), of which S$6,000,000.00 has been paid for the exercise of the Lorong 24 Geylang Option. Under the Lorong 24 Geylang Option, the purchase of the Lorong 24 Geylang Properties shall be completed and the balance of the Lorong 24 Geylang Purchase Consideration shall be paid 12 weeks from the date of exercise of the Lorong 24 Geylang Option.

The Lorong 24 Geylang Properties comprises approximately 26,188 sq ft of land area, with proposed development of an 8-storey residential block with 97 apartment units of a maximum allowable gross floor area of approximately 73,325 sq. ft.";

41. by deleting the second paragraph of the sub-section "**3.1.9 Description of Property Developments – (d) Description of Ongoing Property Developments and Land Bank (outside Singapore) – Australia – 188 W Residences**" appearing on page 107 of the Information Memorandum in its entirety and substituting therefor the following:

"The Group is currently reviewing the development for the proposed residential development site with an estimated gross floor area of approximately 28,000 square metres.";

42. by deleting the sub-section "**3.1.9 Description of Property Developments – (d) Description of Ongoing Property Developments and Land Bank (outside Singapore) – UK**" appearing on pages 107 to 108 of the Information Memorandum in its entirety and substituting therefor the following:

"**<u>UK</u>**

<u>Leeds/Hampton by Hilton Leeds City Centre (New York Road, Leeds as registered at the Land Registry under title number WYK592211 / Hotel and Residential)</u>

The approximately 2.45 acres or 106,722 sq ft site is strategically-located within a five minute walk from the City Centre, off Regent Street and New York Road - Leeds City Centre's two main thoroughfares. It is also near the Leeds railway station that connects the city directly to London and other parts of the country.

The Group has obtained approval for the first phase of the proposed masterplan from the Leeds City Council's city plans panel. The first phase of the plan involves the refurbishment and extension of the existing office building at the south of the site in order to transform it into a 192 bedroom hotel with meeting rooms, a conference venue, a gym, a bar and a restaurant. The hotel will have an estimated floor area of approximately 73,400 sq ft.

Demolition work has been completed and other enabling works have commenced in late 2017.

In April 2017, the Group entered into a franchise agreement with international hotel chain operator Hilton for a 192-bedroom hotel. The hotel will be operated under the brand, Hampton by Hilton and operations are expected to commence in late 2019. The Group targets to capture the demand from increasing visitor numbers following a number of high quality retail and leisure projects in the city centre.

The second phase of the proposal comprises approximately 700 residential apartments, a variety of cafes, workplaces, a vibrant boulevard and green spaces that are delivered across various phases of the project. This proposal is in the process of obtaining its planning approval from the local authorities.";

43. by deleting the words "The Woodgrove," in lines 2 and 3 of the first paragraph of the sub-section "**3.2.1 Property Investment in Singapore**" appearing on page 108 of the Information Memorandum in its entirety;

44. by deleting the sub-section "**3.2.2 Details of Investment Properties**" appearing on pages 109 to 110 of the Information Memorandum in its entirety and substituting therefor the following:

3.2.2 Details of Investment Properties

The tables below summarise the details of the investment properties which are held by the Group as at 30 September 2017.

(a) Investment Properties (in Singapore)

Name of development	Location / Type of development	Tenure	Approximate Lettable Area (sq m)	Average term of lease (years)	Residential units	Shop units	Office units	Occupancy rate as at 30 September 2017 (%)	Estimated fair value as at 30 September 2017 ($'mil)	Group's stake (%)
Tampines Mart	Blocks 5, 7, 9 and 11 Tampines Street 32 / Retail and Commercial	Leasehold term of 99 years from 1 May 1993	7,900	2 to 3	N/A	61 shops and 57 wet market stalls	N/A	96.0	110.0	100.0
The Woodgrove*	30 Woodlands Avenue 1 / Retail and Commercial	Leasehold term of 99 years from 26 June 1996	3,785	2 to 3	N/A	36	N/A	97.0	33.0	100.0
Sun Plaza	30 Sembawang Drive / Retail and Commercial	Leasehold term of 99 years from 26 June 1996	14,573	3 to 4	N/A	131	N/A	100.0	353.0	50.0
62 Sembawang Road	62 Sembawang Road / Transport Facilities	Estate in Perpetuity	1,239	30	N/A	1	N/A	100.0	9.5	100.0
223@ Mountbatten	223 Mountbatten Road / Commercial	Estate in Perpetuity	10,447	3 to 5	N/A	N/A	90	64.0	42.0	16.0

*On 5 December 2017, the Issuer had entered into a sale and purchase agreement for the disposal of The Woodgrove.

(b) Investment Properties in Japan

Name of development	Location / Type of development	Tenure	Approximate total Lettable Area (sq m)	Average term of lease (years)	Residential units	Shop units	Office units	Number of hotel rooms	Occupancy rate as at 30 September 2017 (%)	Estimated fair value as at 30 September 2017 ($'mil)	Group's stake (%)
2-8-7 Minami 6 Jo Nishi, Chuo-ku, Sapporo, Hokkaido Prefecture, Japan	2-8-7 Minami 6 Jo Nishi, Chuo-ku, Sapporo, Hokkaido Prefecture, Japan / Hotel, residential and retail units	Freehold	7,340	2 to 20	66	4	N/A	164	93.0	34.7	20.0

(c) Investment Properties in UK

Name of development	Location / Type of development	Tenure	Approximate total Lettable Area (sq m)	Average term of lease (years)	Residential units	Shop units	Office units	Number of hotel rooms	Occupancy rate as at 30 September 2017 (%)	Estimated fair value as at 30 September 2017 ($'mil)	Group's stake (%)
Adam House	7-10 Adam Street. London United Kingdom / Serviced Office	Freehold	1,600	1	N/A	N/A	35	N/A	95.0	25.5	75.0

45. by inserting the following as new paragraphs after the last paragraph of the sub-section "**3.2.3 Description of Investment Properties held by the Group – (a) Description of Investment Properties (in Singapore) – The Woodgrove (30 Woodlands Avenue 1)**" appearing on page 111 of the Information Memorandum:

"On 5 December 2017, Heeton Estate Pte Ltd, a wholly-owned subsidiary of the Issuer entered into a sale and purchase agreement (the "**Woodgrove Sale and Purchase Agreement**") for the disposal of The Woodgrove (the "**Proposed Disposal**").

The aggregate consideration to be paid by the purchaser for the Proposed Disposal is S$55,850,000.00 (the "**Woodgrove Consideration**"). The Woodgrove Consideration was arrived at on a willing buyer willing seller basis. Completion of the Proposed Disposal is subject to and conditional upon, if applicable, the approval of the shareholders of Heeton Estate Pte Ltd or the Issuer to the sale of The Woodgrove to the purchaser under the Companies Act or the waiver by the SGX-ST from Rule 1014(2) of the SGX-ST Listing Manual (as the case may be) being obtained by the Issuer. On 21 December 2017, SGX-ST granted the Issuer a waiver from compliance with Rule 1014(2) of the SGX-ST Listing Manual subject to certain conditions.";

46. by deleting the second last sentence in the second paragraph of the sub-section "**3.2.3 Description of Investment Properties held by the Group – (a) Description of Investment Properties (in Singapore) – Sun Plaza (30 Sembawang Drive)**" appearing on page 111 of the Information Memorandum and substituting therefor the following:

"The retail property has a total lettable area of approximately 14,573 sq m.";

47. by inserting the following as a new paragraph after the last paragraph of the sub-section "**3.3 HOSPITALITY**" appearing on page 112 of the Information Memorandum:

"The Group intends to tap on the future growth in this sector to further deepen its involvement in this area. To this end, the Group has identified and is currently exploring viable opportunities in the tourism and hospitality sector.";

48. by deleting the last paragraph in the sub-section "**3.3 HOSPITALITY – 3.3.2 Hospitality/hotel properties in Thailand**" appearing on page 112 of the Information Memorandum in its entirety;

49. by deleting the sub-section "**3.3.3 Details of hospitality/hotel properties**" appearing on page 113 of the Information Memorandum in its entirety and substituting therefor the following:

3.3.3 Details of hospitality/hotel properties

(a) Details of hospitality/hotel properties in UK as at 30 September 2017

Name of development	Location / Type of development	Tenure	Number of hotel rooms	Year to date occupancy rate up to 30 September 2017 (%)	Estimated fair value as at 30 September 2017 ($'mil)	Group's stake (%)
Hotel ibis Style London Kensington	15-25 Hogarth Road, Kensington, London, United Kingdom / Hotel	Freehold	116	86.0	49.6	80.0
Ibis Budget Bradford	Prince Court, Canal Road, Bradford, United Kingdom / Hotel	Freehold	86	85.0	2.8	55.0
Ibis Hotel Gloucester	Saw Mills End, Corinium Avenue A417, Gloucestershire, United Kingdom / Hotel	Leasehold 125 years from 19 October 2009	127	78.0	10.8	55.0
Holiday Inn Express Manchester	2-4 Oxford Road Manchester, United Kingdom / Hotel	Freehold	147	81.0	30.4	30.0
Luma Concept Hotel London	28-36 Glenthorne Road, Hammersmith, London, United Kingdom / Hotel	Freehold	89	84.0	49.4	60.0
Leeds/Hampton by Hilton Leeds City Centre	New York Road, Leeds as registered at the Land Registry under title number WYK592211 / Hotel and Residential	Freehold	Proposed 192	N/A	17.6	55.0
To be confirmed	28-30 Oldham Street Manchester, United Kingdom / Hotel	Freehold	To be confirmed	N/A	7.1	50.0

(b) Details of hospitality/hotel properties in Thailand as at 30 September 2017

Name of development	Location / Type of development	Tenure	Number of hotel rooms	Year to date occupancy rate up to 30 September 2017 (%)	Estimated fair value as at 30 September 2017 ($'mil)	Group's stake (%)
Mercure Hotel Pattaya	Pattaya, Thailand / Hotel	Freehold	247	85.0	21.4	86.7
Hotel Baraquda Pattaya, MGallery Collection	Pattaya, Thailand / Hotel	Freehold	72	82.0	16.7	38.98

(c) Details of hospitality/hotel properties in Australia as at 30 September 2017

Name of development	Location / Type of development	Tenure	Number of hotel rooms	Year to date occupancy rate up to 30 September 2017 (%)	Estimated fair value as at 30 September 2017 ($'mil)	Group's stake (%)
29 Ranwell Lane	29 Ranwell Lane Fortitude Valley, Australia / Hotel	Freehold	Proposed 198	N/A	6.3	70.0

(d) Details of hospitality/hotel properties in Japan as at 30 September 2017

Name of development	Location / Type of development	Tenure	Number of hotel rooms	Year to date occupancy rate up to 30 September 2017 (%)	Estimated fair value as at 30 September 2017 ($'mil)	Group's stake (%)
Super Hotel Sapporo - Susukino	2-8-7 Minami 6 Jonishi, Chuo-ku Sapporo-shi, Hokkaido, Japan	Freehold	164	93	34.7	20

50. by deleting the sub-section "**3.3.4 Description of Hospitality/Hotel Properties – (a) Description of hospitality/hotel properties in UK – 28-36 Glenthorne Road, Hammersmith, London, W6 0LS / Hotel**" appearing on page 114 of the Information Memorandum in its entirety and substituting therefor the following:

"<u>Luma Concept Hotel London</u>

The Luma Concept Hotel London Hammersmith is located at 28-36 Glenthorne Road, London, W6 0LS, UK and comprises 89 bedrooms. The hotel is within 2 minutes' walk from Hammersmith Underground Station in London and is well connected to many places of interest. Hyde Park, the largest Royal Park in London, is a mere fifteen minutes away while Harrods offers world-class shopping in nearby Knightsbridge and the Natural History Museum in South Kensington is a London icon.

The hotel is managed by Heeton's hospitality division and operates under the brand Luma Concept Hotel. This is the Group's first Heeton-branded hotel and plans to roll out the brand are in development.

<u>Leeds/Hampton by Hilton Leeds City Centre</u>

The proposed 192-bedroom hotel is strategically-located within a five-minute walk from the City Centre, off Regent Street and New York Road - Leeds City Centre's two main thoroughfares. It is also near the Leeds railway station that connects the city directly to London and other parts of the country.

In April 2017, the Group entered into a franchise agreement with international hotel chain operator Hilton for a 192-bedroom hotel. The hotel will be operated under the brand Hampton by Hilton and operations are expected to commence in late 2019. The Group targets to capture the demand from increasing visitor numbers following a number of high quality retail and leisure projects in the city centre.

<u>28-30 Oldham Street, Manchester</u>

The proposed hotel building is located in Manchester's northern quarter, a short walk from both Piccadilly and Victoria Rail Stations. Formerly known as the Dry Bar, it was an iconic bar in Manchester whose origins are linked to the city's music scene of the 80s.

Planning permission was granted in 2015 to convert the upper floors of the building into a hotel. The property is a four-storey terraced building with one basement level and it has a total gross internal floor area of approximately 20,713 square feet. The Group plans to deliver a high-quality building project with understated sophistication. The architectural design promises a complex mix of innovative interiors, a sensitive restoration of the building, and the addition of a modest extension above the existing roof level.";

51. by inserting the following as new paragraphs after the last paragraph of the sub-section "**3.3.4 Description of Hospitality/Hotel Properties**" appearing on page 115 of the Information Memorandum:

"(d) Description of hospitality/hotel properties in Japan

<u>Super Hotel Sapporo – Susukino (2-8-7 Minami 6 Jo Nishi, Chuo-ku, Sapporo, Hokkaido Prefecture, Japan)</u>

Super Hotel Sapporo is a freehold hotel consisting 15 floors and 164 bedrooms. The hotel is within walking distance to two subway stations: one minute to Hosuisusukino Station (along the Toho Line) and three minutes to Susukino Station (along the Nanboku Line). Both stations are just two stops away from the main transit hub of

Sapporo Station, which is also served by the Japan Railway that connects to the rest of Hokkaido and Japan. Additionally, it is located in the Susukino area, which is next to the CBD in Sapporo City.

Susukino area is a large entertainment and shopping district with numerous restaurants, bars and night-life establishments. It is an ideal location for many business travellers for ease of commuting to work at other parts of the CBD during the day and enjoying relaxation activities within the area at night.";

52. by deleting the figure "4" in line 4 of the first paragraph of the sub-section "**3.4 PROPERTY MANAGEMENT**" appearing on page 115 of the Information Memorandum and substituting therefor the word "five";

53. by deleting the sub-section "**3.4.2 Property Management in UK**" appearing on page 115 of the Information Memorandum in its entirety and substituting therefor the following:

"**3.4.2 Property Management in UK**

The Group manages the operations of the following hotels in UK: Hotel ibis Styles London Kensington, ibis Budget Bradford, ibis Hotel Gloucester, Holiday Inn Express Manchester and Luma Concept Hotel London.";

54. by deleting the words "OrangeTee.Com Pte Ltd," in line 3 of the second paragraph of the sub-section "**4. MARKETING AND BUSINESS DEVELOPMENT**" appearing on page 115 of the Information Memorandum in its entirety;

55. by deleting the figure "36" in line 3 of the first paragraph of the sub-section "**5. COMPETITIVE STRENGTHS – (b) Established track record and reputation**" appearing on page 116 of the Information Memorandum and substituting therefor the figure "43";

56. by deleting the second paragraph of the sub-section "**6. BUSINESS STRATEGIES – (c) Strengthen the Group's position in foreign markets**" appearing on page 118 of the Information Memorandum and substituting therefor the following:

"Over the course of the next six to 12 months, the Group will likely utilise its proceeds from existing businesses to participate more actively in UK and ASEAN, and will constantly be looking out for viable projects in UK and ASEAN.";

57. by deleting the first sentence in the third paragraph of the sub-section "**6. BUSINESS STRATEGIES – (e) Continued diversification of property development portfolio and revenue stream**" appearing on page 119 of the Information Memorandum in its entirety and substituting therefor the following:

"The Group has also expanded its hospitality portfolio and currently has two hotels in Thailand and five hotels in UK which are in operation, and one hotel in Japan which is currently leased out.";

58. by deleting the first paragraph of the sub-section "**8.1 Board of Directors**" appearing on page 120 of the Information Memorandum and substituting therefor the following:

"The Group's Board of Directors supervises the management of the business and affairs of the Issuer. Certain information on the business and working experience of the Issuer's Directors is set out below:";

59. by deleting the curriculum vitae of Mr Teng Heng Chew (*Chief Executive Officer*), Mr Toh Gap Seng (*Non-executive Director*) and Mr Tan Tiong Cheng (*Non-executive, Independent*

Director) in the sub-section "**8.1 Board of Directors**" appearing on pages 120 to 121 of the Information Memorandum and substituting therefor the following:

"**(c) Mr Teng Heng Chew Eric (*Chief Executive Officer*)**

Mr Teng is the newly appointed Chief Executive Officer of the Group with effect from 4 January 2016. Mr Teng's key areas of responsibilities are to manage all aspects of the Group's businesses, develop and strengthen the capabilities of the management and staff as well as implement the directions, strategies and plans of the Board.

Prior to joining the Group, Mr Teng was an adviser to Straits Trading Company Limited since January 2014 and the CEO of the property division in Straits Trading Company Limited from January 2010 to December 2013. He was concurrently the CEO of the Hospitality division of Rendezvous Hospitality Group under Straits Trading Company Limited from January 2011 to December 2013.

(d) Mr Toh Gap Seng (*Non-executive Director*)

Mr Toh was appointed as a Director of the Issuer on 10 February 1978. He has more than 20 years of experience in the property development and investment business. Mr Toh is currently the Executive Director of Hong Heng Co Private Limited.

(e) Mr Tan Tiong Cheng (*Non-executive, Independent Director*)

Mr Tan was appointed to the Board on 28 April 2009 and is the Issuer's Lead independent director. Mr Tan is currently the President of Knight Frank Asia Pacific and an adviser of Knight Frank Singapore. Mr Tan is an independent director of Straits Trading Co. Ltd and UOL Group Ltd. A Colombo Plan Scholar, Mr Tan graduated top of his class with a Diploma in Urban Valuation from the University of Auckland, New Zealand. Mr Tan is a fellow of the Singapore Institute of Surveyors and Valuers, a fellow of the Association of Property and Facility Managers, and an associate of the New Zealand Institute of Valuers. Mr Tan is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee.";

60. by inserting the following as new paragraphs after the last paragraph of the sub-section "**8.2 Key Management**" appearing on page 122 of the Information Memorandum:

"**(f) Mr Alex Chakrabarti (*Head of Hospitality*)**

Alex Chakrabarti has 20 years of experience in the hospitality industry across Europe, Africa and Asia. Before joining the Group in October 2016, Alex held several key appointments including General Manager at Hotel G Beijing, Beach Republic Koh Samui, Hotel Muse Bangkok, and Cluster General Manager for Mercure Hotel and Hotel Baraquda Pattaya. As Head of Hospitality for the Group, Alex is responsible for spearheading the Group's hospitality segment, setting strategic directions, developing business opportunities and cultivating talent.";

61. by deleting the section "**SELECTED CONSOLIDATED FINANCIAL INFORMATION**" appearing on pages 123 to 130 of the Information Memorandum in its entirety and substituting therefor the following:

"**SELECTED CONSOLIDATED FINANCIAL INFORMATION**

The following selected financial information has been extracted from the audited financial statements of the Group for FY2016, FY2015, FY2014 and the unaudited financial statements of the Group for 3Q2017 and 3Q2016 as announced by the Issuer on 7 November 2017.

Consolidated statement of comprehensive income

	3Q2017 (Unaudited) S$'000	3Q2016 (Unaudited) S$'000	FY 2016 (Audited) S$'000	FY 2015 (Audited) S$'000	FY 2014 (Audited) S$'000
CONTINUING OPERATIONS					
Revenue	47,477	46,577	67,369	34,294	36,318
Cost of properties sold	(27,978)	(21,777)	(31,989)	(10,001)	(19,837)
Other operating income	3,874	2,096	4,088	3,008	3,151
Personnel expenses	(7,779)	(5,694)	(7,754)	(6,087)	(4,347)
Depreciation of fixed assets	(344)	(241)	(1,370)	(506)	(218)
Other operating expenses	(10,936)	(13,052)	(15,145)	(11,785)	(9,111)
Loss on disposal of subsidiaries	–	(12,880)	(10,356)	–	–
Gain on disposal of a joint venture company	27,980	–	–	–	–
Profit/(loss) from operations	32,294	(4,971)	4,843	8,923	5,956
Financial expenses	(8,928)	(9,537)	(11,829)	(16,286)	(11,236)
Financial income	2,677	2,982	3,833	5,881	4,972
Share of results of associated companies/joint venture companies	7,976	11,015	19,676	34,615	11,792
Gain from fair value adjustments of investment properties	7,800	–	542	600	3,400
Provision for foreseeable losses on development property	–	–	–	(29,080)	(5,000)
Profit/(loss) before taxation	41,819	(511)	17,065	4,653	9,884
Income tax expense	(1,432)	(1,165)	(4,835)	(43)	(1,114)
Profit/(loss) for the financial period/year net of tax	40,387	(1,676)	12,230	4,610	8,770

Other comprehensive income					
Items that may be classified subsequently to profit or loss					
Foreign currency translation	1,857	(9,017)	(9,013)	626	(793)
Items that will not be reclassified subsequently to profit or loss					
Net surplus on revaluation of freehold and leasehold land and buildings	–	–	3,333	–	–
Share of gain on property revaluation of associated companies	–	–	175	–	–
	–	–	3,508	–	–
Other comprehensive income/(expenses) for the period/year, net of tax	1,857	(9,017)	(5,505)	626	(793)
Total comprehensive income/(expense) for the period/year	42,244	(10,693)	6,725	5,236	7,977
Profit attributable to:					
Owners of the Issuer	40,299	(1,887)	12,481	5,651	9,455
Non-controlling interests	88	211	(251)	(1,041)	(685)
	40,387	(1,676)	12,230	4,610	8,770
Total comprehensive income attributable to:					
Owners of the Issuer	42,081	(11,006)	6,120	6,476	8,662
Non-controlling interests	163	313	605	(1,240)	(685)
	42,244	(10,693)	6,725	5,236	7,977
Earnings per share attributable to owners of the Issuer (cents per share)					
Basic	12.39	(0.58)	3.84	1.96	3.43
Diluted	12.39	(0.58)	3.84	1.96	3.43

Balance sheet as at 30 September 2017 (unaudited), 31 December 2016, 31 December 2015 and 31 December 2014

	30/9/2017 (Unaudited) S$'000	31/12/2016 (Audited) S$'000	31/12/2015 (Audited) S$'000	31/12/2014 (Audited) S$'000
Non-current assets				
Fixed assets	137,172	120,338	105,242	68,291
Investment properties	182,155	170,050	173,980	172,333
Associated companies	68,949	73,240	64,689	44,022
Joint venture companies	94,919	82,140	64,091	50,330
Amounts due from associated companies, joint venture companies and investee companies	158,256	125,572	149,076	175,327
Other investments	218	218	218	218
Intangible assets	109	109	109	109
Other receivables	22,000	4,000	–	–
	663,778	575,667	557,405	510,630
Current assets				
Development properties	59,650	106,790	198,765	210,694
Trade receivables	11,118	794	538	159
Other receivables	26,611	20,799	7,275	8,670
Prepayments	1,065	1,488	2,620	574
Amounts due from related parties (trade)	12	14	12	37
Amounts due from joint venture company (non-trade)	693	333	606	1,293
Amounts due from joint venture company (trade)	–	339	341	–
Fixed deposits	4,101	654	6,099	20,036
Cash and bank balances	27,270	27,114	16,227	19,485
	130,520	158,325	232,483	260,948
Current liabilities				
Trade payables	4,457	6,769	8,046	5,944
Other payables and accruals	11,284	6,896	4,833	5,135
Derivative financial instrument	90	149	23	–
Finance lease obligations	76	76	–	20
Bonds	–	58,750	–	75,000
Short-term bank loans	14,000	14,000	4,000	–
Bank term loans	76,078	120,713	163,885	92,139
Bank overdrafts	487	–	–	–
Income tax payable	2,534	1,955	935	1,407
	109,006	209,308	181,722	179,645
Net current assets / (liabilities)	21,514	(50,983)	50,761	81,303
Non-current liabilities				
Other payables and accruals	1,740	1,043	1,150	1,025
Amounts due to associated companies & joint venture companies (non-trade)	47,234	43,660	38,273	36,079
Amounts due to non-controlling interests (non-trade)	34,063	27,156	25,230	–
Bonds	75,000	–	60,000	60,000
Finance lease obligations	209	264	–	–
Bank term loans	138,626	103,846	142,197	167,923
Deferred tax liabilities	2,538	3,125	499	159

	(299,410)	(179,094)	(267,349)	(265,186)
Net assets	385,882	345,590	340,817	326,747
Equity attributable to owners of the Issuer				
Share capital	86,624	86,624	86,624	58,803
Other reserves	(7,562)	(9,344)	(215)	(1,040)
Asset revaluation reserve	2,768	2,768	–	–
Retained earnings	302,112	263,765	253,236	249,197
	383,942	343,813	339,645	306,960
Non-controlling interests	1,940	1,777	1,172	19,787
Total equity	385,882	345,590	340,817	326,747

Financial Review

3Q2016 versus 3Q2017

Consolidated Income Statements

Turnover comprises rental income from investment properties, hotel operation income and management fee as well as proceeds from the sales of the Group's residential projects.

The Group's turnover for the nine month period ended 30 September 2017 ("**3Q2017**") of $47.48 million was fairly stable as compared to the previous corresponding period ended 30 September 2016 ("**3Q2016**").

Cost of properties sold in 3Q2017 and 3Q2016 is primarily attributed to residential project, Onze@Tanjong Pagar.

Other operating income increased by 84.8% to $3.87 million in 3Q2017 mainly due to $1.82 million of abortive sales proceeds from Onze@Tanjong Pagar.

Personnel expenses increased by $2.09 million to $7.78 million in 3Q2017 as a result of increase in headcounts following the expansion of UK operation and directors incentive bonus.

Other operating expenses decreased to $10.94 million in 3Q2017 from $13.05 million in 3Q2016 as a result of the following factors: (i) there was qualifying certificate extension fee of $4.37 million incurred in 3Q2016 for residential project iLiv@Grange. This project was disposed off during 3Q2016; (ii) bonds issuances expenses of $1.00 million relating to the 3-year bond of $75.00 million in May 2017; and (iii) increase in operating expenses of $0.72 million following the opening of Luma Concept London Hotel.

Loss on disposal of subsidiaries in 3Q2016 was due to the disposal of subsidiaries that owned the residential project, iLiv@Grange.

Gain on disposal of a joint venture company of $27.98 million in 3Q2017 came about from the disposal of Buildhome Pte. Ltd. which owned the residential project, The Lumos.

Finance expenses decreased to $8.93 million in 3Q2017 from $9.54 million in 3Q2016. This is mainly due to lower interest-bearing bank term loans as a result of the disposal of iLiv@Grange in 3Q2016.

Finance income decreased 10.2% to $2.68 million in 3Q2017 from $2.98 million in 3Q2016 mainly due to decrease in interest-bearing loans to associated companies.

Share of profits from associated companies/joint venture companies decreased by 27.6% to $7.98 million in 3Q2017 from $11.02 million in 3Q2016. This was mainly attributed to decrease in progressive profit recognition of residential projects, NEWest and KAP and KAP Residences after their completion in 4Q2016.

The Group recorded a $7.80 million fair value gain in 3Q2017 from its investment properties, Tampines Mart and Woodgrove.

Taking into account the above factors, the Group recorded a net profit after tax of $40.39 million for 3Q2017, compared to a net loss after tax of $1.68 million recorded in 3Q2016.

3Q2017 versus FY2016

Consolidated Balance Sheets

Fixed assets amounting to $137.17 million mainly comprised the following hotel properties (i) land site for hotel development in Brisbane, Australia; (ii) Hotel ibis Styles London Kensington in London, UK; (iii) ibis Budget Bradford in Bradford City, UK; (iv) ibis Hotel Gloucester in Gloucester City, UK; (v) Luma Concept Hotel London at Glenthorne Road, London, UK; and (vi) a newly acquired property in Manchester City, UK.

Investment properties increased from $170.05 million to $182.16 million in 3Q2017 mainly due to acquisition of investment properties at Parr Street, London, UK and recognition of fair value gain of $7.80 million on the Group's investment properties in 3Q2017.

Amounts due from associated companies, joint venture companies and investee companies increased from $125.57 million to $158.26 million mainly due to loan to a joint venture company for purchase of property development land.

Non-current other receivables increased from $4.00 million to $22.00 million as the Group had subscribed to Notes of $18.00 million in Buildhome Pte. Ltd., which will be repayable in year 2020.

Development properties decreased from $106.79 million to $59.65 million in 3Q2017 due to sales of residential project, Onze@Tanjong

Trade receivables increased to $11.12 million from $794,000 mainly due to accrued receivables for sales proceeds from Onze@Tanjong Pagar as it obtained TOP in mid-January 2017.

Other receivables increased by $5.81 million from $20.80 million mainly due to deferred consideration of $5.80 million to be received from the disposal of Buildhome Pte. Ltd. in 3Q2017.

Other payables and accruals increased by $4.39 million to $11.28 million in 3Q2017 mainly due to expansion and new UK hotels operation as well as accruals of bond interest which is payable in November 2017.

The $58.75 million bond issued in June 2014 was redeemed in June 2017. In May 2017, the Company issued a fixed rate 3-year bond of $75.00 million at coupon rate of 6.1% per annum. The bond will mature in May 2020.

Amounts due to non-controlling interests represents loans from non-controlling interests for various overseas projects.

Cash Flow Statements

Cash and cash equivalents increased by $3.12 million in 3Q2017 and can be attributed to the following major cash inflows and outflows during the period:

Cash inflows:

- net cash generated from operating activities of $34.05 million;
- net proceeds from bond issuance and redemption of $16.25 million; and
- proceeds from disposal of a joint venture company of $15.00 million.

Cash outflows:

- net loan to associated companies and joint venture companies of $34.21 million mainly for the purchase of land parcel at Woodleigh Lane for residential development;
- net cash outflow of $14.04 million for purchase of fixed assets comprising mainly the acquisition of a property in Manchester City and construction costs incurred for the development of Luma Concept Hotel London at Glenthorne Road, London, UK; and
- net repayment of bank loans of $12.25 million.

FY2016 versus FY2015

Consolidated Income Statements

Revenue comprises management fee, rental income from investment properties, hotel operation revenue as well as proceeds from the sales of the Group's residential projects.

The Group's revenue for the year ended 31 December 2016 ("**FY2016**") increased by 96.4% to $67.37 million compared to $34.29 million for the previous year ended 31 December 2015 ("**FY2015**"). This was primarily due to the recognition of higher revenue from residential project, Onze@Tanjong Pagar in FY2016 of $41.71 million compared to $12.48 million in FY2015, and revenue of $4.82 million from the newly acquired hotels, ibis Budget Bradford and ibis Hotel Gloucester in United Kingdom.

Cost of properties sold increased from $10.00 million in FY2015 to $31.99 million in FY2016, which is in line with the increase in revenue recognised primarily for the Onze@Tanjong Pagar.

Other operating income increased by 35.9% from $3.01 million to $4.09 million in FY2016. This was mainly due to dividend received from an investee company amounting to $1.36 million during the year.

Personnel expenses increased by 27.4% to $7.75 million in FY2016 as a result of increase in headcounts following the acquisition of ibis Budget Bradford and ibis Hotel Gloucester.

Depreciation of fixed assets increased by 170.8% to $1.37 million in FY2016 as a result of depreciation of hotel properties in UK.

Other operating expenses increased by 28.5% from $11.79 million to $15.15 million in FY2016. This was mainly due to higher qualifying certificate extension fee of $2.91 million incurred for iLiv@Grange in FY2016 and operating expenses for the newly acquired hotels, ibis Budget Bradford and ibis Hotel Gloucester, of approximately $2.17 million.

Loss on disposal of subsidiaries of $10.36 million resulted from the disposal of Heeton Residence Pte. Ltd. and Heeton Realty Pte. Ltd. which owned the residential project, iLiv@Grange.

Finance expenses decreased to $11.83 million in FY2016 from $16.29 million in FY2015 mainly due to (i) lower bond interest expense of $3.59 million as a result of repayment made for the $75 million bond in November 2015; (ii) lower loan interest expense of $0.65 million for development property iLiv@Grange resulted from the disposal of Heeton Residence Pte. Ltd. and Heeton Realty Pte. Ltd. and (iii) lower interest expense of $0.61 million paid to associated companies.

Finance income declined to $3.83 million in FY2016 from $5.88 million in FY2015 due to a reduction in interest bearing loans to associated companies.

Share of profits from associated companies/joint venture companies decreased by 43.2% to $19.68 million in FY2016 from $34.62 million in FY2015. This was mainly attributed to a decrease in fair value gain of approximately $7.80 million from Sun Plaza ($11.50 million recognised in FY2016 compared to $19.30 million recognised in FY2015) and decrease in share of results of $7.14 million from various property projects.

The Group made a provision for foreseeable losses of $29.08 million for one of its development properties in FY2015.

Income tax expense increased from $0.04 million to $4.84 million in FY2016 as a result of increase in profit before tax in FY2016. Also, the income tax expense for FY2015 was lower due to utilisation of tax losses under group relief.

Taking into account all of the above factors, the Group recorded a net profit after tax of $12.23 million for FY2016 compared to a net profit after tax of $4.61 million recorded in FY2015.

Net surplus on revaluation of freehold and leasehold land and buildings of $3.33 million mainly arise from valuation gain of the hotel properties in UK in FY2016.

Consolidated Balance Sheets

Fixed assets amounting to $120.34 million comprises primarily of the following hotel properties (i) land site for hotel development in Brisbane, Australia; (ii) Hotel ibis Styles London Kensington in London Kensington in London, UK; (iii) ibis Budget Bradford in Bradford City, UK; (iv) ibis Hotel Gloucester in Gloucester City, UK; and (v) Luma Concept Hotel which is currently under development at Glenthorne Road, London, UK.

Investment properties amounting to $170.05 million mainly comprised Tampines Mart, The Woodgrove and Adam House.

The increase in associated companies and joint venture companies was mainly due to the Group's share of results of associated companies/joint venture companies of $19.68 million during FY2016.

The Group has subscribed to Notes of $4.00 million in Heeton Residence Pte. Ltd. which will be repayable in year 2019. Heeton Residence Pte. Ltd. was disposed off during 3Q2016. This amount has been classified as non-current other receivables as at 31 December 2016.

Development properties decreased from $198.77 million to $106.79 million in FY2016 mainly as a result of the disposal of Heeton Realty Pte. Ltd. which owns the property 'iLiv@Grange'.

Other receivables increased from $7.28 million to $20.80 million in FY2016 due mainly to the deferred proceeds from disposal of Heeton Residence Pte. Ltd. of $14.00 million to be received on 30 September 2017.

Total bank term loans and short-term bank loans decreased from $310.08 million to $238.56 million in FY2016 as a result of the disposal of subsidiary Heeton Realty Pte. Ltd. which owns iLiv@Grange.

The amounts due to non-controlling interest represents loans from non-controlling interests for various overseas projects.

Cash Flow Statements

Cash and cash equivalents increased by $5.44 million in FY2016 because the following major cash inflows exceed cash outflows during the year:

Cash inflows:

- net proceeds from bank loans of $14.53 million; and
- net repayment of loan received from associated companies and joint venture companies of $25.15 million.

Cash outflows:

- net cash used in operating activites of $8.11 million;
- net cash outflow of $24.80 million for acquisition of ibis Hotel Gloucester in 1Q2016 and construction costs incurred for the development of Luma Concept Hotel at Glenthorne Road, London, UK; and
- dividends paid of $1.95 million.

FY2015 versus FY2014

Consolidated Income Statements

Revenue comprises management fees, rental income from investment properties and hotel operations as well as proceeds from the sales of the Group's residential projects.

The Group's revenue for FY2015 decreased by 5.6% to $34.29 million compared to $36.32 million for the financial year ended 31 December 2014 ("**FY2014**"). Revenue from residential projects fell $10.70 million during FY2015 as the overseas project 'The Earlington' was substantially completed and recognised during FY2014. Revenue from investment properties and hotel operations in FY2015 increased by $7.13 million mainly due to newly acquired properties, Adam House and Hotel ibis Styles London Kensington in London which commenced operations in the last quarter of FY2014.

Cost of properties sold in FY2015 decreased by 49.6% over FY2014 as a result of lower revenue contribution from residential projects.

Personnel expenses increased by 40.0% to $6.09 million in FY2015 as a result of increases in headcount following the commencement of full operations in Adam House and Hotel ibis Styles London Kensington in London.

Other operating expenses increased by 29.3% to $11.79 million in FY2015. This was mainly due to (i) the absence of significant expenses which were recorded in FY2014 - sales and marketing expenses of $2.31 million for residential projects, Onze @ Tanjong Pagar and Earlington and expenses of $0.96 million incurred for the $60.0 million bond issued in FY2014; (ii) additional operating expenses of approximately $3.08 million incurred in FY2015 for newly acquired properties, Adam House and Hotel ibis Styles London Kensington and (iii) extension charges paid for a residential project of $1.46 million in FY2015.

Finance expenses increased by 44.9% to $16.29 million from $11.24 million in FY2014. This was mainly due to higher bond interest expense as a result of the additional bond issue of $60.0 million in June 2014 as well as loan interest for the various properties acquired in the United Kingdom.

Finance income rose by 18.3% to $5.88 million, mainly due to an increase in interest-bearing advances made to associated companies in FY2015 as compared to FY2014.

Share of profits from associated companies and joint venture companies increased by 193.5% to $34.62 million in FY2015. This was mainly attributed to higher progressive profit recognition from various residential projects as well as fair value gain of an investment property belonging to a joint venture.

The Group recorded a $600,000 fair value gain during FY2015 from an investment property, as compared to $3.40 million fair value gain during FY2014 for three investment properties.

The Group made a provision of $29.08 million for foreseeable losses on a development property in FY2015.

Taking into account the above factors, the Group recorded a 47.4% decrease in net profit after tax to $4.61 million in FY2015, compared to $8.77 million recorded in FY2014.

Consolidated Balance Sheets

Fixed assets of $105.24 million mainly comprised the following freehold hotel properties:

(i) land site for hotel development in Brisbane, Australia;

(ii) Hotel ibis Styles London Kensington in London, United Kingdom; and

(iii) the newly acquired property at Glenthorne Road, London, United Kingdom of approximately $31.32 million in FY2015.

The increase in associated companies and joint venture companies were due mainly to the share of FY2015 results of associated companies and joint venture companies of $34.62 million in FY2015.

The decrease in amounts due from associated companies and joint venture companies from $175.33 million to $149.08 million was mainly due to repayment of loans from an associated company and a joint venture company during FY2015.

Development properties decreased slightly from $210.69 million to $198.77 million. This was mainly due to the provision made for foreseeable losses in one residential project of $29.08 million being offset by the acquisition of a development property at New York Road, Leeds, United Kingdom in FY2015 of approximately $16.37 million.

Fixed deposits decreased from $20.04 million to $6.10 million mainly due to funds utilised for the acquisition of the properties at Glenthorne Road, London and New York Road, Leeds, both in United Kingdom.

Trade payables increased by $2.10 million from $5.94 million due to increase in account payables for development properties.

The $75.00 million bond issued in November 2013 was redeemed in November 2015. The 3-year bond of $60.00 million at coupon rate of 5.9% per annum was issued in June 2014 and will be payable in 2017.

Total bank term loans increased by $46.02 million to $306.08 million as at 31 December 2015 mainly as a result of loans drawn down relating to Adam House, Glenthorne Road, and New York Road, Leeds, in United Kingdom.

Amounts due to non-controlling interests of $25.23 million represents loans from non-controlling interests for various overseas projects.

Cash Flow Statements

Cash and cash equivalents decreased by $17.20 million in FY2015 because the following major cash outflows exceed cash inflows during the year:

Cash outflows:

- net cash outflow of $37.85 million for the acquisition of fixed assets, mainly the property at Glenthorne Road in London;
- net cash used in operating activities of $15.28 million mainly due to the increase in development properties of $17.15 million;
- dividend payments made during the year of $1.61 million; and
- repayment of bond in November 2015 of $75.0 million.

Cash inflows:

- proceeds from bank loans of $49.55 million;
- repayment of loan from associated companies and joint venture companies of $28.78 million;
- additional loans from non-controlling interest of $6.76 million; and
- shares proceeds from rights issue of additional 56,541,298 ordinary shares of $27.82 million.

The consolidated statements of cash flows for FY2015 can be found in Appendix III to the Information Memorandum.";

62. by formatting in bold and italicising the heading "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)" in the section "**INVESTMENT CONSIDERATIONS**" appearing on page 133 of the Information Memorandum;

63. by deleting the seventh paragraph of the investment consideration **"(a) The Group's performance may be adversely affected by changes in Singapore government policies**" appearing in the section "**INVESTMENT CONSIDERATIONS**" on page 149 of the Information Memorandum in its entirety and substituting therefor the following:

"In June 2013, the government introduced the TDSR framework for property loans in June 2013 in order to stabilise the overheated property market and encourage financial prudence among borrowers. 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. Subject to certain exemptions, the government expects any property loan extended by financial institutions to not exceed a TDSR threshold of 60% and will regard any property loan in excess of a 60% TDSR to be imprudent. The government has further stated that it will review the 60% threshold over time, with a view to further encouraging financial prudence.

Additionally, under the Residential Property Act, Chapter 274 of Singapore, housing developers are required to apply to the Controller of Residential Property for its approval to acquire land for development. The Controller of Residential Property may grant its approval subject to certain terms and conditions, as set out in a qualifying certificate ("**Qualifying Certificate**"), which may require a developer to, *inter alia*, (i) sell all the units in the housing development within a prescribed period and (ii) furnish a bankers' guarantee ("**Bankers' Guarantee**") for the sum of 10 per cent. of the purchase price of the land acquired. In the event that a developer fails to sell the units within the prescribed period, it may have to apply for an extension of the Qualifying Certificate and incur extension charges, or forfeit the Bankers' Guarantee for failure to comply with the terms of the Qualifying Certificate.

In March 2017, the Singapore Government also introduced provisions for additional conveyance duties ("**ACD**") in respect of the transfer of equity interests by significant owners (a person or entity who beneficially owns at least 50 per cent. equity interest or voting power in a property holding entity ("**PHE**") either on its own or with its associates (as defined in Section 23 of the Stamp Duties Act, Chapter 312 of Singapore)) in PHEs that own primarily residential properties in Singapore. In addition to the existing stamp duty payable on shares, ACD for buyers who will become significant owners of such equity interests after 11 March 2017 will include the payment of stamp duty of between one per cent. to three per cent. on the value of the residential property and additional buyer's stamp duty at 15 per cent. on the value of the residential property. ACD for sellers who are significant owners of such equity interests acquired after 11 March 2017 will be 12 per cent. on the value of the residential property.";

64. by deleting the first paragraph of the investment consideration "**(b) The Group's business may be adversely affected by economic and political factors in the UK**" appearing in the section "**INVESTMENT CONSIDERATIONS**" on page 151 of the Information Memorandum in its entirety;

65. by deleting the first paragraph of the investment consideration "**(c) The Group's business is exposed to risks related to the UK's decision to terminate its membership in the EU on June 2016**" appearing in the section "**INVESTMENT CONSIDERATIONS**" on page 151 of the Information Memorandum in its entirety and substituting therefor the following:

"In June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum. In March 2017, the UK's Prime Minister officially notified the EU under Article 50 of the Treaty of the European Union of the UK's intention to leave the EU. These developments may impinge upon the health of the global economic and/or financial system, and may affect investor sentiment. This could materially and adversely affect the operational, regulatory, currency, insurance and tax regime to which the Group is currently subject to. It could also result in prolonged uncertainty regarding aspects of the UK economy. The effect of these risks, were they to materialise, could be to increase compliance and operating costs for the Group and may also materially affect the Group's tax position or business, results of operation and financial position more generally.";

66. by deleting the first sentence of the first paragraph of the investment consideration "**(c) The Group's business may be adversely affected by economic and political factors in the Thailand**" appearing in the section "**INVESTMENT CONSIDERATIONS**" on page 153 of the Information Memorandum in its entirety and substituting therefor the following:

"Thailand has been plagued by political uncertainty, internal strife and civil commotions and occasional outbreaks of violence in recent years since the ousting of former Prime Minister Thaksin Shinawatra in a *coup d'etat* in October 2006 and the ousting of former Prime Minister Yingluck Shinawatra in May 2014, which has led to economic disruption.";

67. by deleting the last sentence of the investment consideration "**(b) The Group's business may be adversely affected by the increase in stamp duties or taxes in Japan**" appearing in the section "**INVESTMENT CONSIDERATIONS**" on page 154 of the Information Memorandum in its entirety and substituting therefor the following:

"There has already been a planned increase in Japan's consumption tax to 10 percent, up from 8 percent, in October 2019, and it remains to be seen if investment activity will be dampened with such increase.";

68. by deleting the first sentence of the first paragraph of the investment consideration "**(a) The Group may be affected by any changes in the general economic, regulatory, political and social conditions in the countries in which it has operations**" appearing in the section "**INVESTMENT CONSIDERATIONS**" on page 155 of the Information Memorandum in its entirety and substituting therefor the following:

"The Group currently has operations in Singapore, Thailand, Malaysia, UK, Australia, Vietnam and Japan and is further looking to expand its property development business overseas.";

69. by inserting after the last sentence of the first paragraph of the investment consideration "**(c) Terrorist attacks, riots, public unrest, civil commotions and other similar acts of violence or wars may adversely affect the markets in which the Group operates in and its profitability**" appearing in the section "**INVESTMENT CONSIDERATIONS**" on page 155 of the Information Memorandum the following:

"In 2017, the UK also suffered from several terrorist attacks such as the attack near the Houses of Parliament at Westminster, London in March 2017, the bombing at the Manchester Arena in May 2017, and the attack at London Bridge and Borough Market, London in June 2017.";

70. by deleting the section "**SINGAPORE TAXATION**" appearing on pages 160 to 164 of the Information Memorandum in its entirety and substituting therefor the following:

"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 Inland Revenue

*Authority of Singapore ("**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 QDS 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) ("**FSI-BM**") 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 MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as 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 funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**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 MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as 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 MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as 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 or break cost (i.e. the Qualifying Income) is derived from the Relevant Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such 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 MAS may direct, to MAS of a return on debt securities in respect of the QDS in the prescribed format within such period as MAS may specify and such other particulars in connection with the QDS as MAS may require), income tax exemption is granted on Qualifying Income 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 ("**FRS**") 39 or FRS 109, 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 or FRS 109. Please see the section below on "Adoption of FRS 39 and FRS 109 for Singapore Income Tax Purposes".

3. Adoption of FRS 39 and FRS 109 for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition & Measurement".

FRS 109 is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109, subject to certain exceptions. The IRAS has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Holders of the Securities who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

4. **Estate Duty**

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

71. by inserting as new paragraphs after the first paragraph of the section "**SUBSCRIPTION, PURCHASE AND DISTRIBUTION**" appearing on page 165 of the Information Memorandum the following:

"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 party commissions (including, without limitation, rebates to private banks as specified in the applicable Pricing Supplement).

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 Arranger, the Dealers and/or their respective affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so.".

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF HEETON HOLDINGS LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The information in this Appendix I has been reproduced from the auditor's report on the consolidated financial statements of Heeton Holdings Limited and its subsidiaries for the financial year ended 31 December 2016 and has not been specifically prepared for inclusion in this Supplemental Information Memorandum.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF HEETON HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Heeton Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2016, the consolidated statement of changes in equity, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet 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 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Carrying value of development properties

The Group acquires or constructs properties for sale in the ordinary course of business. These development properties are stated at the lower of cost and net realisable value. The Group's accounting policy on development properties requires all known or anticipated losses on the development projects to be provided for in the year in which such losses are determined. The Group recognised no provision for foreseeable loss for the current year. The Group's share of associates' results included a $6.4 million provision for foreseeable loss for the current year. Estimating such losses requires the management to make significant judgments and estimates of the expected selling price of the unsold development properties and the total development costs. Changes in the estimated selling price of the development properties due to market conditions and revisions of the total estimated development costs will therefore impact the anticipated losses recognised.

We evaluated management's assessment of the adequacy of provision for foreseeable losses on development properties. We focused on projects with slower-than-expected sales or projects with low or negative margins. The Group engaged independent valuation specialists to determine the open market valuation of the unsold development properties. As part of our audit procedures, we assessed the competence, objectivity and integrity of these specialists. We held discussions with the specialists to assess the reasonableness of the key inputs and assumptions underlying the valuation. We have also reviewed the reasonableness of management's estimates of the expected selling price of the unsold development properties based on recent sales transactions. We also assessed the reasonableness of the key assumptions underlying the total estimated development costs, the process in which they were drawn up, and tested the underlying calculations. Further, we assessed the adequacy of disclosures related to development properties in Note 20.

Valuation of investment properties and freehold and leasehold land and buildings

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group carries its freehold and leasehold land and buildings at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

The Group engaged independent valuation specialists to determine the fair values of its investment properties and freehold and leasehold land and buildings as at 31 December 2016, which amounted to $170.1 million and $116.7 million respectively.

The valuation of the investment properties and freehold and leasehold land and buildings is a significant judgemental area and is underpinned by a number of assumptions including yield adjustments made for any difference in nature, location or condition of the specific property. The valuation exercise also relies upon the accuracy of the underlying lease and financial information provided to the valuation specialists by management.

As part of our audit procedures, we assessed the competence, objectivity and integrity of the valuation specialists. We held discussions with the specialists to understand the valuation methodologies used in the valuation and the results of their work. We assessed the reasonableness of the key inputs and assumptions underlying the valuation. These key assumptions include adjusted recent sale prices, or estimated annual net rental income after deduction of expenses capitalised at an appropriate rate of return. We also assessed the adequacy of the related disclosures in Notes 12 and 13.

Construction contracts revenue recognition

The Group derives a significant portion of its revenue from construction contracts that is recognised by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage-of-completion (POC) method). The POC is measured by reference to the proportion of total contract costs incurred for work performed to date and the estimated total contract costs to completion. For the year ended 31 December 2016, the Group recognised $41.7 million of revenue from sale of development properties recognised on the POC basis.

The POC method involves the use of significant management judgement and estimates including estimates of progress towards completion, scope of deliveries and services required, total contract cost, remaining costs to completion, total contract revenues, and recoverable amount of variation works that affect the stage of completion computation. In addition, revenue, cost and gross profit recognised on such contracts can vary from the Group's original estimates because of changes in conditions.

As part of our audit procedures, we assessed the reasonableness of the key assumptions underlying the total estimated contract costs, and the process in which they were drawn up, and tested the underlying calculations. We evaluated the processes and controls in place over the contract costs incurred and assessed the reasonableness of the estimated total contract costs to completion. We reperformed calculations of the revenue and profit recognised based on the POC method. We also assessed the adequacy of disclosures related to construction contracts revenue in Note 4 and Note 20.

Acquisition of businesses

During the year, the Group acquired a hotel business for a consideration of £6.1 million (equivalent to approximately $12.2 million). In addition, the Group's associated company acquired a hotel business for a consideration of £17.2 million (equivalent to approximately $33.7 million). The Group has performed a Purchase Price Allocation ("PPA") exercise, whereby the Group allocated the purchase price into various assets acquired and liabilities assumed from the new businesses. In addition, the provisional PPA of the acquisition of a hotel business in financial year 2015 was finalised in 2016. No goodwill was recognised from these acquisitions. Given the high level of management judgement on the PPAs, in particular in relation to the valuation of the fixed assets acquired, the quantitative materiality of the acquisitions and the complexity of contractual agreements, we considered this area to be a key audit matter.

Acquisition of businesses (cont'd)

As part of our audit procedures on the accounting for the acquisitions, we reviewed the purchase agreements to obtain an understanding of the transactions and the key terms. Management engaged independent valuation specialists to assist them with the PPAs. We assessed the competence, objectivity and integrity of the valuation specialists. We also held discussions with the valuation specialists to assess the key assumptions underlying the PPAs. An important element of our audit relates to the identification and fair value measurement of the assets acquired and liabilities assumed, in particular, the fair value adjustments to the fixed assets. We tested this identification based on our discussion with management and our understanding of the business of the acquired companies. We involved our internal valuation specialists in reviewing the valuation methodologies used by management and assessed the key assumptions and inputs used in measuring the fair value of the assets acquired and liabilities assumed. We also assessed the adequacy of the related disclosures in Note 12.

Other information

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.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF HEETON HOLDINGS LIMITED

Auditor's responsibilities for the audit of the financial statements (cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Sam Lo.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
5 April 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(In Singapore dollars)

	Note	2016 $'000	2015 $'000
Revenue	4	67,369	34,294
Cost of properties sold		(31,989)	(10,001)
Other operating income	5	4,088	3,008
Personnel expenses	6	(7,754)	(6,087)
Depreciation of fixed assets		(1,370)	(506)
Other operating expenses		(15,145)	(11,785)
Loss on disposal of subsidiaries	7	(10,356)	–
Profit from operations	8	4,843	8,923
Finance expenses	9(a)	(11,829)	(16,286)
Finance income	9(b)	3,833	5,881
Share of results of associated companies/joint venture companies		19,676	34,615
Gains from fair value adjustments of investment properties	13	542	600
Provision for foreseeable losses on development property	20	–	(29,080)
Profit before tax		17,065	4,653
Income tax expense	10	(4,835)	(43)
Profit for the year		12,230	4,610
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(9,013)	626
Items that will not be reclassified to profit or loss			
Net surplus on revaluation of freehold and leasehold land and buildings		3,333	–
Share of gain on property revaluation of associated companies		175	–
		3,508	–
Other comprehensive (expense)/income for the year, net of tax		(5,505)	626
Total comprehensive income for the year		6,725	5,236
Profit for the year			
Attributable to:			
Owners of the Company		12,481	5,651
Non-controlling interests		(251)	(1,041)
		12,230	4,610

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(In Singapore dollars)

	Note	2016 $'000	2015 $'000
Total comprehensive income for the year:			
Attributable to:			
Owners of the Company		6,120	6,476
Non-controlling interests		605	(1,240)
		6,725	5,236
Earnings per share attributable to owners of the Company (cents per share)			
Basic	11	3.84	1.96
Diluted	11	3.84	1.96

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS
AS AT 31 DECEMBER 2016

(In Singapore dollars)

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Non-current assets					
Fixed assets	12	120,338	105,242	577	95
Investment properties	13	170,050	173,980	–	–
Subsidiaries	14	–	–	24,583	25,583
Associated companies	15	73,240	64,689	–	–
Joint venture companies	16	82,140	64,091	5,000	5,000
Amounts due from associated companies, joint venture companies and investee companies	17	125,572	149,076	–	–
Other investments	18	218	218	–	–
Intangible assets	19	109	109	–	–
Other receivables	22	4,000	–	4,000	–
		575,667	557,405	34,160	30,678
Current assets					
Development properties	20	106,790	198,765	90,907	75,695
Trade receivables	21	794	538	–	120
Other receivables	22	20,799	7,275	14,855	8
Prepayments		1,488	2,620	248	26
Amounts due from subsidiaries (non-trade)	23	–	–	178,572	218,035
Amounts due from related parties (trade)	23	14	12	–	–
Amounts due from joint venture company (non-trade)	23	333	606	33	536
Amount due from joint venture company (trade)	23	339	341	–	–
Fixed deposits	24	654	6,099	505	5,934
Cash and bank balances	25	27,114	16,227	13,436	4,155
		158,325	232,483	298,556	304,509
Current liabilities					
Trade payables	26	6,769	8,046	4,615	2,112
Other payables and accruals	27	6,896	4,833	3,037	1,444
Derivatives	28	149	23	–	–
Amounts due to subsidiaries (non-trade)	23	–	–	60,237	35,981
Bonds	29	58,750	–	58,750	–
Short-term bank loans	30	14,000	4,000	14,000	4,000
Bank term loans	31	120,713	163,885	58,745	58,745
Finance lease obligations	37	76	–	50	–
Income tax payable		1,955	935	278	728
		209,308	181,722	199,712	103,010
Net current (liabilities)/assets		(50,983)	50,761	98,844	201,499

BALANCE SHEETS
AS AT 31 DECEMBER 2016

(In Singapore dollars)

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Non-current liabilities					
Other payables and accruals	27	1,043	1,150	–	–
Finance lease obligations	37	264	–	192	–
Amounts due to associated companies and joint venture companies	17	43,660	38,273	15,508	15,508
Amounts due to non-controlling interests	32	27,156	25,230	–	–
Bonds	29	–	60,000	–	60,000
Bank term loans	31	103,846	142,197	–	–
Deferred tax liabilities	33	3,125	499	2,309	545
		(179,094)	(267,349)	(18,009)	(76,053)
Net assets		345,590	340,817	114,995	156,124
Equity attributable to owners of the Company					
Share capital	34	86,624	86,624	86,624	86,624
Foreign currency translation reserve	35	(9,344)	(215)	–	–
Asset revaluation reserve	36	2,768	–	–	–
Retained earnings		263,765	253,236	28,371	69,500
		343,813	339,645	114,995	156,124
Non-controlling interests	14	1,777	1,172	–	–
Total equity		345,590	340,817	114,995	156,124

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(In Singapore dollars)

			Attributable to owners of the Company					
	Note	Share capital (Note 34) $'000	Foreign currency translation reserve (Note 35) $'000	Asset revaluation reserve (Note 36) $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2015		58,803	(1,040)	–	249,197	306,960	19,787	326,747
Issuance of ordinary shares		27,821	–	–	–	27,821	–	27,821
Profit for the year		–	–	–	5,651	5,651	(1,041)	4,610
Other comprehensive income								
- Foreign currency translation		–	825	–	–	825	(199)	626
Total comprehensive income for the year		–	825	–	5,651	6,476	(1,240)	5,236
Dividend on ordinary shares	45	–	–	–	(1,612)	(1,612)	–	(1,612)
Return of capital contribution to non-controlling interests		–	–	–	–	–	(17,375)	(17,375)
At 31 December 2015		86,624	(215)	–	253,236	339,645	1,172	340,817
Balance at 1 January 2016		86,624	(215)	–	253,236	339,645	1,172	340,817
Profit for the year		–	–	–	12,481	12,481	(251)	12,230
Other comprehensive income								
- Foreign currency translation		–	(9,129)	–	–	(9,129)	116	(9,013)
- Net surplus on revaluation of land and buildings		–	–	2,593	–	2,593	740	3,333
- Share of gain on property revaluation of associated companies		–	–	175	–	175	–	175
Total comprehensive income for the year		–	(9,129)	2,768	12,481	6,120	605	6,725
Dividend on ordinary shares	45	–	–	–	(1,952)	(1,952)	–	(1,952)
At 31 December 2016		86,624	(9,344)	2,768	263,765	343,813	1,777	345,590

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(In Singapore dollars)

	Note	2016 $'000	2015 $'000
Cash flow from operating activities			
Profit before tax		17,065	4,653
Adjustments:			
Depreciation of fixed assets	12	1,370	506
(Gain)/Loss on disposal of fixed assets		(167)	898
Fair value loss on derivatives	8	126	23
Gains from fair value adjustments of investment properties	13	(542)	(600)
Share of profits of associated companies/joint venture companies		(19,676)	(34,615)
Interest expense	9(a)	11,829	16,286
Interest income	9(b)	(3,833)	(5,881)
Dividend income from other investments	5	(1,356)	–
Loss on disposal of subsidiaries	7	10,356	–
Provision for foreseeable losses on development property	20	–	29,080
Unrealised exchange differences		658	786
Total adjustments		(1,235)	6,483
Operating cash flows before changes in working capital		15,830	11,136
Changes in working capital:			
Increase in development properties		(17,127)	(17,151)
Increase in trade receivables		(281)	(379)
(Increase)/decrease in other receivables		(234)	1,395
Decrease/(increase) in prepayments		1,113	(2,046)
Increase in trade payables		286	2,102
Increase/(decrease) in other payables and accruals		157	(177)
(Increase)/decrease in amounts due from related parties (trade)		(2)	25
Total changes in working capital		(16,088)	(16,231)
Cash flows used in operations		(258)	(5,095)
Interest received		3,833	5,881
Interest paid, excluding amounts capitalised		(11,829)	(16,286)
Income taxes refunded/(paid)		146	(175)
Net cash flows used in operating activities		(8,108)	(15,675)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(In Singapore dollars)

	Note	2016 $'000	2015 $'000
Cash flows from investing activities			
Advances to investee company		(2,690)	–
Proceeds from sale of fixed assets		167	–
Purchase of fixed assets		(27,986)	(37,845)
Renovation of investment property		–	(553)
Dividend income from unquoted investments		1,356	–
Net repayment of loan from associated companies and joint venture companies		25,145	28,777
Proceeds from disposal of subsidiaries	7	6,890	–
Subscription of notes		(4,000)	–
Proceeds from liquidation of an associated company		–	200
Net cash flows used in investing activities		(1,118)	(9,421)
Cash flows from financing activities			
Repayment of finance lease obligations		(23)	(20)
Proceeds from loans and borrowings		29,082	59,603
Repayment of bond		(1,250)	(75,000)
Increase in loan from non-controlling interests		4,917	6,764
Repayment of bank loan		(14,549)	(10,050)
Dividends paid on ordinary shares of the Company	45	(1,952)	(1,612)
Proceeds from issuance of ordinary shares, net of share issue expenses		–	27,821
Net cash flows generated from financing activities		16,225	7,506
Net increase/(decrease) in cash and cash equivalents		6,999	(17,590)
Effect of exchange rate changes on cash and cash equivalents		(1,557)	395
Cash and cash equivalents at beginning of year		22,326	39,521
Cash and cash equivalents at end of year	A	27,768	22,326

A. Cash and cash equivalents

Cash and cash equivalents consist of unpledged fixed deposits and cash and bank balances, as follows:

	Note	2016	2015
Fixed deposits	24	654	6,099
Cash and bank balances	25	27,114	16,227
Cash and cash equivalents at end of year		27,768	22,326

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

(In Singapore dollars)

1. CORPORATE INFORMATION

Heeton Holdings Limited (the "Company") is a limited liability company domiciled and incorporated in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business is located at 60 Sembawang Road, #01-02 Hong Heng Mansions, Singapore 779088.

The Company's principal activities are in property development and investment holding. The principal activities of the subsidiaries are set out in Note 14 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars ($ or SGD) and all values in the tables are rounded to the nearest thousand ($'000) except when otherwise indicated.

Going concern consideration

As at 31 December 2016, the Group's current liabilities exceeded its current assets by $50,983,000. The financial statements of the Group have been prepared on a going concern basis as the directors are of the view that the Group will be able to generate adequate cash flows in the foreseeable future from its operating, financing and investing activities to enable it to meet its financial obligations as and when they fall due.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 7 *Disclosure Initiative*	1 January 2017
Improvements to FRSs (December 2016)	
(a) Amendments to FRS 112 *Disclosure of Interests in Other Entities*	1 January 2017
(b) Amendments to FRS 28 *Investments in Associates and Joint Venture*	1 January 2018
FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Amendments to FRS 12: *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Amendments to FRS 110 & FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined
Amendments to FRS 40: *Transfers of Investment Property*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 *Standards issued but not yet effective (cont'd)*

Description	Effective for annual periods beginning on or after
FRS 109 *Financial Instruments*	1 January 2018
Amendments to FRS 115: *Clarifications to FRS 115 Revenue from Contracts with Customers*	1 January 2018
Amendments to FRS 102*: Classifications and Measurement of Share-Based Payment Transaction*	1 January 2018
Amendments to FRS 40: *Transfers of Investment Property*	1 January 2018
Amendments to FRS 104: Apply FRS 109 *Financial Instruments* with FRS 104 *Insurance Contracts*	1 January 2018
FRS 116 *Leases*	1 January 2019

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below.

<u>FRS 109 *Financial Instruments*</u>

FRS 109 is effective for annual periods beginning 1 January 2018.

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

(a) Classification and measurement

The Group currently measures its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure these investments at fair value. Any difference between the previous carrying amount under FRS 39 and the fair value would be recognised in the opening retained earnings when the Group applies FRS 109.

(b) Impairment

FRS 109 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the Group expects a significant impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

Transition

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

<u>FRS 115 *Revenue from Contracts with Customers*</u>

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 *Standards issued but not yet effective (cont'd)*

FRS 115 *Revenue from Contracts with Customers* (cont'd)

The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

Transition

The following practical expedients are available when applying FRS 115 retrospectively.

- For completed contracts, an entity need not restate contracts that begin and end with the same annual reporting period or are completed contracts at the beginning of the earliest period presented.

- For completed contracts that have variable consideration, an entity may use the transaction price at the date the contract was completed rather than estimating the variable consideration amounts in the comparative reporting periods; and

- For contracts that were modified before the beginning of the earliest period presented, an entity need not retrospectively restate the contract for those contract modifications. Instead, an entity shall reflect the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented when:

  - o identifying the satisfied and unsatisfied performance obligations;
  - o determining the transaction price; and
  - o allocating the transaction price to the satisfied and unsatisfied performance obligations.

- For all reporting periods presented before the date of initial application, an entity need not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the entity expects to recognise that amount as revenue.

The Group plans to adopt the new standard on the required effective date using the full retrospective method and apply all the practical expedients available for full retrospective approach under FRS 115 as listed above.

The Group performed a preliminary assessment of FRS 115 which is subject to changes arising from a more detailed ongoing analysis. The Group expects the following impact upon adoption of FRS 115:

Impact on adoption of FRS 115 on sale of completed development property and pre-completion contracts for sale of development property

(a) Sale of development properties

The Group is engaged in the development of residential and commercial properties for sale. Management has assessed that for most of the Group's residential and commercial developments, performance obligations for the sale of pre-completion units will be satisfied over time. Accordingly, certain revenue previously recognised using the completed contract method will be adjusted upon adoption of FRS 115 to be recognised over time and the Group expects an increase in its attributable profit recognised on development properties arising from the adoption of FRS 115.

(b) Sales commissions paid to sales or marketing agents on the sale of real estate units

The Group pays sales commissions to sales or marketing agents on the sale of real estate units and currently recognises such sales commissions as expense when incurred. FRS 115 requires an entity to capitalise incremental costs to obtain a contract with a customer if these costs are recoverable and amortised to profit or loss as the entity expects to recognise the related revenue. Upon adoption of FRS 115, the Group expects to capitalise such sales commissions.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 ***Standards issued but not yet effective (cont'd)***

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

2.4 ***Foreign currency***

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Company's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Company on disposal of the foreign operation.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.5 ***Subsidiaries, basis of consolidation and business combinations***

(a) *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 *Subsidiaries, basis of consolidation and business combinations (cont'd)*

(b) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(c) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.13. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 *Subsidiaries, basis of consolidation and business combinations (cont'd)*

(c) *Business combinations and goodwill (cont'd)*

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.6 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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

2.7 *Joint arrangements*

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

a) Joint operations

The Group recognises in relation to its interest in a joint operation,
(a) its assets, including its share of any assets held jointly;
(b) its liabilities, including its share of any liabilities incurred jointly;
(c) its revenue from the sale of its share of the output arising from the joint operation;
(d) its share of the revenue from the sale of the output by the joint operation; and
(e) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

b) Joint ventures

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.8.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 *Joint ventures and associates*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.9 *Fixed assets*

All items of fixed assets are initially recorded at cost. Subsequent to recognition, fixed assets other than freehold and leasehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of fixed assets and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying fixed asset. The accounting policy for borrowing costs is set out in Note 2.20. The cost of an item of fixed asset is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Freehold and leasehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 *Fixed assets (cont'd)*

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Freehold and leasehold buildings	–	50 years
Leasehold land	–	Over the remaining lease period
Plant and equipment	–	10 years
Renovations	–	5 to 6 years
Motor vehicles	–	5 to 10 years
Equipment and fixtures	–	3 to 10 years
Furniture and fittings	–	5 to 10 years
Computers	–	3 years

Assets under construction included in fixed assets are not depreciated as these assets are not yet available for use.

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.10 *Investment properties*

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for fixed assets set out in Note 2.9 up to the date of change in use. Any difference at that date between the carrying amount of the owner occupied property and its fair value is accounted for in the same way as a revaluation of fixed assets as set out in Note 2.9.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 *Investment properties (cont'd)*

For a transfer from development property to investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in profit or loss.

2.11 *Construction contracts*

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably.

The outcome of a construction contract can be estimated reliably when: (i) total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date to the estimated costs to complete.

Contract revenue – Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they can be reliably measured.

Contract costs – Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract.

2.12 *Development properties*

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

The costs of development properties consist of land stated at cost and development expenditure incurred to date. Development expenditure includes finance charges and all expenditure incurred in connection with the development of the properties. Finance charges are not capitalised once the development is completed. A development is considered complete on the date of issue of the temporary occupation permit.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

Net realisable value of development properties is the estimated selling price in the ordinary course of the business and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

All known or anticipated losses on the development projects are provided for in the year in which such losses are determined.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 *Development properties (cont'd)*

The Group recognises revenue and cost on development properties that have been sold using the percentage of completion method. Under the percentage of completion method, profits are recognised only in respect of finalised sales agreements and to the extent that such profits relate to the progress of the construction of development properties. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

2.13 *Intangible assets*

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.14 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 *Impairment of non-financial assets (cont'd)*

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.15 *Financial instruments*

(a) *Financial assets*

<u>Initial recognition and measurement</u>

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

<u>Subsequent measurement</u>

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 ***Financial instruments (cont'd)***

(a) *Financial assets* (cont'd)

Subsequent measurement (cont'd)

(iii) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

Subsequent measurement

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 *Financial instruments (cont'd)*

(b) *Financial liabilities (cont'd)*

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(c) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.16 *Impairment of financial assets*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 *Impairment of financial assets (cont'd)*

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.17 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and at banks and unpledged fixed deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.18 *Trade and other receivables*

Payment terms granted to customers are in accordance with the progress payment schedule for the purchase of the development properties under construction. Tenants of investment properties are granted payment terms as set out in the respective tenancy agreements.

2.19 *Financial guarantee*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.21 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.22 *Leases*

(a) *As lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24(III). Contingent rents are recognised as revenue in the period in which they are earned.

2.23 *Employee benefits*

(a) *Defined* contribution plans

The Group makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. CPF contributions are recognised as an expense in the period in which the related service is performed.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 ***Employee benefits (cont'd)***

(b) *Employment leave entitlement*

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

2.24 ***Revenue***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

I *Sale of completed development property*

A development property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

II *Sale of development property under construction*

Where development property is under construction and agreement has been reached to sell such property when construction is complete, the Directors consider when the contract comprises:

- A contract to construct a property; or
- A contract for the sale of completed property

(a) Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

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

(i) If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses.

(ii) In Singapore context, INT FRS 115 includes an accompanying note on application of INT FRS 115 in Singapore which requires the percentage of completion method of revenue recognition to be applied to sale of private residential properties in Singapore prior to completion of the properties that are regulated under the Singapore Housing Developers (Control and Licensing) Act (Chapter 130) and uses the standard form of sale and purchase agreements (SPAs) prescribed in the Housing Developers Rules. The accompanying note to INT FRS 115 does not address the accounting treatment for other SPAs, including SPAs with a Deferred Payment Scheme feature in Singapore.

In the above situations (i) and (ii), the percentage of work completed is measured based on the costs incurred up until the end of the reporting periods as a proportion of total costs expected to be incurred.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 *Revenue (cont'd)*

III *Rental income*

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms on ongoing leases. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

IV *Hotel operation income*

Income from hotel operations is recognised when goods are delivered or services are rendered to customers.

V *Interest income*

Interest income is recognised as interest accrues using the effective interest method.

VI *Rendering of services*

Revenue from provision of services is recognised when these services are rendered.

VII *Dividend income*

Dividend income is recognised when the Group's right to receive payment is established.

2.25 *Taxes*

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 ***Taxes (cont'd)***

(b) *Deferred tax (cont'd)*

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.26 ***Segment reporting***

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 44, including the factors used to identify the reportable segments and the measurement basis of segment information.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 *Share capital and share issue expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.28 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.29 *Government grants*

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.30 *Related parties*

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.30 *Related parties (cont'd)*

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a); or

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.31 *Transfers between levels of the fair value hierarchy*

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each 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. The Group based its assumptions and estimates on parameters available when the financial statement was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) *Valuation of investment properties*

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine fair value as at 31 December 2016. The two valuation techniques adopted were the Direct Comparison Method and Income Approach Method. The former involves analysing recent sales evidence of similar properties. Adjustments are made to differences in location, age, tenure, floor area, condition, exposure, date of sale, amongst other factors, before arriving at the market value of the property. The latter involves the conversion of the net income of the property into a capital sum at a suitable rate of return which reflects the quality of the investment. The net income is the balance sum after deducting property tax, cost of repairs and maintenance and a reasonable percentage for vacancy from the gross rent. The value of the property is arrived at by capitalising the net rent at a suitable rate of return. The carrying amount of the Group's investment properties at 31 December 2016 was $170,050,000 (2015: $173,980,000).

If the yield adjustments used in the valuation had been 3% higher than management's estimate, the carrying amount of the investment properties would have been $5,102,000 (2015: $5,219,000) higher.

(b) *Valuation of freehold and leasehold land and buildings*

The Group carries its freehold and leasehold land and buildings at fair value, with changes in fair values being recognised in other comprehensive income. The Group engaged independent valuation specialists to determine fair value as at 31 December 2016. The valuation technique adopted was the Direct Comparison Method which involves analysing recent sales evidence of similar properties. Adjustments are made to differences in location, age, tenure, floor area, condition, exposure, date of sale, amongst other factors, before arriving at the market value of the property. The carrying amount of the Group's freehold and leasehold land and buildings at 31 December 2016 was $116,743,000 (2015: $103,877,000).

(In Singapore dollars)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

3.1 *Key sources of estimation uncertainty (cont'd)*

(c) *Carrying value of development properties*

Development properties are stated at the lower of cost and net realisable value.

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale. The carrying amount of development properties at the end of the reporting period is disclosed in Note 20 to the financial statements.

The Group's accounting policy on development properties requires all known or anticipated losses on the development projects to be provided for in the year in which such losses are determined. Estimating such losses requires the Group to make an estimate of the expected selling price of the unsold development properties based on recent transactions or open market valuation of the unsold units. The Group also estimates the total development costs to determine the extent of the anticipated losses, if any. Changes in the estimated selling price of the development properties due to market conditions and revisions of the total estimated development costs will therefore impact the anticipated losses recognised, and therefore provision for foreseeable losses on development properties could be revised. The Group recognised no provision for foreseeable loss for the current period (2015: $29.1 million). The Group's share of associates' results included a $6.4 million (2015: $0.3 million) provision for foreseeable loss for the current period.

(d) *Construction contracts revenue recognition*

The Group recognises revenue for pre-completion sales of certain types of properties by reference to the stage of completion using the percentage of completion method. The stage of completion is measured based on the costs incurred up until the end of the reporting periods as a proportion of total costs expected to be incurred. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that affect the stage of completion and the revenue respectively. In making these estimates, management has relied on past experience and knowledge of the project engineers. The carrying amounts of assets as well as the revenue from sale of development property (recognised on percentage of completion basis) are disclosed in Note 20 and Note 4 to the financial statements respectively.

(e) *Income taxes*

The Group's exposure to income taxes mainly arises from Singapore. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of the Group's income tax payable and deferred tax liabilities at 31 December 2016 was $1,955,000 (2015: $935,000) and $3,125,000 (2015: $499,000) respectively.

(f) *Impairment of loans and receivables*

The Group follows the guidance of FRS 39 in determining when a financial asset is impaired. This determination requires significant judgement. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. The impairment loss on trade receivables are disclosed in Note 21.

(In Singapore dollars)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

3.2 *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) *Classification of property*

The Group determines whether a property is classified as investment property, development property or fixed assets as follows:

- Investment property comprises land and buildings (principally offices, commercial and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income or for capital appreciation, or both.

- Development property comprises property that is held for sale in the ordinary course of business. Principally, this is residential and commercial property that the Group develops and intends to sell before or on completion of construction.

- Fixed assets comprises land and buildings (principally hotel properties) which are held for use in the supply of services to earn hotel operation income.

(b) *Classification of investments as associated companies*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

Management has determined that it does not have control or joint control over its associated companies. The Group's associated companies are disclosed in Note 15 to the financial statements.

4. REVENUE

	Group	
	2016	**2015**
	$'000	$'000
Revenue from sale of development properties (recognised on completed contract basis)	886	941
Revenue from sale of development properties (recognised on percentage of completion basis)	41,710	12,476
Total revenue from sale of development properties	42,596	13,417
Rental and related income from investment properties	13,300	13,463
Hotel operation income	9,825	5,826
Management fee income	1,152	1,588
Other rental income	496	–
	67,369	34,294

(In Singapore dollars)

5. OTHER OPERATING INCOME

	Group	
	2016	**2015**
	$'000	$'000
Forfeiture of deposits	64	15
Tentage and other rental	209	207
Management fee income from associated companies and joint venture companies	2,104	2,603
Dividend income from other investments	1,356	–
Others	355	183
	4,088	3,008

6. PERSONNEL EXPENSES

	Group	
	2016	**2015**
	$'000	$'000
Salaries and bonuses	7,043	5,584
Central Provident Fund contributions	471	359
Other staff costs	240	144
	7,754	6,087

Personnel expenses include directors' remuneration set out in Note 8.

7. DISPOSAL OF SUBSIDIARIES

On 30 September 2016, the Group disposed of its 100% interest in subsidiaries, Heeton Residence Pte. Ltd. and Heeton Realty Pte. Ltd.. The total disposal consideration of $21.0 million is to be settled in cash, of which $7.0 million was received during the year and $14.0 million will be received in September 2017. As at 31 December 2016, the $14.0 million receivable has been classified as current other receivables on the Group and the Company's balance sheets.

Financial performance of subsidiaries disposed

The results of the disposed subsidiaries from the beginning of the year to the date of disposal on 30 September 2016 are presented below:

	1 January 2016 to 30 September 2016
	$'000
Revenue and other income	576
Expenses	(6,173)
Loss before tax	(5,597)
Tax expense	(48)
Loss for the period	(5,645)

(In Singapore dollars)

7. DISPOSAL OF SUBSIDIARIES (CONT'D)

Assets and liabilities of disposed subsidiaries

The major classes of assets and liabilities of the subsidiaries disposed on 30 September 2016 were as follows:

	30 September 2016
	$'000
Assets and liabilities disposed	
Development property	105,307
Trade receivables	26
Other receivables	7
Prepayments	19
Cash and cash equivalents	110
Trade and other payables	(537)
Bank term loans	(74,139)
Income tax payable	(2,124)
Total net assets disposed	28,669

Loss on disposal of subsidiaries

	2016
	$'000
Present value of consideration, net of costs of disposal*	18,313
Less: Net assets disposed	(28,669)
Loss on disposal after tax	(10,356)

*Costs of disposal includes a $1,374,000 loss arising from the Group's agreement to provide interest support for a period of 3 years relating to the purchasers' advances to the disposed subsidiaries.

Cash flows from disposal of subsidiaries

	2016
	$'000
Cash received	7,000
Less: Cash and cash equivalents of subsidiaries disposed	(110)
Net cash inflow	6,890

(In Singapore dollars)

8. PROFIT FROM OPERATIONS

Profit from operations is determined after charging the following:

	Group	
	2016	2015
	$'000	$'000
Audit fees paid to:		
- auditor of the Company	241	205
Non-audit fees paid to:		
- auditor of the Company	80	81
- other auditors	78	37
Directors' remuneration	1,360	1,164
Directors' fees	308	308
Repairs and maintenance on investment properties	866	906
Amortisation of prepayment of fees for extension of sales period of unsold units of a development property	4,368	1,456
Property tax	1,876	1,433
Operating lease expenses	167	124
Fair value loss on derivatives	126	23

9. FINANCE EXPENSES/(INCOME)

		Group	
	Note	2016	2015
		$'000	$'000
(a) ***Finance expenses***			
Interest expense on:			
- bank loans		9,104	8,114
- bonds		3,507	7,096
- advances from associated companies/joint venture companies		763	1,299
- advances from non-controlling interests		951	1,547
- others		125	138
		14,450	18,194
Less: Interest capitalised in fixed assets	12	(795)	(137)
Less: Interest capitalised in development properties	20	(1,826)	(1,771)
		11,829	16,286
(b) ***Finance income***			
Interest income from loans and receivables:			
- fixed deposits		(31)	(91)
- loans to associated companies		(1,514)	(4,510)
- loans to investee companies		(167)	(492)
- loans to joint venture companies		(2,121)	(788)
		(3,833)	(5,881)

(In Singapore dollars)

10. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2016 and 2015 are:

	Group	
	2016	**2015**
	$'000	$'000
Statement of comprehensive income:		
Current income tax:		
- Current year	1,932	(294)
- Under/(over) provision in respect of previous years	1,138	(3)
	3,070	(297)
Deferred income tax:		
- Origination and reversal of temporary differences	1,765	380
- Over provision in respect of previous years	–	(40)
	1,765	340
Income tax expense recognised in profit or loss	4,835	43
Other comprehensive income:		
- Net surplus on revaluation of freehold and leasehold land and buildings	793	–
- Share of other comprehensive income of associated companies	42	–
	835	–

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2016 and 2015 are as follows:

	Group	
	2016	**2015**
	$'000	$'000
Profit before tax	17,065	4,653
Tax at the domestic rates applicable to profits in the countries where the Group operates	3,462	791
Adjustments:		
Non-deductible expenses	3,081	781
Income not subject to taxation	(656)	(335)
Effect of tax rebate and partial tax exemption	(444)	(240)
Benefits from previously unrecognised tax losses	–	(1,479)
Deferred tax assets not recognised	41	6,402
Under/(over) provision in respect of previous years	1,138	(43)
Share of results of associated companies/joint venture companies	(3,345)	(5,885)
Tax losses not allowed to be carried forward	1,536	35
Others	22	16
Income tax expense recognised in profit or loss	4,835	43

(In Singapore dollars)

11. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

For the purposes of calculating basic and diluted loss per share, the weighted average number of ordinary shares for the previous year ended 31 December 2015 was adjusted to take into account the effect arising from the renounceable rights issue undertaken by the Company in 2015 (Note 34).

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2016	2015
	$'000	$'000
Profit for the year attributable to owners of the Company used in the computation of basic earnings per share and diluted earnings per share	12,481	5,651
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for basic earnings per share and diluted earnings per share computation	325,156	288,150

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(In Singapore dollars)

12. FIXED ASSETS

	At valuation		At cost						
	Freehold and leasehold land	Freehold and leasehold buildings[1]	Plant and equipment	Renovations	Motor vehicles	Equipment and fixtures	Furniture and fittings	Computers	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
Cost or valuation:									
At 1 January 2015 (restated)	24,246	43,402	3,498	484	696	508	305	333	73,472
Additions[2]	30,887	3,290	202	12	–	98	102	48	34,639
Acquisition of businesses[2]	425	2,299	–	–	–	–	482	–	3,206
Disposal	–	(894)	–	–	–	–	–	(8)	(902)
Elimination of accumulated depreciation on revaluation	–	(284)	–	–	–	–	–	–	(284)
Exchange differences	449	57	–	–	–	4	–	–	510
At 31 December 2015 and 1 January 2016 (restated)	56,007	47,870	3,700	496	696	610	889	373	110,641
Additions[2]	135	14,505	–	128	790	34	325	207	16,124
Acquisition of businesses[2]	868	9,705	–	–	–	–	1,652	–	12,225
Disposal	–	–	–	–	(538)	–	–	(2)	(540)
Revaluation surplus	1,778	2,388	–	–	–	–	–	–	4,166
Elimination of accumulated depreciation on revaluation	–	(796)	–	–	–	–	–	–	(796)
Exchange differences	(8,434)	(7,283)	–	–	–	(38)	(342)	–	(16,097)
At 31 December 2016	50,354	66,389	3,700	624	948	606	2,524	578	125,723
Accumulated depreciation:									
At 1 January 2015	–	–	3,399	475	591	197	281	238	5,181
Charge for the year	–	284	45	4	100	2	24	47	506
Elimination of accumulated depreciation on revaluation	–	(284)	–	–	–	–	–	–	(284)
Disposal	–	–	–	–	–	–	–	(4)	(4)
At 31 December 2015 and 1 January 2016	–	–	3,444	479	691	199	305	281	5,399

(In Singapore dollars)

12. FIXED ASSETS (CONT'D)

	At valuation		At cost						
	Freehold and leasehold land	Freehold and leasehold buildings[(1)]	Plant and equipment	Renovations	Motor vehicles	Equipment and fixtures	Furniture and fittings	Computers	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
Accumulated depreciation (cont'd)									
Charge for the year	–	844	70	20	58	53	248	77	1,370
Elimination of accumulated depreciation on revaluation	–	(796)	–	–	–	–	–	–	(796)
Disposal	–	–	–	–	(538)	–	–	(2)	(540)
Exchange differences	–	(48)	–	–	–	–	–	–	(48)
At 31 December 2016	–	–	3,514	499	211	252	553	356	5,385
Net book value:									
At 31 December 2016	50,354	66,389	186	125	737	354	1,971	222	120,338
At 31 December 2015 (restated)	56,007	47,870	256	17	5	411	584	92	105,242

(1) As at 31 December 2016, included in freehold and leasehold buildings is an amount of $18,496,000 (2015: $3,607,000) which relates to expenditure for a hotel in the course of construction.

(2) During the year, the Group acquired fixed assets of $28,349,000 (2015: $37,845,000) (including fixed assets resulting from acquisition of businesses). The additions include paid amounts of $27,986,000 (2015: $37,845,000) and unpaid amounts of $363,000 (2015: $nil) as at 31 December 2016.

(In Singapore dollars)

12. FIXED ASSETS (CONT'D)

	Renovations	Equipment and fixtures	Furniture and fittings	Computers	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Company						
Cost:						
At 1 January 2015	12	71	18	329	330	760
Additions	–	–	–	48	–	48
Disposal	–	–	–	(8)	–	(8)
At 31 December 2015 and 1 January 2016	12	71	18	369	330	800
Additions	–	–	–	61	498	559
Disposal	–	–	–	(2)	(330)	(332)
At 31 December 2016	12	71	18	428	498	1,027
Accumulated depreciation:						
At 1 January 2015	12	71	18	239	259	599
Charge for the year	–	–	–	44	66	110
Disposal	–	–	–	(4)	–	(4)
At 31 December 2015 and 1 January 2016	12	71	18	279	325	705
Charge for the year	–	–	–	59	18	77
Disposal	–	–	–	(2)	(330)	(332)
At 31 December 2016	12	71	18	336	13	450
Net book value:						
At 31 December 2016	–	–	–	92	485	577
At 31 December 2015	–	–	–	90	5	95

Acquisition of businesses

During the current financial year, the Group acquired a hotel business for a consideration of £6.1 million (equivalent to approximately $12.2 million). During the prior financial year, the Group acquired a hotel business for a consideration of £1.6 million (equivalent to approximately $3.2 million) (the "2015 acquisition").

The Group has recorded these transactions based on the Purchase Price Allocation ("PPA"), whereby the Group allocated the purchase price into various assets acquired and liabilities assumed from the new businesses.

Management engaged independent valuation specialists to assist them with the PPAs, including the identification and fair value measurement of the assets acquired and liabilities assumed and the purchase consideration was allocated to land, buildings and furniture and fittings. No goodwill was recognised from these acquisitions.

The provisional PPA of the 2015 acquisition was finalised in 2016. As a result, reclassification to cost or valuation of fixed assets as at 31 December 2015 and 1 January 2016 have been made. See Note 46 for more details.

(In Singapore dollars)

12. FIXED ASSETS (CONT'D)

Revaluation of freehold and leasehold land and buildings

The Group has engaged an independent valuation specialist, Savills (UK) Limited, to determine the fair value of the freehold and leasehold land and buildings. Details of the valuation techniques and inputs used are disclosed in Note 41.

If the freehold and leasehold land and buildings were measured using the cost model, the carrying amounts would be as follows:

	Group	
	2016	**2015**
	$'000	$'000 (restated)
Freehold and leasehold land		
- Cost	48,576	56,007
- Accumulated depreciation	–	–
- Net carrying amount	48,576	56,007
Freehold and leasehold buildings		
- Cost	65,081	48,154
- Accumulated depreciation	(1,080)	(284)
- Net carrying amount	64,001	47,870

Capitalisation of borrowing costs

As at the end of financial year, borrowing costs of $795,000 (2015: $137,000), arising from borrowings obtained specifically for the freehold land and buildings were capitalised. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation range from 3.45% to 4.32% (2015: 3.68%) per annum.

Assets held under finance leases

As at 31 December 2016, the Group and Company have motor vehicles held under finance leases with a net book value of approximately $685,000 and $485,000 (2015: $nil and $nil), respectively.

Assets pledged as security

The Group's freehold and leasehold land and buildings are mortgaged to banks to secure banking facilities granted to the Group (Note 31).

13. INVESTMENT PROPERTIES

	Group	
	2016	**2015**
	$'000	$'000
Balance sheet		
Balance as at beginning of year	173,980	172,333
Exchange differences	(4,472)	494
Additions	–	553
Gains from fair value adjustments recognised in profit or loss	542	600
Balance as at end of year	170,050	173,980

(In Singapore dollars)

13. INVESTMENT PROPERTIES (CONT'D)

	Group	
	2016	2015
	$'000	$'000
Statement of comprehensive income:		
Rental income from investment properties:		
- Minimum lease payments	13,300	13,463
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	3,012	3,371

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2016 and 31 December 2015. The valuations were performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, Savills Valuation and Professional Services (S) Pte Ltd and Savills (UK) Limited, independent valuers with recognised and relevant professional qualifications and with recent experience in the location and category of the properties being valued. Details of valuation inputs used are disclosed in Note 41.

All investment properties are mortgaged to banks to secure banking facilities granted to the Group (Note 31).

The investment properties held by the Group as at 31 December are as follows:

Description and location	Existing use	Tenure	Unexpired lease term	Group	
				2016	2015
				$'000	$'000
Tampines Mart (Block 5, 7, 9, 11 Tampines Street 32)	Shops	Leasehold	76 years	104,000	104,000
The Woodgrove (30 Woodlands Avenue 1)	Shops	Leasehold	79 years	31,200	31,200
62 Sembawang Road	Transport facility	Freehold	Estate in perpetuity	9,500	7,700
Adam House (7-10 Adam Street, London, United Kingdom)	Serviced office	Freehold	Freehold	25,350	31,080
				170,050	173,980

(In Singapore dollars)

14. SUBSIDIARIES

(a) Investment in subsidiaries comprises:

	Company 2016 $'000	Company 2015 $'000
Unquoted equity shares, at cost	26,417	27,417
Less: Impairment losses	(1,834)	(1,834)
Carrying amount of investments	24,583	25,583
Movement of cost of investment:		
At beginning of year	27,417	27,417
Disposal of subsidiaries	(1,000)	–
At end of year	26,417	27,417
Movement of impairment losses:		
At beginning of year	1,834	1,811
Add: Impairment loss on investment in subsidiary	–	23
At end of year	1,834	1,834

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2016 %	Equity interest held by the Group 2015 %	Cost of investment by the Company 2016 $'000	Cost of investment by the Company 2015 $'000
	Held by the Company					
*	Heeton Estate Pte. Ltd. (Singapore)	Property investment holding	100	100	22,962	22,962
*	Heeton Venture (Overseas) Pte. Ltd. (Singapore)	Investment holding	100	100	99	99
*	Heeton Land Pte. Ltd. (Singapore)	Property development and property investment holding	100	100	976	976
*	Heeton Management Pte. Ltd. (Singapore)	Provision of administrative and management services	100	100	45	45
*	Heeton Properties Pte. Ltd. (Singapore)	Investment holding and leasing agent	100	100	2,335	2,335
*	Heeton Venture (Asia) Pte. Ltd. (Singapore)	Investment holding	100	100	–@	–@

(In Singapore dollars)

14. SUBSIDIARIES (CONT'D)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2016 %	Equity interest held by the Group 2015 %	Cost of investment by the Company 2016 $'000	Cost of investment by the Company 2015 $'000
	Held by the Company (cont'd)					
*	Heeton Venture (China) Pte. Ltd. (Singapore)	Investment holding	100	100	–@	–@
	Heeton Residence Pte. Ltd. (Singapore)	Disposed during the year	–	100	–	1,000
*	Heeton Homes Pte. Ltd. (Singapore)	Investment holding	100	100	–@	–@
*	Heeton Capital Pte. Ltd. (Singapore)	Investment holding	100	100	–@	–@
*	MHP Pte. Ltd. (Singapore)	Investment holding	100	100	–@	–@
*	Heeton Invesco Pte. Ltd. (Singapore)	Investment holding	100	100	–@	–@
*	Heeton Corporation Pte. Ltd. (Singapore)	Investment holding	100	100	–@	–@
	Held through subsidiaries					
*	Kim Leong Development Pte. Ltd. (Singapore)	Dormant	100	100	–	–
	Heeton Realty Pte. Ltd. (Singapore)	Disposed during the year	–	100	–	–
*	Prospere Development Pte. Ltd. (Singapore)	Investment holding	100	100	–	–
*	Prospere Holdings Pte. Ltd. (Singapore)	Investment holding	70	70	–	–
**	Fortitude Valley (Hotels) Pty Ltd (Australia)	Property investment holding	70	70	–	–
*	Wickham Invesco Pte. Ltd. (Singapore)	Investment holding	55	55	–	–
**	Wickham 186 Pty Ltd (Australia)	Investment holding	55	55	–	–
*	Adam Street Pte. Ltd. (Singapore)	Investment holding	75	75	–	–
**	Acework Limited (British Virgin Islands)	Property investment holding	75	75	–	–
***	Adam Street Limited (England & Wales)	Property management	75	75	–	–

(In Singapore dollars)

14. SUBSIDIARIES (CONT'D)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Company	
			2016	2015	2016	2015
			%	%	$'000	$'000
	Held through subsidiaries (cont'd)					
**	General Wealth Holdings Limited (British Virgin Islands)	Property development	100	100	–	–
*	Venture (UK) Pte. Ltd. (Singapore)	Investment holding	80	80	–	–
**	Chatteris Development Limited (British Virgin Islands)	Investment holding	80	80	–	–
***	Woodley Hotels (Kensington) Limited (England & Wales)	Property investment holding	80	80	–	–
***	Chatteris Kensington Limited (England & Wales)	Hotel operation	80	80	–	–
**	Ace Zone Holdings Limited (Incorporated in British Virgin Islands, place of business in England & Wales)	Property development and property investment holding	60	60	–	–
*	Glenthorne Pte. Ltd. (Singapore)	Investment holding	60	60	–	–
**	Hoxton Investments Limited (British Virgin Islands)	Property development and property investment holding	100	100	–	–
*	Fairmont Land Pte. Ltd. (Singapore)	Investment holding	55	55	–	–
**	Ultra Assets Holdings Limited (Incorporated in British Virgin Islands, place of business in England & Wales)	Property development and property investment holding	55	55	–	–
**	Horizon Glory Holdings Limited (British Virgin Islands)	Investment holding	55	55	–	–
**	Gloucester Corinium Avenue Hotel Limited (England & Wales)	Property investment holding	55	–	–	–
**	Ensco 1154 Limited (England & Wales)	Hotel operation	55	–	–	–
**	Joy Light Ventures Limited (British Virgin Islands)	Investment holding	55	55	–	–
**	Bradford Prince Court Hotel Limited (England & Wales)	Property investment holding	55	55	–	–

(In Singapore dollars)

14. SUBSIDIARIES (CONT'D)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Company	
			2016	2015	2016	2015
			%	%	$'000	$'000
	Held through subsidiaries (cont'd)					
**	Ensco 1155 Limited (England & Wales)	Hotel operation	55	55	–	–
***	Heeton SG50 Limited (England & Wales)	Provision of administrative and management services	100	–	–	–
**	Luma Concept Hotel Limited (England & Wales)	Hotel operation	60	–	–	–
**	Hoxton One Limited (British Virgin Islands)	Property investment holding	100	–	–	–
**	Hoxton Five Limited (British Virgin Islands)	Property investment holding	100	–	–	–
**	Hoxton Eight Limited (British Virgin Islands)	Property investment holding	100	–	–	–
					26,417	27,417

* Audited by Ernst & Young LLP, Singapore.
** Not required to be audited in the respective country of incorporation.
*** Audited by a member firm of EY Global.
@ $2 comprising two subscriber shares of $1 each.

(In Singapore dollars)

14. SUBSIDIARIES (CONT'D)

(b) *Interest in subsidiaries with material non-controlling interest (NCI)*

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit/(loss) allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period	Dividends paid to NCI
			$'000	$'000	$'000
31 December 2016:					
Chatteris Development Limited	British Virgin Islands	20%	(317)	(568)	–
Woodley Hotels (Kensington) Limited	England & Wales	20%	717	3,820	–
Acework Limited	British Virgin Islands	25%	(245)	213	–
31 December 2015:					
Chatteris Development Limited	British Virgin Islands	20%	(862)	(1,437)	–
Woodley Hotels (Kensington) Limited	England & Wales	20%	71	3,275	–

Significant restrictions:

There are no significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries with material non-controlling interests.

(In Singapore dollars)

14. SUBSIDIARIES (CONT'D)

(c) *Summarised financial information about subsidiaries with material NCI*

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheets

	Woodley Hotels (Kensington) Limited		Chatteris Development Limited		Acework Limited	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000	$'000	$'000
Current						
Assets	1,589	3,684	7,945	9,317	1,147	867
Liabilities	(6,277)	(9,807)	(36,156)	(40,531)	(11,917)	(13,808)
Net current liabilities	(4,688)	(6,123)	(28,211)	(31,214)	(10,770)	(12,941)
Non-current						
Assets	49,594	54,170	25,368	25,368	24,797	30,526
Liabilities	(22,368)	(25,690)	–	–	(14,878)	(17,431)
Net non-current assets	27,226	28,480	25,368	25,368	9,919	13,095
Net assets/(liabilities)	22,538	22,357	(2,843)	(5,846)	(851)	154

Summarised statement of comprehensive income

	Woodley Hotels (Kensington) Limited		Chatteris Development Limited		Acework Limited	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	1,718	2,342	–	–	859	1,004
Profit/(loss) before income tax	543	233	(1,584)	(4,309)	(979)	(177)
Income tax expense	–	–	–	–	–	–
Profit/(loss) after tax	543	233	(1,584)	(4,309)	(979)	(177)
Other comprehensive income	3,042	–	–	–	–	–
Total comprehensive income/(expense)	3,585	233	(1,584)	(4,309)	(979)	(177)
Other summarised information						
Net cash flows (used in)/ generated from operations	(595)	2,102	2,552	4,244	277	(273)
Acquisition of significant fixed assets	(291)	–	–	–	–	(492)

(In Singapore dollars)

15. ASSOCIATED COMPANIES

The Group's material investment in associated companies are summarised below:

	Group	
	2016	2015
	$'000	$'000
Econolodge Co., Ltd	14,272	14,176
Unique Development Pte. Ltd.	4,814	8,475
Unique Realty Pte. Ltd.	7,226	7,742
Oxley Viva Pte. Ltd.	16,900	12,985
Oxley Sanctuary Pte. Ltd	21,762	10,791
Unique Resi Estate Pte. Ltd.	–	185
Other associated companies	8,266	10,335
	73,240	64,689

The Group has not recognised losses relating to certain associated companies where its share of losses exceeds the Group's interest in these associated companies. The Group's cumulative share of unrecognised losses at the end of the reporting period was $6,633,000 (2015: $6,555,000), of which $78,000 (2015: $1,928,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Group	
			2016	2015	2016	2015
			%	%	$'000	$'000
	Held through subsidiaries					
**	Dalvey Estate Co., Ltd (Thailand)	Property development	38.98	38.98	65	65
**	Dalvey Residence Co., Ltd (Thailand)	Property development and investment holding	38.98	38.98	65	65
**	Dalvey Holdings Co., Ltd (Thailand)	Investment holding	49.00	49.00	47	47
***	Residenza Pte. Ltd. (Singapore)	Property development	36.00	36.00	360	360
***	Unique Realty Pte. Ltd. (Singapore)	Property development	40.00	40.00	400	400
***	Unique Consortium Pte. Ltd. (Singapore)	Investment holding	35.00	35.00	350	350
***	Unique Capital Pte. Ltd. (Singapore)	Investment holding	40.00	40.00	400	400
***	Unique Development Pte. Ltd. (Singapore)	Property development	45.00	45.00	450	450
***	Unique Rezi Pte. Ltd. (Singapore)	Investment holding	42.00	42.00	420	420
##	Jiujiang Heeton Enterprise Ltd (China)	Dormant	30.00	30.00	4,101	4,101

(In Singapore dollars)

15. ASSOCIATED COMPANIES (CONT'D)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Group	
			2016	2015	2016	2015
			%	%	$'000	$'000
	Held through subsidiaries (cont'd)					
***	Unique Resi Estate Pte. Ltd. (Singapore)	Property development	30.00	30.00	300	300
##	Unique Wellness Pte. Ltd. (Singapore)	Dormant	20.00	20.00	–@@	–@@
** @	Dalvey Hospitality Co., Ltd (Thailand)	Investment holding	73.99	73.99	21	21
* @	Econolodge Co., Ltd. (Thailand)	Hotel operation and property investment holding	86.74	86.74	12,824	12,824
###	KBD Westwood Pte. Ltd. (Singapore)	Property development	20.00	20.00	200	200
	Great Development Pte. Ltd. (Singapore)	Disposed during the year	–	25.00	–	–@@
##	186 Wickham Street (Residential) Pty Ltd (Australia)	Property development	33.00	33.00	3,834	3,834
####	Eden I Residences Pte. Ltd. (Singapore)	Investment holding	30.00	30.00	450	450
####	Habitat Investments Pte. Ltd. (Singapore)	Disposed during the year	–	20.00	–	–@@@
##	Prospere Hotels Pte. Ltd. (Singapore)	Investment holding	30.00	30.00	–@@@@	–@@@@
##	SH Sapporo Pte. Ltd. (Singapore)	Investment holding	20.00	20.00	–@@@@@	–@@@@@
	Held through associated companies					
**	Dalvey Park Co., Ltd (Thailand)	Investment holding	48.99	48.99	–	–
**	G.E.T. Realty Co. Ltd (Thailand)	Dormant	38.98	38.98	–	–
*	Barracuda Group Co., Ltd (Thailand)	Hotel operation and property investment holding	38.98	38.98	–	–

(In Singapore dollars)

15. ASSOCIATED COMPANIES (CONT'D)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Group	
			2016	2015	2016	2015
			%	%	$'000	$'000
	Held through associated companies (cont'd)					
**	Dalvey Place Co., Ltd (Thailand)	Property development and property investment holding	48.99	48.99	–	–
**	Dalvey Homes Co., Ltd (Thailand)	Dormant	48.99	48.99	–	–
#	Oxley Viva Pte. Ltd. (Singapore)	Property development	12.25	12.25	–	–
#	Oxley YCK Pte. Ltd. (Singapore)	Property development	12.25	12.25	–	–
#	Oxley Sanctuary Pte. Ltd. (Singapore)	Property development	12.60	12.60	–	–
***	Mountbatten Edge Pte. Ltd. (Singapore)	Property investment holding	16.00	16.00	–	–
##	Manchester Property Holdings Ltd (England and Wales)	Property investment holding	30.00	–	–	–
##	Ensco 1160 Limited (England and Wales)	Hotel operation	30.00	–	–	–
##	Ippan Shadan Hojin SH002 (Japan)	Investment holding	20.00	–	–	–
##	Godo Kaisha GK002 (Japan)	Property Investment Holding	20.00	–	–	–
					24,287	24,287

*	Audited by member firm of Ernst & Young Global in Thailand
**	Audited by Horwath (Thailand) Limited.
***	Audited by Ernst & Young LLP, Singapore.
#	Audited by RSM Chio Lim LLP, Singapore.
##	Not required to be audited in the respective country of incorporation
###	Audited by Pricewaterhousecoopers LLP, Singapore.
####	Audited by CPA Link Certified Public Accountants, Singapore.
@	Classified as associated companies based on agreed terms in the shareholders agreement that the Group does not have control.
@@	$1 comprising one subscriber share.
@@@	$200 comprising 200 shares.
@@@@	$30 comprising 30 shares.
@@@@@	$20 comprising 20 shares.

(In Singapore dollars)

15. ASSOCIATED COMPANIES (CONT'D)

Aggregate information about the Group's investments in associated companies that are not individually material are as follows:

	Group	
	2016	2015
	$'000	$'000
(Loss)/profit after tax from continuing operations	(6,393)	772
Other comprehensive income	583	–
Total comprehensive (expense)/income	(5,810)	772

Associated company's acquisition of business

During the current financial year, the Group's 30% owned associated company, Manchester Property Holdings Ltd, acquired a hotel business for a consideration of £17.2 million (equivalent to approximately $33.7 million).

The Group has recorded this transaction based on the Purchase Price Allocation ("PPA"), whereby the Group allocated the purchase price into various assets acquired and liabilities assumed from the new business.

The Group engaged an independent valuation specialist to assist them with the PPA, including the identification and fair value measurement of the assets acquired and liabilities assumed and the purchase consideration was allocated to land, buildings and furniture and fittings. No goodwill was recognised from this acquisition.

(In Singapore dollars)

15. ASSOCIATED COMPANIES (CONT'D)

The summarised financial information in respect of the material investments in associated companies, based on its FRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	Econolodge Co., Ltd		Unique Development Pte. Ltd.		Unique Realty Pte. Ltd.		Oxley Viva Pte. Ltd.		Oxley Sanctuary Pte. Ltd.		Unique Resi Estate Pte. Ltd.	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current assets	1,378	2,019	12,203	33,657	27,757	56,756	168,922	295,991	229,065	320,950	52,560	49,424
Non-current assets excluding goodwill	6,032	6,539	860	–	–	–	–	–	–	–	–	–
Total assets	7,410	8,558	13,063	33,657	27,757	56,756	168,922	295,991	229,065	320,950	52,560	49,424
Current liabilities	(1,648)	(1,088)	(2,366)	(9,915)	(9,624)	(33,628)	(30,959)	(122,567)	(56,348)	(218,655)	(31,303)	(28,021)
Non-current Liabilities	–	(1,904)	–	(4,908)	(68)	(3,774)	–	(67,428)	–	(16,653)	(26,161)	(20,785)
Total liabilities	(1,648)	(2,992)	(2,366)	(14,823)	(9,692)	(37,402)	(30,959)	(189,995)	(56,348)	(235,308)	(57,464)	(48,806)
Net assets	5,762	5,566	10,697	18,834	18,065	19,354	137,963	105,996	172,717	85,642	(4,904)	618
Net assets excluding goodwill	5,762	5,566	10,697	18,834	18,065	19,354	137,963	105,996	172,717	85,642	(4,904)	618
Proportion of the Group's ownership	86.74%	86.74%	45%	45%	40%	40%	12.25%	12.25%	12.60%	12.60%	30%	30%
Group's share of net assets/(liabilities)	4,998	4,828	4,814	8,475	7,226	7,742	16,900	12,985	21,762	10,791	(1,471)	185
Negative goodwill on acquisition	(564)	(564)	–	–	–	–	–	–	–	–	–	–
Other adjustments	9,838[(1)]	9,912[(1)]	–	–	–	–	–	–	–	–	1,471[(2)]	–
Carrying amount of the investment	14,272	14,176	4,814	8,475	7,226	7,742	16,900	12,985	21,762	10,791	-	185

(1) Other adjustments comprise of fair value adjustments to the assets of the associated company.
(2) This has been adjusted against amounts due from associated company (non-current).

(In Singapore dollars)

15. ASSOCIATED COMPANIES (CONT'D)

Summarised statement of comprehensive income

	Econolodge Co., Ltd		Unique Development Pte. Ltd.		Unique Realty Pte. Ltd.		Oxley Viva Pte. Ltd.		Oxley Sanctuary Pte. Ltd.		Unique Resi Estate Pte. Ltd.	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	4,274	4,174	6,488	–	–	102,611	106,323	295,059	298,237	187,376	–	–
Profit or loss from continuing operations	201	229	(3,848)	(1,738)	(1,289)	13,012	31,967	75,598	87,075	53,971	(5,522)	(165)
Other comprehensive income	–	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive income/(expense)	201	229	(3,848)	(1,738)	(1,289)	13,012	31,967	75,598	87,075	53,971	(5,522)	(165)

(In Singapore dollars)

16. JOINT VENTURE COMPANIES

The Company's investment in joint venture companies comprises:

	Company 2016 $'000	Company 2015 $'000
Unquoted equity shares, at cost	5,000	5,000

Details of the joint venture companies are as follows:

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2016 %	Equity interest held by the Group 2015 %	Cost of investment by the Company 2016 $'000	Cost of investment by the Company 2015 $'000
*	Canberra Development Pte. Ltd. (Singapore)	Property investment holding	50	50	5,000	5,000
	Held through subsidiaries					
*	Buildhome Pte. Ltd. (Singapore)	Property development	50	50	–	–
*	Phileap Pte. Ltd. (Singapore)	Property development	25	25	–	–
*	Unique Residence Pte. Ltd. (Singapore)	Investment holding	50	50	–	–
	Held through joint venture company					
*	Fernvale Development Pte. Ltd. (Singapore)	Property development	20	20	–	–
					5,000	5,000

* Audited by Ernst & Young LLP, Singapore.

The Group's material investments in joint venture companies are summarised below:

	Group 2016 $'000	Group 2015 $'000
Canberra Development Pte. Ltd.	77,181	62,128
Buildhome Pte. Ltd.	–	1,963
Fernvale Development Pte. Ltd.	5,394	–
Other joint venture companies	(435)	–
	82,140	64,091

(In Singapore dollars)

16. JOINT VENTURE COMPANIES (CONT'D)

Summarised financial information in respect of the Group's material investments in joint venture companies, based on its FRS financial statements, and reconciliation with the carrying amount of the investments in the consolidated financial statements are as follows:

Summarised balance sheet

	Canberra Development Pte. Ltd.		Buildhome Pte. Ltd.		Fernvale Development Pte. Ltd.	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	6,159	655	926	1,789	92,532	72,262
Other current assets	31,088	31,026	127,102	127,689	372,391	380,175
Trade receivables	1,118	1,462	62	92	–	–
Current assets	38,365	33,143	128,090	129,570	464,923	452,437
Non-current assets	345,046	322,031	–	–	–	2,940
Total assets	383,411	355,174	128,090	129,570	464,923	455,377
Current liabilities	(9,049)	(9,624)	(139,916)	(24,980)	(27,257)	(10,185)
Non-current liabilities (excluding trade, other payables and provision)	(217,000)	(217,000)	–	(100,663)	(410,697)	(458,559)
Other non-current liabilities	(3,000)	(4,294)	–	–	–	–
Total non-current liabilities	(220,000)	(221,294)	–	(100,663)	(410,697)	(458,559)
Total liabilities	(229,049)	(230,918)	(139,916)	(125,643)	(437,954)	(468,744)
Net assets	**154,362**	**124,256**	**(11,826)**	**3,927**	**26,969**	**(13,367)**
Net assets excluding goodwill	**154,362**	**124,256**	**(11,826)**	**3,927**	**26,969**	**(13,367)**
Proportion of the Group's ownership	50%	50%	50%	50%	20%	20%
Group's share of net assets	77,181	62,128	(5,913)	1,963	5,394	(2,674)
Other adjustments	–	–	–	–	–	2,674
Carrying amount of the investment	77,181	62,128	–	1,963	5,394	–

(In Singapore dollars)

16. JOINT VENTURE COMPANIES (CONT'D)

Summarised statement of comprehensive income

	Canberra Development Pte. Ltd.		Buildhome Pte. Ltd.		Fernvale Development Pte. Ltd.	
	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	24,621	17,991	–	1,677	290,976	32,543
Operating income/(expenses), net	12,738	27,420	(12,023)	(11,855)	(243,020)	(49,878)
Interest income	–	–	–	–	602	35
Interest expense	(5,709)	(4,258)	(3,730)	(2,982)	–	–
Profit/(loss) before tax	31,650	41,153	(15,753)	(13,160)	48,558	(17,300)
Income tax (expense)/credit	(1,544)	(24)	–	–	(8,222)	2,940
Profit/(loss) after tax, representing total comprehensive income/(expense)	30,106	41,129	(15,753)	(13,160)	40,336	(14,360)

Aggregate information about the Group's investments in joint venture company that is not individually material is as follows:

	Group	
	2016	2015
	$'000	$'000
Loss after tax from continuing operations	5,228	1,810
Other comprehensive expense	–	–
Total comprehensive expense	5,228	1,810

17. AMOUNTS DUE FROM/TO ASSOCIATED COMPANIES, JOINT VENTURE COMPANIES AND INVESTEE COMPANIES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Amounts due from associated companies	66,469	76,928	–	–
Amounts due from joint venture companies	47,082	62,818	–	–
Amounts due from investee companies	12,021	9,330	–	–
	125,572	149,076	–	–
Amounts due to associated companies	28,152	22,765	–	–
Amounts due to joint venture company	15,508	15,508	15,508	15,508
	43,660	38,273	15,508	15,508

Amounts due from/to associated companies, joint venture companies and investee companies are non-trade related, unsecured and are to be settled in cash. These amounts are expected to be repaid from 2018 to 2020.

(In Singapore dollars)

17. AMOUNTS DUE FROM/TO ASSOCIATED COMPANIES, JOINT VENTURE COMPANIES AND INVESTEE COMPANIES (CONT'D)

Amounts due to associated companies amounting to $28,152,000 (2015: $22,765,000) are denominated in Singapore Dollars, non-trade related and bear interest at rates ranging from 5.0% to 5.35% (2015: 5.0% to 5.35%) per annum.

Amounts due from associated companies amounting to $18,917,000 (2015: $23,375,000) bear interest at 4.5% per annum (2015: interest at 4.5% per annum) and are denominated in Thai Baht. Amounts due from associated companies amounting to $47,552,000 (2015: $53,553,000) are denominated in Singapore Dollars, and bear interest at rates ranging from 1.0% to 5.35% (2015: 1% to 5.35%) per annum.

Amounts due from joint venture companies of $44,777,000 (2015: $61,087,000) bear interest at rates ranging from 2.3% to 5.35% (2015: 2.3% to 5.35%) per annum. Amounts due from joint venture companies of $2,305,000 (2015: $1,731,000) are non-interest bearing. Amounts due to joint venture company of $15,508,000 (2015: $15,508,000) bear interest at 2.5% (2015: nil%) per annum.

Amounts due from investee companies of $3,566,000 (2015: $3,058,000) bear interest at 0.25% (2015: 0.25%) above the local banks' prime rate per annum. Amounts due from investee companies of $8,455,000 (2015: $6,272,000) are interest free.

18. OTHER INVESTMENTS

	Group	
	2016	**2015**
	$'000	$'000
Equity instruments (unquoted), at cost	218	218

19. INTANGIBLE ASSETS

	Goodwill
	$'000
Group	
Cost:	
At 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	175
Accumulated impairment:	
At 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	(66)
Net carrying amount:	
At 31 December 2015 and 31 December 2016	109

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated for impairment testing purposes to the individual entity which is also the cash-generating unit ("CGU").

(In Singapore dollars)

19. INTANGIBLE ASSETS (CONT'D)

Allocated goodwill based on the CGU is as follows:

	Carrying amount as at		Basis on which recoverable amount is determined	Pre-tax discount rate
	2016	2015		
	$'000	$'000		
Heeton Estate Pte Ltd	109	109	Value-in-use	10%

A summary of goodwill allocated to the reportable segments to which this CGU belongs is presented below:

	Property investment
	$'000
Net carrying amount:	
At 31 December 2016	109
At 31 December 2015	109

The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management covering a 5-year period. The pre-tax discount rates applied to the cash flow projections are derived from the cost of capital plus a reasonable risk premium. The growth rate during the forecast period has been conservatively assumed to be zero in the absence of a reliable average growth rate for the industry in which the entity operates.

No impairment loss was required for the financial years ended 31 December 2016 and 2015 as the amount of discounted net cash inflows attributable to the CGU was in excess of the carrying amount of the goodwill.

20. DEVELOPMENT PROPERTIES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Land cost	89,435	186,313	76,085	76,085
Interest capitalised	5,481	19,484	4,993	3,429
Development and related costs	34,196	57,981	32,151	11,528
	129,112	263,778	113,229	91,042
Attributable profit recognised	15,406	7,711	15,406	4,931
	144,518	271,489	128,635	95,973
Progress billings	(37,728)	(38,644)	(37,728)	(20,278)
	106,790	232,845	90,907	75,695
Provision for foreseeable losses	–	(34,080)	–	–
	106,790	198,765	90,907	75,695
Interest capitalised during the year	1,826	1,771	1,564	1,517

(In Singapore dollars)

20. DEVELOPMENT PROPERTIES (CONT'D)

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Comprise of:				
Completed development properties	–	107,393	–	–
Development properties under construction	106,790	91,372	90,907	75,695
	106,790	198,765	90,907	75,695

Movements in provision for foreseeable losses during the year are as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Balance at beginning of year	34,080	5,000	–	–
Provision during the year	–	29,080	–	–
Disposal of subsidiary during the year	(34,080)	–	–	–
At end of year	–	34,080	–	–

(i) As at the end of financial year, borrowing costs of $5,481,000 (2015: $19,484,000), arising from borrowings obtained specifically for the development properties were capitalised. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation range from 2.20% to 3.61% (2015: 2.41% to 3.47%) per annum.

(ii) Development properties amounting to $90,907,000 (2015: $197,893,000) under development have been pledged as security for bank loans (Note 31).

(iii) As at 31 December 2016, the aggregate amount of costs incurred and recognised profits (less recognised losses) relating to agreements for which the Group recognises revenue using the percentage of completion method amounted to $113,229,000 (2015: $197,562,000) and $15,406,000 (2015: $4,931,000) respectively.

(iv) As at 31 December 2016, the aggregate amount of costs incurred and recognised profits relating to agreements for which the Company recognises revenue using the percentage of completion method amounted to $113,229,000 (2015: $91,042,000) and $15,406,000 (2015: $4,931,000) respectively.

(v) As at 31 December 2015, one of the development properties was carried at fair value less costs to sell which amounted to $106,520,000. The Group has disposed the development property during the year. There were no development properties carried at fair value less costs to sell as at 31 December 2016. The provision for foreseeable losses is estimated taking into account estimated selling prices based on comparable projects and the prevailing market conditions and estimated costs to sell are based on historical trends.

(In Singapore dollars)

20. DEVELOPMENT PROPERTIES (CONT'D)

The development properties held by the Group (excluding associated companies/joint venture companies) as at 31 December 2016 are:

Name and Location	Percentage held (%)	Tenure	Proposed Development	Development	Approximate Land Area (sq m)	Approximate Gross Floor Area (sq m)	Estimated stage of completion as at date of annual report (%) (Expected year of completion)
Onze@Tanjong Pagar at 11 Kee Seng Street	100	Freehold	Commercial and residential	Mixed development consisting of 56 residential units and 13 commercial units	1,373	5,572	100% (FY2017)
New York Road, Leeds, United Kingdom	55	Freehold	Commercial and residential	Proposed development consisting of 182 rooms hotel and residential units[1]	9,144	84,568	0% (FY2019)

[1] The Group has classified the entire property as development properties as the proportion of the land to be used for the hotel development is yet to be determined. When the plans are finalised and the land title is obtained, the proportionate cost of the land to be used for the hotel operation will be transferred to fixed assets (freehold land).

(In Singapore dollars)

21. TRADE RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Trade receivables	815	559	–	120
Less: Allowance for impairment	(21)	(21)	–	–
	794	538	–	120

Movements in allowance for impairment during the year are as follows:

	Group 2016	Group 2015	Company 2016	Company 2015
At beginning of year	21	18	–	–
Charge for the year	–	3	–	–
At end of year	21	21	–	–

Trade receivables are non-interest bearing and are generally on cash basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Receivables that are past due but not impaired

The Group and Company have trade receivables amounting to $794,000 (2015: $538,000) and $nil (2015: $120,000) respectively that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period are as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Trade receivables past due but not impaired:				
Lesser than 30 days	685	445	–	120
30 to 60 days	65	63	–	–
61 to 90 days	10	3	–	–
91 to 120 days	3	27	–	–
More than 120 days	31	–	–	–
	794	538	–	120

(In Singapore dollars)

21. TRADE RECEIVABLES (CONT'D)

Receivables that are impaired

	Group Individually impaired	
	2016	2015
	$'000	$'000
Trade receivables – nominal amounts	21	21
Less: Allowance for impairment	(21)	(21)
	–	–

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

22. OTHER RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Non-current portion:				
Other receivables	4,000	–	4,000	–
Current portion:				
Deposits	3,384	3,823	5	4
Advances to non-controlling interests	–	1,205	–	–
Promissory notes receivables	13,297	–	13,297	–
Other receivables	4,118	2,247	1,553	4
	20,799	7,275	14,855	8

Non-current other receivables are unsecured, bear interest at 5% (2015: nil) per annum and are repayable in 2018.

Advances to non-controlling interests in 2015 were unsecured and non-interest bearing and repaid in 2016.

The promissory notes receivables were entered into during the current year, as part of the Group's disposal of subsidiaries (Note 7). These receivables are unsecured and non-interest bearing for the initial 12 months from 30 September 2016, and if extended, interest will be chargeable at 5.0% per annum thereafter.

Current other receivables are unsecured, non-interest bearing and repayable within the next 12 months.

(In Singapore dollars)

23. AMOUNTS DUE FROM/TO SUBSIDIARIES (NON-TRADE) AMOUNTS DUE FROM RELATED PARTIES (TRADE) AMOUNTS DUE FROM JOINT VENTURE COMPANY (NON-TRADE) AMOUNTS DUE FROM JOINT VENTURE COMPANY (TRADE)

These balances are unsecured, non-interest bearing and are repayable on demand except for amounts due from subsidiaries of $136,544,000 (2015: $173,296,000) and amounts due to subsidiaries of $59,603,000 (2015: $34,945,000) which bear interest at 4.50% (2015: 4.50%) per annum. These amounts are to be settled in cash.

	Company	
	2016	**2015**
	$'000	$'000
Amounts due from subsidiaries	183,496	223,298
Less: Allowance for impairment	(4,924)	(5,263)
	178,572	218,035

Movements in allowance for impairment of amounts due from subsidiaries are as follows:

At beginning of year	(5,263)	(5,164)
Charge for the year	–	(339)
Write-back during the year	339	240
At end of year	(4,924)	(5,263)

Receivables that are impaired

At the end of the reporting period, the Company has provided an allowance for impairment of $4,924,000 (2015: $5,263,000) of receivables from subsidiaries with a nominal amount of $8,862,000 (2015: $15,204,000). These subsidiaries have been suffering financial losses for the current and past financial years.

24. FIXED DEPOSITS

The fixed deposits of the Group and the Company have an average maturity of 50 days (2015: 62 days) and 5 days (2015: 55 days) respectively, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate of the fixed deposits as at 31 December 2016 for the Group and the Company were 0.09% (2015: 0.88%) and nil% (2015: 0.90%) respectively.

The Group's and Company's fixed deposits include $nil (2015: $5,500,000) held under the Housing Developers' (Project Account) Rules 1985, withdrawals from which are specific to payments for expenditure incurred on specified projects.

25. CASH AND BANK BALANCES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000
Cash at bank	27,114	16,227	13,436	4,155

The Group's and Company's cash at bank includes $3,076,000 (2015: $388,000) held under the Housing Developers' (Project Account) Rules 1985, withdrawals from which are specific to payments for expenditure incurred on specified projects.

(In Singapore dollars)

26. TRADE PAYABLES

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

27. OTHER PAYABLES AND ACCRUALS

		Group		Company	
	Note	2016	2015	2016	2015
		$'000	$'000	$'000	$'000
Current portion:					
Financial liabilities					
Accrued operating expenses		4,225	3,357	1,652	1,431
Rental deposits received		937	680	–	–
Other deposits received		123	100	9	3
Other payables		81	444	2	10
Provision for interest support	7	1,374	–	1,374	–
		6,740	4,581	3,037	1,444
Non-financial liabilities					
Advance rental received		54	35	–	–
Deferred lease income		102	217	–	–
		6,896	4,833	3,037	1,444
Non-current portion:					
Financial liabilities					
Rental deposits received		1,043	1,150	–	–

Other payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

28. DERIVATIVES

	Group			
	2016		2015	
	Outstanding notional amounts	Liabilities	Outstanding notional amounts	Liabilities
	$'000	$'000	$'000	$'000
Current:				
Interest rate swaps	15,000	149	10,000	23

The Group enters into interest rate swaps to manage its exposure to interest rate fluctuation on its floating rate loans and borrowings. The interest rate swaps pay floating rate interest equal to 6-month Swaps Offer Rate ("SOR") and receive fixed rates of interest ranging from 1.82% to 2.07% (2015: 1.85% to 2.07%). The interest rate swaps mature within the next 12 months.

The Group has not applied hedge accounting. Fair value gains and losses on interest rate swaps are recognised in the profit or loss. The fair values of interest rate swaps shown above are determined by marked-to-market values provided by counterparties. The marked-to-market values obtained are determined by reference to market values for similar instruments.

(In Singapore dollars)

29. BONDS

Bonds with a face value of $60,000,000 were issued in 2014, are unsecured and are repayable in June 2017. The bonds bear interest at a fixed rate of 5.9% (2015: 5.9%) per annum during the year. In 2016, the Company has redeemed $1,250,000 (2015: $nil) of the bonds.

30. SHORT-TERM BANK LOANS

The Group's and Company's short-term loans are unsecured and bear interest at rates ranging from 2.85% to 3.60% (2015: 2.7% to 3.05%) per annum during the year.

31. BANK TERM LOANS

Details of bank term loans are as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Secured	224,559	306,082	58,745	58,745
Repayable:				
- not later than 1 year	120,713	163,885	58,745	58,745
- 1 year through 5 years	103,846	142,197	–	–
	224,559	306,082	58,745	58,745

Terms loans are generally secured by:

- first legal mortgage over the investment properties, development property and freehold and leasehold properties of the Group or Company;
- legal assignment of all sales and leasehold proceeds from the investment properties, development property and freehold and leasehold properties;
- legal assignment of tenancy, rental, lease and licence agreements;
- legal assignment of construction contract(s) and performance bonds;
- legal assignment of fire insurance policy; and
- corporate guarantee by the Company.

The Group's bank term loans amounting to $27,157,000 (2015: $8,231,000) bear interest at fixed rates ranging from 2.6% to 4.0% (2015: 2.6% to 3.1%) per annum and the remaining bank term loans bear interest at floating rates ranging from 1.5% to 3.0% (2015: 1.5% to 3.0%) above swap cost, bank's board rate or bank's cost of fund per annum during the year. The Company's bank term loans bear interest at 2.0% (2015: 2.0%) above bank's swap rate per annum during the year.

32. AMOUNTS DUE TO NON-CONTROLLING INTERESTS (NON-TRADE)

Amounts due to non-controlling interest amounting to $22,289,000 (2015: $25,230,000) are denominated in Pound Sterling. Amounts due to non-controlling interests of $19,277,000 (2015: $16,924,000) bear interest at 5% (2015: 5%) per annum. Amounts due to non-controlling interests of $7,879,000 (2015: $8,306,000) are non-interest bearing. These amounts are unsecured, have no fixed terms of repayment and are to be settled in cash.

(In Singapore dollars)

33. DEFERRED TAX LIABILITIES

Deferred tax liabilities arose as a result of:

	Group				Company	
	Consolidated statement of financial position		Consolidated statement of comprehensive income		Statement of financial position	
	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax liabilities						
Provisions	2,332	499	1,765	340	2,309	545
Revaluation of land and buildings	793	–	–	–	–	–
	3,125	499			2,309	545
Deferred tax expense			1,765	340		

As at 31 December 2016, the Group had unutilised tax losses of approximately $1,420,000 (2015: $38,188,000) available for offset against future taxable income, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The reduction in the unutilised tax losses during the year arose from the Group's disposal of subsidiaries during the year. The use of these tax losses is subject to the agreement of the Inland Revenue Authority of Singapore and compliance with the relevant provisions of the Singapore Income Tax Act.

Tax consequences of proposed dividends

There are no income tax consequences (2015: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 45).

Unrecognised temporary differences relating to investments in associates

At the end of the reporting period, no deferred tax liability (2015: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's overseas associates as the overseas associates of the Group cannot distribute its earnings until it obtains the consent of the shareholders. At the end of the reporting period, the Group does not foresee giving such consent.

Such temporary differences for which no deferred tax liability has been recognised aggregate to $20,000 (2015: $34,000).

34. SHARE CAPITAL

	Group and Company			
	2016		2015	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares:				
At beginning of year	325,156	86,624	268,615	58,803
Issuance of shares on rights issue	–	–	56,541	27,875
Share issuance expense	–	–	–	(54)
At end of year	325,156	86,624	325,156	86,624

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

On 23 October 2015, the Company allotted and issued 56,541,298 new ordinary shares pursuant to the rights issuance exercise.

(In Singapore dollars)

35. FOREIGN CURRENCY TRANSLATION RESERVE

	Group	
	2016	**2015**
	$'000	$'000
Balance at beginning of year	(215)	(1,040)
Foreign currency translation	(9,129)	825
Balance at end of year	(9,344)	(215)

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

36. ASSET REVALUATION RESERVE

The asset revaluation reserve represents increases in the fair value of freehold and leasehold land and buildings, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

37. COMMITMENTS

(a) ***Operating lease commitments – as lessee***

As at 31 December 2016, the Group has operating lease commitments in respect of the rental of office premises. These leases have an average tenure of three years with no renewal option or contingent rent provision included in the contracts. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Operating lease payments recognised in the consolidated statement of comprehensive income during the year amounted to $167,000 (2015: $124,000).

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2016	**2015**
	$'000	$'000
Future minimum payments		
- not later than 1 year	129	124
- 1 year through 5 years	211	100
	340	224

(b) ***Operating lease commitments – as lessor***

The Group has entered into property leases on its investment properties. These non-cancellable leases have remaining lease terms of between one and six years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

(In Singapore dollars)

37. COMMITMENTS (CONT'D)

(b) *Operating lease commitments – as lessor (cont'd)*

Future minimum rental receivables under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2016	2015
	$'000	$'000
Lease payments receivables		
- not later than 1 year	9,479	9,222
- 1 year through 5 years	7,949	8,358
- after 5 years	174	348
	17,602	17,928

(c) *Finance lease commitments*

	Total minimum lease payments	Present value of payments	Total minimum lease payments	Present value of payments
	2016	2016	2015	2015
	$'000	$'000	$'000	$'000
Group				
Within one year	82	76	–	–
After one year but not more than five years	302	264	–	–
Total minimum lease payments	384	340	–	–
Less: Amounts representing finance charges	(44)	–	–	–
Present value of minimum lease payments	340	340	–	–

The Group has finance leases for motor vehicles. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. These leases also do not have terms of renewal, purchase options and escalation clauses. The finance lease obligations bear effective interest rate ranging from 2.48% to 2.78% (2015: 3.72% to 4.33%) per annum.

	Total minimum lease payments	Present value of payments	Total minimum lease payments	Present value of payments
	2016	2016	2015	2015
	$'000	$'000	$'000	$'000
Company				
Within one year	56	50	–	–
After one year but not more than five years	216	192	–	–
Total minimum lease payments	272	242	–	–
Less: Amounts representing finance charges	(30)	–	–	–
Present value of minimum lease payments	242	242	–	–

The Company has finance lease for a motor vehicle. Lease terms do not contain restrictions concerning dividend, additions debt as further leasing. The lease also does not have terms of renewal, purchase options and escalation clauses. The finance lease obligations bear effective interest rate ranging from 2.48% to 2.78% (2015: Nil) per annum.

(In Singapore dollars)

38. RELATED PARTY TRANSACTIONS

(a) *Sale and purchase of goods and services*

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions between the Group and Company and their related parties took place during the year at terms agreed between the parties:

During the year, the Group has engaged a firm of which one of the independent directors of the Company is the chairman, for the provision of marketing and consultancy services for an amount of $13,000 (2015: $1,223,000).

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Income				
Interest income				
- subsidiaries	–	–	9,511	10,797
- associated companies	1,514	4,510	–	–
- joint venture companies	2,121	788	–	36
- investee companies	167	492	–	–
Management fee income				
- joint venture companies	2,478	3,654	2,000	2,000
- subsidiaries	–	–	838	854
- associated companies	733	492	104	–
- related party	45	45	–	–
Expenses				
Management fee paid to a subsidiary	–	–	648	576
Interest expenses				
- subsidiaries	–	–	4,893	4,073
- joint venture companies	–	244	–	–
- associated companies	763	1,055	–	–
Rental paid to related party	115	115	–	–

(b) *Compensation of key management personnel*

	Group	
	2016	2015
	$'000	$'000
Short-term employee benefits	2,421	2,066
Central Provident Fund contributions	106	82
Other short-term benefits	197	139
	2,724	2,287
Comprise amounts paid to:		
- Directors of the Company	1,360	1,164
- Other key management personnel	1,364	1,123
	2,724	2,287

39 CONTINGENCIES

The Company has provided corporate guarantees to banks and financial institutions of $564,032,000 (2015: $706,595,000) for credit facilities (Note 31) taken by its subsidiaries, joint venture companies, associated companies and investee companies.

(In Singapore dollars)

40. CLASSIFICATION OF FINANCIAL INSTRUMENTS

Classification

The table below is an analysis of the carrying amounts of financial instruments by categories as defined in FRS 39 as at 31 December:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000
Loans and receivables				
Amounts due from associated companies, joint venture companies and investee companies	125,572	149,076	–	–
Trade receivables	794	538	–	120
Other receivables	24,799	7,275	18,855	8
Amounts due from subsidiaries (non-trade)	–	–	178,572	218,035
Amounts due from related parties (trade)	14	12	–	–
Amounts due from joint venture company (non-trade)	333	606	33	536
Amount due from joint venture company (trade)	339	341	–	–
Fixed deposits	654	6,099	505	5,934
Cash and bank balances	27,114	16,227	13,436	4,155
	179,619	180,174	211,401	228,788
Available-for-sale financial assets				
Other investments	218	218	–	–
Financial liabilities measured at amortised cost				
Trade and other payables (current)				
Trade payables	6,769	8,046	4,615	2,112
Other payables and accruals	6,740	4,581	3,037	1,444
Amounts due to subsidiaries	–	–	634	1,036
	13,509	12,627	8,286	4,592
Other payables (non-current)				
Other payables and accruals	1,043	1,150	–	–
Total trade and other payables	14,552	13,777	8,286	4,592
Loans and borrowings (current)				
Amounts due to subsidiaries	–	–	59,603	34,945
Finance lease obligations	76	–	50	–
Bonds	58,750	–	58,750	–
Short-term bank loans	14,000	4,000	14,000	4,000
Bank term loans	120,713	163,885	58,745	58,745
	193,539	167,885	191,148	97,690
Loans and borrowings (non-current)				
Amounts due to associated companies and joint venture companies (non-trade)	43,660	38,273	15,508	15,508
Amounts due to non-controlling interests (non-trade)	27,156	25,230	–	–
Finance lease obligations	264	–	192	–
Bonds	–	60,000	–	60,000
Bank term loans	103,846	142,197	–	–
Total loans and borrowings	368,465	433,585	206,848	173,198
Total finance liabilities measured at amortised cost	383,017	447,362	215,134	177,790
Financial liabilities at fair value through profit or loss				
Derivatives	149	23	–	–

(In Singapore dollars)

41. FAIR VALUE OF ASSETS AND LIABILITIES

(a) ***Fair value hierarchy***

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) ***Fair value of financial instruments that are carried at fair value***

Derivatives are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves.

(c) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value***

Management has determined that the carrying amounts of cash and bank balances and fixed deposits, current trade and other receivables (including amounts due from subsidiaries, related parties and joint venture company), current trade and other payables (including amounts due to subsidiaries) and accruals, short-term bank loans, current bank term loans and current bonds, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

Non-current bank term loans reasonably approximate their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

(d) ***Financial instruments carried at other than fair value***

The non-current amounts due from associated companies, joint venture companies and investee companies and non-current amounts due to associated companies, joint venture companies and non-controlling interests have no fixed terms of repayment and are expected to be repaid from 2017 to 2019. The fair values of these amounts are not determinable, as the timing of the future cash flows arising from these amounts cannot be estimated reliably. However, the directors do not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be settled.

(In Singapore dollars)

41. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(e) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value***

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	2016 $'000		2015 $'000	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair Value**
Group				
Financial assets:				
Equity instruments (unquoted), at cost	218	*	218	*
Financial liabilities:				
Finance lease obligations	340	384	–	–
Company				
Financial liabilities:				
Finance lease obligations	242	272	–	–

* Investment in equity instrument carried at cost (Note 18)

Fair value of the finance lease obligations has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of leasing arrangements.

Fair value information has not been disclosed for the Group's investments in unquoted equity securities that are carried at cost because fair value cannot be measured reliably. These equity securities represent ordinary shares in investee companies (Note 18) that are not quoted on any market and do not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of this investment in the foreseeable future.

(In Singapore dollars)

41. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(f) *Level 3 fair value measurements*

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair Value at 31 December 2016 $'000	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements				
Investment properties:				
Retail and commercial	34,850	Market comparable approach	Yield adjustments based on management's assumptions *	10% to 20%
	135,200	Income approach	Capitalisation rate	5.8%
			Vacancy rate	5% to 8%
Fixed Assets:				
Freehold and leasehold land and buildings	116,743	Market comparable approach	Yield adjustments based on management's assumptions *	10% to 20%

* The yield adjustments are made for any difference in the nature, location, condition or size of the specific property.

For retail and commercial investment properties and freehold and leasehold land and buildings, a significant increase (decrease) in vacancy rate or yield adjustments based on management's assumptions would result in a significantly higher (lower) fair value measurement.

(In Singapore dollars)

41. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(f) *Level 3 fair value measurements (cont'd)*

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)*

The following table shows the impact on the Level 3 fair value measurement of assets and liabilities that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

		Effect of reasonably possible alternative assumptions	
	Carrying amount	**Profit or loss**	**Other comprehensive income**
	$'000	$'000	$'000
31 December 2016			
Recurring fair value measurements			
Investment properties:			
- Retail and commercial	170,050	5,102	–
Fixed assets:			
- Freehold and leasehold land and buildings	116,743	–	2,801
31 December 2015			
Recurring fair value measurements			
Investment properties:			
- Retail and commercial	173,980	5,219	–
Fixed assets:			
- Freehold and leasehold land and buildings	103,877	–	2,493

In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the following key unobservable inputs used in the fair value measurement:

- For retail and commercial investment properties and freehold and leasehold land and buildings, the Group adjusted the vacancy rate or yield adjustments based on management's assumptions by 3% depending on nature, location or condition of the specific property.

(ii) *Movements in Level 3 assets and liabilities measured at fair value*

During the year, the Group has recognised gains from fair value adjustments of investment properties which amounted to $542,000 (2015: $600,000) (Note 13) and gains from fair value adjustments of freehold and leasehold land and buildings which amounted to $4,166,000 (2015: $nil) (Note 12). The disclosure of the movement in the investment properties balance and freehold and leasehold land and buildings in Note 13 and Note 12 respectively constitutes a reconciliation of the movement of assets which are measured at fair value based on significant unobservable inputs.

(In Singapore dollars)

41. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(f) *Level 3 fair value measurements (cont'd)*

(iii) *Valuation policies and procedures*

The senior management of the Group (the "Management") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the Management reports to the Group's Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage independent valuation experts to perform the valuation. The Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.

For valuations performed by external valuation experts, the Management reviews the appropriateness of the valuation methodologies and assumptions adopted. The Management also evaluates the appropriateness and reliability of the inputs used in the valuations.

Significant changes in fair value measurements from period to period are evaluated by the Management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Executive Officer. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Gro up and the Company do not apply hedge accounting.

The Group also has an interest rate swap facility. The purpose is to manage the interest rate risks arising from the Group's operations and sources of financing. Details of the derivatives are disclosed in Note 28.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's and Company's exposure to these financial risks or the manner in which it manages and measures the risk.

(a) *Credit risk*

Credit risk is the risk of loss that may arise from outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

(In Singapore dollars)

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) ***Credit risk (cont'd)***

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets; and
- a nominal amount of $564,032,000 (2015: $706,595,000) relating to corporate guarantees provided by the Company to banks/ financial institutions on subsidiaries'/joint ventures'/associated companies'/investee companies' credit facilities.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis.

At the end of the reporting period, 23% (2015: 55%) of the Group's trade receivables were due from customers located in Singapore.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(b) ***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with three different banks. At the end of the reporting period, approximately 53% (2015: 39%) of the Group's loans and borrowings (Note 40) will mature in less than one year based on the carrying amount reflected in the financial statements.

(In Singapore dollars)

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) *Liquidity risk (cont'd)*

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted payments.

	1 year or less	1 to 5 years	Total
	$'000	$'000	$'000
Group			
2016			
Financial assets:			
Amounts due from associated companies, joint venture companies and investee companies	–	125,572	125,572
Trade receivables	794	–	794
Other receivables	20,799	4,550	25,349
Amounts due from related parties (trade)	14	–	14
Amounts due from joint venture company	672	–	672
Fixed deposits	654	–	654
Cash and bank balances	27,114	–	27,114
Total undiscounted financial assets	50,047	130,122	180,169
Financial liabilities:			
Trade payables	6,769	–	6,769
Other payables and accruals	6,740	1,043	7,783
Derivatives	149	–	149
Loans and borrowings	201,896	181,543	383,439
Total undiscounted financial liabilities	215,554	182,586	398,140
Total net undiscounted financial liabilities	(165,507)	(52,464)	(217,971)

(In Singapore dollars)

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) *Liquidity risk (cont'd)*

	1 year or less	1 to 5 years	Total
	$'000	$'000	$'000
Group			
2015			
Financial assets:			
Amounts due from associated companies, joint venture companies and investee companies	–	149,076	149,076
Trade receivables	538	–	538
Other receivables	7,275	–	7,275
Amounts due from related parties (trade)	12	–	12
Amounts due from joint venture company	947	–	947
Fixed deposits	6,148	–	6,148
Cash and bank balances	16,227	–	16,227
Total undiscounted financial assets	31,147	149,076	180,223
Financial liabilities:			
Trade payables	8,046	–	8,046
Other payables and accruals	4,581	1,150	5,731
Derivatives	23	–	23
Loans and borrowings	177,628	279,728	457,356
Total undiscounted financial liabilities	190,278	280,878	471,156
Total net undiscounted financial liabilities	(159,131)	(131,802)	(290,933)

	1 year or less	1 to 5 years	Total
	$'000	$'000	$'000
Company			
2016			
Financial assets:			
Other receivables	14,855	4,550	19,405
Amounts due from subsidiaries (non-trade)	178,572	–	178,572
Amounts due from joint venture company (non-trade)	33	–	33
Fixed deposits	505	–	505
Cash and bank balances	13,436	–	13,436
Total undiscounted financial assets	207,401	4,550	211,951
Financial liabilities:			
Trade payables	4,615	–	4,615
Other payables and accruals	1,663	–	1,663
Amounts due to subsidiaries	634	–	634
Loans and borrowings	194,161	16,498	210,659
Total undiscounted financial liabilities	201,073	16,498	217,571
Total net undiscounted financial assets/(liabilities)	6,328	(11,948)	(5,620)

(In Singapore dollars)

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) ***Liquidity risk (cont'd)***

	1 year or less	1 to 5 years	Total
	$'000	$'000	$'000
Company			
2015			
Financial assets:			
Trade receivables	120	–	120
Other receivables	8	–	8
Amounts due from subsidiaries (non-trade)	225,758	–	225,758
Amounts due from joint venture company (non-trade)	536	–	536
Fixed deposits	5,983	–	5,983
Cash and bank balances	4,155	–	4,155
Total undiscounted financial assets	236,560	–	236,560
Financial liabilities:			
Trade payables	2,112	–	2,112
Other payables and accruals	1,444	–	1,444
Amounts due to subsidiaries	1,036	–	1,036
Loans and borrowings	103,930	77,277	181,207
Total undiscounted financial liabilities	108,522	77,277	185,799
Total net undiscounted financial assets/(liabilities)	128,038	(77,277)	50,761

The table below shows the contractual expiry by maturity of the Group and Company's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Group and Company	
	1 year or less	
	2016	2015
	$'000	$'000
Financial guarantees	564,032	706,595

(c) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and interest-bearing loans given to related parties, amounts due from investee companies and fixed deposits.

The Group's policy is to manage interest cost using floating rate debts.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 75 (2015: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $1,031,000 (2015: $1,282,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

(In Singapore dollars)

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *Interest rate risk (cont'd)*

The following tables sets out the carrying amount, by maturity, of the Group's and Company's financial instruments that are exposed to material interest rate risk:

	Note	Within 1 year	1 to 5 Years	Total
		$'000	$'000	$'000
Group				
2016				
Floating rate				
Short-term bank loans	30	14,000	–	14,000
Bank term loans	31	116,720	80,682	197,402
2015				
Floating rate				
Short-term bank loans	30	4,000	–	4,000
Bank term loans	31	163,885	133,966	297,851
Company				
2016				
Floating rate				
Short-term bank loans	30	14,000	–	14,000
Bank term loans	31	58,745	–	58,745
2015				
Floating rate				
Short-term bank loans	30	4,000	–	4,000
Bank term loans	31	58,745	–	58,745

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months. Interests on financial instruments at fixed rates are fixed until the maturity of the instrument. The other financial instruments of the Group and Company that are not included in the above tables are not subject to material interest rate risks.

(d) *Foreign currency risk*

The Group's foreign currency risk arises mainly from the Group's operations in Thailand, Australia and London. The results and financial position of foreign operations are translated into SGD as disclosed under Note 2.4(b). Accordingly, the Group's balance sheet may be affected by fluctuations in the exchange rate between Thai Baht ("THB"), Australian Dollar ("AUD"), Pound Sterling ("GBP") and Singapore dollar. It is not the Group's policy to hedge exposures arising from such translations. The Group's strategy is to fund overseas operations with borrowings denominated in their functional currency as a natural hedge against overseas assets.

(In Singapore dollars)

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) *Foreign currency risk (cont'd)*

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000
Pound Sterling ("GBP")	12,942	9,428	1,429	2,775
Australian dollar ("AUD")	643	119	2	2
United States dollar ("USD")	9	4	9	4

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the THB, AUD and GBP exchange rates (against SGD), with all other variables held constant, of the Group's profit net of tax and equity.

		2016		2015	
		Profit net of tax	**Equity**	**Profit net of tax**	**Equity**
		$'000	$'000	$'000	$'000
THB	- strengthened 3% (2015: 3%)	490	148	645	–
	- weakened 3% (2015: 3%)	(490)	(148)	(645)	–
AUD	- strengthened 3% (2015: 3%)	6	226	2	218
	- weakened 3% (2015: 3%)	(6)	(226)	(2)	(218)
GBP	- strengthened 3% (2015: 3%)	1,486	584	1,045	685
	- weakened 3% (2015: 3%)	(1,486)	(584)	(1,045)	(685)

43. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2016 and 31 December 2015.

(In Singapore dollars)

43. CAPITAL MANAGEMENT (CONT'D)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the equity owners of the Company.

	Note	Group 2016 $'000	Group 2015 $'000
Trade and other payables	40	14,552	13,777
Loans and borrowings	40	368,465	433,585
Less:			
Cash and bank balances and fixed deposits		(27,768)	(22,326)
Net debt		355,249	425,036
Equity attributable to owners of the Company		343,813	339,645
Capital and net debt		699,062	764,681
Gearing ratio		51%	56%

44. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

I. The property investment segment is engaged in the leasing of residential, retail and commercial properties.

II. The property development segment is involved in the development and sale of private residential properties.

III. The corporate segment is involved in Group-level corporate services and treasury functions.

IV. The hospitality segment is involved in hotel operations and related services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Geographical information

As at 31 December 2016, the Group operates mainly in Singapore and none of its foreign operations' results constitute 10% or more of the Group's total segment results, or own assets amounting to 10% or more of the total assets of all segments.

(In Singapore dollars)

44. SEGMENT INFORMATION (CONT'D)

Geographical information (cont'd)

As at 31 December 2016, revenue and non-current assets information based on geographical location of customers and assets respectively are as follows.

	Revenue	Non-current assets
	$'000	$'000
Singapore	53,774	370,108
United Kingdom	13,595	148,213
Thailand	–	33,189
Australia	–	10,983
Others	–	13,174
	67,369	575,667

	Property investment	Property development	Corporate	Hospitality	Elimination	Note	Consolidated
	$'000	$'000	$'000	$'000	$'000		$'000
31 December 2016							
Revenue:							
Sales to external customers	13,300	43,092	1,152	9,825	–		67,369
Inter-segment revenue	859	–	4,626	3,567	(9,052)	A	–
	14,159	43,092	5,778	13,392	(9,052)		67,369
Results:							
Interest income	–	–	26,060	–	(22,227)	A	3,833
Interest expense	(3,337)	(2,279)	(25,391)	(1,887)	21,065	A	(11,829)
Gains from fair value adjustments of investment properties	542	–	–	–	–		542
Depreciation of fixed assets	(92)	–	(167)	(1,111)	–		(1,370)
Loss on disposal of subsidiaries	–	(10,356)	–	–	–		(10,356)
Share of results of associated companies/joint venture companies	14,873	4,285	–	518	–		19,676
Segment profit/(loss) before tax	22,342	(1,381)	(2,168)	913	(2,641)	B	17,065

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(In Singapore dollars)

44. SEGMENT INFORMATION (CONT'D)

	Property investment $'000	Property development $'000	Corporate $'000	Hospitality $'000	Elimination $'000	Note	Consolidated $'000
Assets:							
Investment in associated companies/joint venture companies	80,625	59,889	–	14,866	–		155,380
Additions to non-current assets [1]	23	–	1,163	27,163	–		28,349
Segment assets	258,762	268,292	511,887	179,024	(483,973)	C	733,992
Segment liabilities	118,301	111,016	582,761	82,481	(506,157)	D	388,402

[1] Additions to non-current assets consist of additions to fixed assets and investment properties.

	Property investment $'000	Property development $'000	Corporate $'000	Hospitality $'000	Elimination $'000	Note	Consolidated $'000
31 December 2015							
Revenue:							
Sales to external customers	13,463	13,417	1,588	5,826	–		34,294
Inter-segment revenue	3,345	–	3,326	–	(6,671)	A	–
	16,808	13,417	4,914	5,826	(6,671)		34,294
Results:							
Interest income	–	–	33,179	–	(27,298)	A	5,881
Interest expense	(2,902)	(5,646)	(33,140)	(928)	26,330	A	(16,286)
Gains from fair value adjustments of investment properties	600	–	–	–	–		600
Depreciation of fixed assets	(116)	(55)	(51)	(284)	–		(506)
Share of results of associated companies/joint venture companies	20,399	14,098	5	113	–		34,615
Provision for foreseeable losses on development property	–	(29,080)	–	–	–		(29,080)
Segment profit/(loss) before tax	30,864	(19,875)	(2,444)	(2,089)	(1,803)	B	4,653
Assets:							
Investment in associated companies/joint venture companies	65,751	48,856	–	14,173	–		128,780
Additions to non-current assets [1]	654	–	262	37,482	–		38,398
Segment assets	268,368	381,872	564,248	148,249	(572,849)	C	789,888
Segment liabilities	119,413	129,682	680,862	48,857	(529,743)	D	449,071

[1] Additions to non-current assets consist of additions to fixed assets and investment properties.

(In Singapore dollars)

44. SEGMENT INFORMATION (CONT'D)

Notes:

A Inter-segment revenue, interest income and interest expense are eliminated on consolidation.

B The following items are added to/(deducted from) segment profit to arrive at profit before tax presented in the consolidated statement of comprehensive income:

	2016 $'000	2015 $'000
Profit from inter-segment sales	(1,479)	(835)
Finance expenses	21,065	26,330
Finance income	(22,227)	(27,298)
	(2,641)	(1,803)

C The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated balance sheet.

	2016 $'000	2015 $'000
Investment in subsidiaries	(50,220)	(51,510)
Intangible assets	109	109
Fixed assets	(2,238)	(1,065)
Development properties	(1,735)	(1,090)
Intra-group loans	(429,889)	(519,293)
	(483,973)	(572,849)

D The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2016 $'000	2015 $'000
Intra-group loans	(506,157)	(529,743)

(In Singapore dollars)

45. DIVIDEND

	Group and Company	
	2016	2015
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2015: 0.60 cents (2014: 0.60 cents) per share	1,952	1,612
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2016: 0.60 cents (2015: 0.60 cents) per share	1,952	1,952

46 PRIOR YEAR COMPARATIVES

As disclosed in Note 12, the provisional PPA of the 2015 acquisition was finalised in 2016. As a result, the following reclassifications to cost or valuation of fixed assets at 31 December 2015 and 1 January 2016 have been made.

	Group	
	At 31 December 2015 and 1 January 2016	
	$'000 (as previously stated)	$'000 (as restated)
At valuation:		
Freehold and leasehold land	–	56,007
Freehold and leasehold building	–	47,870
Freehold properties	104,779	–
At cost:		
Equipment and fixtures	203	610
Furniture and fittings	394	889

47. EVENTS OCCURRING AFTER THE REPORTING PERIOD

In March 2017, the Group entered into a conditional sale and purchase agreement to dispose its 50% interest in a joint venture, Buildhome Pte. Ltd.. The conditions of completion include the Group obtaining regulatory approvals, as such, management is unable to estimate the financial effects of this transaction.

48. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 5 April 2017.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF HEETON HOLDINGS LIMITED AND ITS SUBSIDIARIES FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

The information in this Appendix II has been reproduced from the announcement on 7 November 2017 of the unaudited consolidated financial statements of Heeton Holdings Limited and its subsidiaries for the third quarter ended 30 September 2017 and has not been specifically prepared for inclusion in this Supplemental Information Memorandum.

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the Group".

HEETON

HEETON HOLDINGS LIMITED
Co. Reg. No. 197601387M

THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR NINE MONTHS ENDED 30 SEPTEMBER 2017

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

UNAUDITED RESULTS FOR THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

	Group					
				9 Months Ended 30 September		
	3Q2017	3Q2016	Increase / (Decrease)	2017	2016	Increase / (Decrease)
	S$'000	S$'000	%	S$'000	S$'000	%
Revenue	13,038	18,783	(30.6)	47,477	46,577	1.9
Cost of properties sold	(8,819)	(9,944)	(11.3)	(27,978)	(21,777)	28.5
Other operating income	2,427	132	1,738.6	3,874	2,096	84.8
Personnel expenses	(3,409)	(1,863)	83.0	(7,779)	(5,694)	36.6
Depreciation of fixed assets	(127)	(91)	39.6	(344)	(241)	42.7
Other operating expenses	(3,961)	(3,988)	(0.7)	(10,936)	(13,052)	(16.2)
Loss on disposal of subsidiaries	-	(12,880)	n.m	-	(12,880)	n.m
Gain on disposal of a joint venture company	27,980	-	n.m	27,980	-	n.m
Profit/(Loss) from operations	27,129	(9,851)	(375.4)	32,294	(4,971)	(749.6)
Finance expenses	(2,945)	(3,029)	(2.8)	(8,928)	(9,537)	(6.4)
Finance income	1,115	869	28.3	2,677	2,982	(10.2)
Share of results of associated companies/joint venture companies	1,773	306	479.4	7,976	11,015	(27.6)
Gain from fair value adjustment of investment properties	-	-	n.m	7,800	-	n.m
Profit/(Loss) before tax	27,072	(11,705)	(331.3)	41,819	(511)	(8,283.8)
Income tax expense	249	451	(44.8)	(1,432)	(1,165)	22.9
Profit/(Loss) for the period, net of tax	27,321	(11,254)	(342.8)	40,387	(1,676)	(2,509.7)
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation	1,147	(1,063)	n.m	1,857	(9,017)	n.m
Total comprehensive income/(expense) for the period	28,468	(12,317)	(331.1)	42,244	(10,693)	(495.1)
Profit/(Loss) attributable to:						
Owners of the parent	27,178	(11,249)	n.m	40,299	(1,887)	n.m
Non-controlling interests	143	(5)	n.m	88	211	(58.3)
	27,321	(11,254)	(342.8)	40,387	(1,676)	(2,509.7)
Total comprehensive income/(expense) attributable to:						
Owners of the parent	28,306	(12,447)	n.m	42,081	(11,006)	n.m
Non-controlling interests	162	130	24.6	163	313	(47.9)
	28,468	(12,317)	(331.1)	42,244	(10,693)	(495.1)

1(b)(i) **A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

UNAUDITED BALANCE SHEETS

	Group		Company	
	30/9/2017	31/12/2016	30/9/2017	31/12/2016
	$'000	$'000	$'000	$'000
Non-Current Assets				
Fixed assets	137,172	120,338	548	577
Investment properties	182,155	170,050	-	-
Subsidiaries	-	-	24,583	24,583
Associated companies	68,949	73,240	-	-
Joint venture companies	94,919	82,140	5,000	5,000
Amounts due from associated companies, joint venture companies and investee companies	158,256	125,572	-	-
Other investments	218	218	-	-
Intangible assets	109	109	-	-
Other receivables	22,000	4,000	4,000	4,000
	663,778	575,667	34,131	34,160
Current assets				
Development properties	59,650	106,790	41,977	90,907
Trade receivables	11,118	794	10,106	-
Other receivables	26,611	20,799	16,987	14,855
Prepayments	1,065	1,488	30	248
Amounts due from subsidiaries (non-trade)	-	-	222,652	178,572
Amounts due from related parties (trade)	12	14	-	-
Amounts due from joint venture company (non-trade)	693	333	33	33
Amounts due from joint venture company (trade)	-	339	-	-
Fixed deposits	4,101	654	3,583	505
Cash and bank balances	27,270	27,114	15,027	13,436
	130,520	158,325	310,395	298,556
Current Liabilities				
Trade payables	4,457	6,769	3,394	4,615
Other payables and accruals	11,284	6,896	4,814	3,037
Derivative financial instrument	90	149	-	-
Amounts due to subsidiaries (non-trade)	-	-	81,347	60,237
Finance lease obligations	76	76	50	50
Bonds	-	58,750		58,750
Short-term bank loans	14,000	14,000	14,000	14,000
Bank term loans	76,078	120,713	-	58,745
Bank overdrafts	487	-	-	-
Income tax payable	2,534	1,955	508	278
	109,006	209,308	104,113	199,712
Net current assets/(liabilities)	21,514	(50,983)	206,282	98,844
Non-current liabilities				
Other payables and accruals	1,740	1,043	-	-
Finance lease obligations	209	264	154	192
Amounts due to associated companies and joint venture companies (non-trade)	47,234	43,660	16,185	15,508
Amounts due to non-controlling interests (non-trade)	34,063	27,156	-	-
Bond	75,000	-	75,000	-
Bank term loans	138,626	103,846	37,000	-
Deferred tax liabilities	2,538	3,125	1,715	2,309
	(299,410)	(179,094)	(130,054)	(18,009)
Net assets	385,882	345,590	110,359	114,995
Share capital and reserves				
Share capital	86,624	86,624	86,624	86,624
Foreign currency translation reserve	(7,562)	(9,344)	-	-
Asset revaluation reserve	2,768	2,768	-	-
Retained earnings	302,112	263,765	23,735	28,371
	383,942	343,813	110,359	114,995
Non-controlling interests	1,940	1,777	-	-
Total equity	385,882	345,590	110,359	114,995

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30/09/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
84,141	6,500	120,789	72,750

Amount repayable after one year

As at 30/09/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
138,835	75,000	104,110	-

Details of any collateral

All secured borrowings of the Group are secured by first legal mortgages and assignment of rental and sales proceeds of the investment properties and development properties of the borrowing companies. Lease obligations are secured on the assets purchased under lease financing.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

UNAUDITED THIRD QUARTER AND NINE MONTHS CASH FLOW STATEMENTS

	Group			
			9 Months Ended 30 September	
	3Q2017 $'000	3Q2016 $'000	2017 $'000	2016 $'000
Cash flows generated from operating activities				
Profit/(Loss) before tax	27,072	(11,705)	41,819	(511)
Adjustments for:				
Depreciation of fixed assets	127	91	344	241
(Gain)/Loss in fair value of derivative financial instrument	(16)	(9)	(60)	168
Gain on disposal of fixed assets	-	-	-	(71)
Gain from fair value adjustment of investment properties	-	-	(7,800)	-
Share of results of associated companies/joint venture companies	(1,773)	(306)	(7,976)	(11,015)
Interest expense	2,945	3,029	8,928	9,537
Interest income	(1,115)	(869)	(2,677)	(2,982)
Loss on disposal of subsidiaries	-	12,880	-	12,880
Gain on disposal of a joint venture company	(27,980)	-	(27,980)	-
Unrealised exchange differences	(105)	700	(292)	1,135
Operating cash flows before changes in working capital	(845)	3,811	4,306	9,382
Decrease (Increase) in development properties	8,443	(6,483)	47,630	(16,667)
Decrease (Increase) in trade receivables	7,623	647	(10,299)	(215)
(Increase) Decrease in other receivables	(2,296)	803	(1,778)	2,295
Decrease in prepayments	190	998	442	1,400
(Decrease) Increase in trade payables	(1,040)	(1,216)	(2,364)	3,158
Increase in other payables and accruals	2,857	989	3,833	2,417
(Increase) Decrease in amounts due from related parties, net	-	(3,503)	2	(3)
Cash flows from (used in) operations	14,932	(3,954)	41,772	1,767
Interest received	1,115	869	2,677	2,982
Interest paid, excluding amounts capitalised	(2,945)	(3,029)	(8,928)	(9,537)
Income taxes (paid)/refund	(687)	(41)	(1,475)	149
Net cash from (used in) operating activities	12,415	(6,155)	34,046	(4,639)

UNAUDITED THIRD QUARTER AND NINE MONTHS CASH FLOW STATEMENTS (CONTINUED)

	Group			
	3Q2017	**3Q2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Cash flows from investing activities				
Purchase of fixed assets	(8,476)	(3,038)	(14,037)	(24,801)
Acquisition of investment properties	-	-	(3,556)	-
Repayment from/(Loan to) investee company	367	-	(2,778)	-
(Net loan to)/Net repayment of loan from associated companies and joint venture companies	(43,503)	11,611	(34,210)	11,421
Proceeds from disposal of a joint venture company	15,000	-	15,000	-
Net cash (used in) from investing activities	(36,612)	8,573	(39,581)	(13,380)
Cash flows from financing activities				
(Repayment of)/Proceeds of lease obligations, net	(19)	(4)	(55)	104
Proceeds from bank loans	-	9,174	27,644	21,442
Repayment of bank loans	(11,558)	(974)	(39,897)	(8,774)
Loan from/(Repayment of loan to) non-controlling interests	4,094	(3,613)	6,289	4,413
Proceeds from bond issue	-	-	75,000	-
Repayment of bond issue	-	-	(58,750)	-
Dividends paid on ordinary shares of the Company	-	-	(1,952)	(1,952)
Net cash (used in) from financing activities	(7,483)	4,583	8,279	15,233
Net (decrease)/increase in cash and cash equivalents	(31,680)	7,001	2,744	(2,786)
Effect of exchange rate changes on cash and cash equivalents	219	(204)	372	(1,576)
Cash and cash equivalents at beginning of period	62,345	11,167	27,768	22,326
Cash and cash equivalents at end of period	30,884	17,964	30,884	17,964

Note: Cash and cash equivalents

	Group			
			9 Months Ended 30 September	
	3Q2017	**3Q2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Fixed deposits	4,101	592	4,101	592
Cash and bank balances	27,270	26,629	27,270	26,629
Bank overdrafts	(487)	(9,257)	(487)	(9,257)
Cash and cash equivalents	30,884	17,964	30,884	17,964

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

UNAUDITED STATEMENT OF CHANGES IN EQUITY

Group	Share Capital	Foreign Currency Translation Reserve	Asset Revaluation Reserve	Retained Earnings	Total	Non-controlling Interests	Total Equity
	Attributable to equity holders of the Company						
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 January 2016	86,624	(215)	-	253,236	339,645	1,172	340,817
Total comprehensive (expense)/income for the period	-	(9,119)	-	(1,887)	(11,006)	313	(10,693)
Dividends	-	-	-	(1,952)	(1,952)	-	(1,952)
Balance at 30 September 2016	86,624	(9,334)	-	249,397	326,687	1,485	328,172
Balance at 1 January 2017	86,624	(9,344)	2,768	263,765	343,813	1,777	345,590
Total comprehensive income for the period	-	1,782	-	40,299	42,081	163	42,244
Dividends	-	-		(1,952)	(1,952)	-	(1,952)
Balance at 30 September 2017	86,624	(7,562)	2,768	302,112	383,942	1,940	385,882

Company	Share Capital	Retained Earnings	Total Equity
	S$'000	S$'000	S$'000
Balance at 1 January 2016	86,624	69,500	156,124
Total comprehensive expense for the period	-	(44,576)	(44,576)
Dividends	-	(1,952)	(1,952)
Balance at 30 September 2016	86,624	22,972	109,596
Balance at 1 January 2017	86,624	28,371	114,995
Total comprehensive expense for the period	-	(2,684)	(2,684)
Dividends	-	(1,952)	(1,952)
Balance at 30 September 2017	86,624	23,735	110,359

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 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

There is no change in the Company's share capital for the period from 1 January 2017 to 30 September 2017.

There are no outstanding convertible securities as at 30 September 2017 and 31 December 2016.

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 immediate preceding year

The Company did not hold any treasury shares as at 30 September 2017 and 31 December 2016.

The total number of issued ordinary shares (excluding treasury shares) as at 30 September 2017 and 31 December 2016 was 325,156,492.

The Company did not issue any preference shares as at 30 September 2017 and 31 December 2016.

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the period ended 30 September 2017.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2016 as well as applicable Financial Reporting Standards (FRS) which became effective for financial years beginning on or after 1 January 2017.

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 of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

EARNINGS PER SHARE

	Group					
				9 Months Ended 30 September		
	3Q2017	3Q2016	Increase	2017	2016	Increase
	Cents	Cents	%	Cents	Cents	%
Earnings per ordinary share from continuing operations attributable to equity holders of the Company for the period						
(a) On a basic basis	8.36	(3.46)	N.M.	12.39	(0.58)	N.M.
(b) On a fully diluted basis	8.36	(3.46)	N.M.	12.39	(0.58)	N.M.

The above have been computed based on 325,156,492 weighted average number of ordinary shares for the 9 months ended 30 September 2017 and 9 months ended 30 September 2016.

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-
(a) current period reported on; and
(b) immediately preceding financial year

	Group		Company	
	30/9/2017	31/12/2016	30/9/2017	31/12/2016
	Cents	Cents	Cents	Cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	118.08	105.74	33.94	35.37

The above have been computed based on 325,156,492 ordinary shares in issue as at 30 September 2017 and 31 December 2016.

8 **A review of the 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

Commentary on the Consolidated Income Statements

Turnover comprises rental income from investment properties, hotel operation income and management fee as well as proceeds from the sales of the Group's residential projects.

The Group's turnover for the nine month period ended 30 September 2017 ("3Q2017") of $47.47 million was fairly stable as compared to the previous corresponding period ended 30 September 2016 ("3Q2016").

Cost of properties sold in 3Q2017 and 3Q2016 is primarily attributed to residential project, Onze@Tanjong Pagar.

Other operating income increased by 84.8% to $3.87 million in 3Q2017 mainly due to $1.82 million of abortive sales proceeds from Onze@Tanjong Pagar.

Personnel expenses increased by $2.09 million to $7.78 million in 3Q2017 as a result of increase in headcounts following the expansion of UK operation and directors incentive bonus.

Other operating expenses decreased to $10.94 million in 3Q2017 from $13.05 million in 3Q2016 as a result of the following factors: (i) there was qualifying certificate extension fee of $4.37 million incurred in 3Q2016 for residential project iLiv@Grange. This project was disposed off during 3Q2016; (ii) bonds issuances expenses of $1.00 million relating to the 3-year bond of $75.00 million in May 2017; and (iii) increase in operating expenses of $0.72 million following the opening of Luma Concept London Hotel.

Loss on disposal of subsidiaries in 3Q2016 was due to the disposal of subsidiaries that owned the residential project, iLiv@Grange.

Gain on disposal of a joint venture company of $27.98 million in 3Q2017 came about from the disposal of Buildhome Pte. Ltd. ("Buildhome") which owned the residential project, The Lumos.

Finance expenses decreased to $8.93 million in 3Q2017 from $9.54 million in 3Q2016. This is mainly due to lower interest-bearing bank term loans as a result of the disposal of iLiv@Grange in 3Q2016.

Finance income decreased 10.2% to $2.68 million in 3Q2017 from $2.98 million in 3Q2016 mainly due to decrease in interest-bearing loans to associated companies.

Share of profits from associated companies/joint venture companies decreased by 27.6% to $7.98 million in 3Q2017 from $11.02 million in 3Q2016. This was mainly attributed to decrease in progressive profit recognition of residential projects, NEWest and KAP and KAP Residences after their completion in 4Q2016.

The Group recorded a $7.80 million fair value gain in 1H2017 from its investment properties, Tampines Mart and Woodgrove.

Taking into account the above factors, the Group recorded a net profit after tax of $40.39 million for 3Q2017, compared to a net loss after tax of $1.68 million recorded in 3Q2016.

Commentary on the Consolidated Balance Sheets

Fixed assets amounting to $137.17 million mainly comprised the following hotel properties (i) land site for hotel development in Brisbane, Australia; (ii) Hotel ibis Styles London Kensington in London, UK; (iii) ibis Budget Bradford in Bradford City, UK; (iv) ibis Hotel Gloucester in Gloucester City, UK; (v) Luma Concept Hotel London at Glenthorne Road, London, UK; and (vi) a newly acquired property in Manchester City, UK.

Investment properties increased from $170.05 million to $182.16 million in 3Q2017 mainly due to acquisition of investment properties at Parr Street, London, UK and recognition of fair value gain of $7.80 million on the Group's investment properties in 1H2017.

Amounts due from associated companies, joint venture companies and investee companies increased from $125.57 million to $158.26 million mainly due to loan to a joint venture company for purchase of property development land.

Non-current other receivables increased from $4.00 million to $22.00 million as the Group had subscribed to Notes of $18.00 million in Buildhome, which will be repayable in year 2020.

Development properties decreased from $106.79 million to $59.65 million in 3Q2017 due to sales of residential project, Onze@Tanjong

Trade receivables increased to $11.12 million from $794,000 mainly due to accrued receivables for sales proceeds from Onze@Tanjong Pagar as it obtained TOP in mid-January 2017.

Other receivables increased by $5.81 million from $20.80 million mainly due to deferred consideration of $5.80 million to be received from the disposal of Buildhome in 3Q2017.

Other payables increased by $4.39 million from $6.90 million in 3Q2017 mainly due to expansion and new UK hotels operation as well as accruals of bond interest which is payable in November 2017.

The $58.75 million bond issued in June 2014 was redeemed in June 2017. In May 2017, the Company issued a fixed rate 3-year bond of $75.00 million at coupon rate of 6.1% per annum. The bond will mature in May 2020.

Amounts due to non-controlling interests represents loans from non-controlling interests for various overseas projects.

Commentary on the Cash Flow Statements

Cash and cash equivalents increased by $3.12 million in 3Q2017 and can be attributed to the following major cash inflows and outflows during the period:

Cash inflows:
- net cash generated from operating activities of $34.05 million;
- net proceeds from bond issuance and redemption of $16.25 million; and
- proceeds from disposal of a joint venture company of $15.00 million.

Cash outflows:
- net loan to associated companies and joint venture companies of $34.21 million mainly for the purchase of land parcel at Woodleigh Lane for residential development;
- net cash outflow of $14.04 million for purchase of fixed assets comprising mainly the acquisition of a property in Manchester City and construction costs incurred for the development of Luma Concept Hotel London at Glenthorne Road, London, UK; and
- net repayment of bank loans of $12.25 million.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The actual results for the third quarter and nine months ended 30 September 2017 of the Group are in line with the statement made in paragraph 10 of the results announcement for the half year ended 30 June 2017.

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 -

Overall confidence in the local residential property market has increased after a prolonged period of weak sentiments. The Real Estate Sentiment Index (Resi)[1], which gives an overall indicator of the local property market sentiment, had a composite reading of 6.6 in the third quarter, an improvement from 6.1 in the second quarter.

The market continues to see a healthy volume of sales in both primary and secondary market. The unsold units was 17,200 as of 3Q2017, the lowest in the last 5 years. Additionally, the prices of private residential properties had increased for the first time since 4th Quarter 2013. According to the statistics released by Urban Redevelopment Authority on 27 October 2017, the prices of private residential properties increased by 0.7% in 3rd Quarter 2017, compared with the 0.1% decline in the previous quarter. The Group is cautiously optimistic about the outlook for the Singapore residential market.

On the property development front, the Group participated in two new local joint venture projects earlier this year. The Group will continue to seek suitable development projects in Singapore and beyond.

For our hospitality segment, the Group acquired one more property in Manchester City, UK during the quarter under review. Currently, the Group has a total of eight operating hotels in the United Kingdom, Japan, and Thailand. Five of these hotels are managed by Heeton's hospitality division. With this latest acquisition, there are three hotel developments in the pipeline. Going forward, the Group will continue to explore more opportunities to expand its recurring income base.

[1] The Index is jointly developed by the Real Estate Developers' Association of Singapore (Redas) and the Department of Real Estate at the National University of Singapore

11 Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect

Not applicable.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii)

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

14 Negative assurance on interim financial results

The board of directors hereby confirm that, to the best of its knowledge, nothing has come to its attention which may render the financial results for the nine months ended 30 September 2017 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Toh Giap Eng	Teng Heng Chew Eric
Executive Deputy Chairman	CEO & Executive Director
7 November 2017	