IMPORTANT NOTICE

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

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Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the securities, investors must not be (i) a U.S. person (as defined in Regulation S under the Securities Act (as defined below)) or (ii) located within the United States ("**U.S.**"). The attached information memorandum is being sent at your request and by accepting this e-mail and accessing the attached information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the United States nor a U.S. person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") nor are you acting on behalf of a U.S. person, the e-mail address that you gave us and to which 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 information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting this e-mail and accessing the attached information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor (as defined in the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**")), a relevant person (as defined in 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 therein. Any reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

The attached information memorandum has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Chip Eng Seng Corporation Ltd. and CES Treasury Pte. Ltd. (together, the "**Issuers**"), Chip Eng Seng Corporation Ltd., as guarantor (in such capacity, the "**Guarantor**"), DBS Bank Ltd. or any person who controls any of them nor any of their respective directors, officers, employees, agents, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the information memorandum distributed to you in electronic format and the hard copy version. A hard copy version will be provided to you upon request.

Restrictions: The attached 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.

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

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

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

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession the attached information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this 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 the attached 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 TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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

CHIP ENG SENG CORPORATION LTD.

(Incorporated in the Republic of Singapore on 23 October 1998)
(UEN/Company Registration No. 199805196H)

and

CES TREASURY PTE. LTD.

(Incorporated in the Republic of Singapore on 3 December 2018)
(UEN/Company Registration No. 201840683G)

S$750,000,000
Multicurrency Debt Issuance Programme
(the "Programme")
(in the case of Securities issued by CES Treasury Pte. Ltd.)
unconditionally and irrevocably guaranteed by Chip Eng Seng Corporation Ltd.

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "**Notes**") and perpetual securities (the "**Perpetual Securities**" and, together with the Notes, the "**Securities**") to be issued from time to time by Chip Eng Seng Corporation Ltd. and CES Treasury Pte. Ltd. (each an "**Issuer**" and together, the "**Issuers**") 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 any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the 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 or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, 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 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Any reference to the "**SFA**" is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

All sums payable in respect of the Securities issued from time to time by CES Treasury Pte. Ltd. are unconditionally and irrevocably guaranteed by Chip Eng Seng Corporation Ltd. (in such capacity, the "**Guarantor**").

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in connection with the Programme and application will be made for the listing and quotation of any Securities that may be issued under the Programme and which are agreed at or prior to the time of the issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Securities have been admitted for listing and quotation on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, 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 are not to be taken as an indication of the merits of the Issuers, the Guarantor, their respective subsidiaries (if any), their respective 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 Chip Eng Seng Corporation Ltd. and CES Treasury Pte. Ltd. (each an "**Issuer**" and together, the "**Issuers**") to arrange the Programme described herein. Under the Programme, each of the Issuers 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. The payment of all amounts payable in respect of the Securities issued by CES Treasury Pte. Ltd. will be unconditionally and irrevocably guaranteed by Chip Eng Seng Corporation Ltd. (in such capacity, the "**Guarantor**").

This Information Memorandum contains information with regard to the Issuers, the Guarantor, their respective subsidiaries (if any) and associated companies (if any), the Programme, the Securities and the Guarantee (as defined herein). Each of the Issuers and the Guarantor, having made all due and careful enquiries, confirms that this Information Memorandum contains all information which is material in the context of the Programme, the issue and offering of the Securities and the giving of the Guarantee, that the information contained herein is true and accurate in all material respects, that the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered, and that there are no other facts the omission of which in the context of the Programme or the issue and offering of the Securities and the giving of the Guarantee would or might make any such information or expressions of opinion, expectation or intention misleading in any material respect.

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

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 Relevant Issuer and the relevant Dealer(s). Subject to compliance with all relevant laws, regulations and directives, the Perpetual Securities may be subject to redemption or purchase in whole or in part. The Perpetual Securities may confer a right to receive distributions at a fixed or floating rate. Details applicable to each series or tranche of Perpetual Securities will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Securities to be issued, when added to the aggregate principal amount of all Securities outstanding (as defined in the Trust Deed referred to below) shall be S$750,000,000 (or its equivalent in any other currencies) or such increased amount in accordance with the terms of the Programme Agreement (as defined herein).

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

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

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

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

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the 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 either of the Issuers, the Guarantor or any of their respective subsidiaries (if any) or associated companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Arranger and the Dealer(s) have not separately verified the information contained in this Information Memorandum. None of the Arranger, any of the Dealer(s) 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, purchase or acquisition thereof, or the creditworthiness or financial condition or otherwise of either of the Issuers, the Guarantor or their respective subsidiaries (if any) or associated companies (if any). Further, none of the Arranger or any of the Dealer(s) makes any representation or warranty as to either of the Issuers, the Guarantor, their respective subsidiaries (if any) or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by either of the Issuers, the Guarantor, the Arranger or any of the Dealer(s) that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Securities or as to the merits of the Securities or the subscription for, purchase or acquisition thereof. 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 Issuers, the Guarantor and their respective subsidiaries (if any) 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 Issuers, the Guarantor and their respective subsidiaries (if any) and associated companies (if any). Accordingly, notwithstanding anything herein, none of the Issuers, the Guarantor, the Arranger, any of the Dealer(s) or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Securities by a recipient of this Information Memorandum or such other document or information (or such part thereof).

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

In connection with the issue of any tranche or series of Securities, one or more Dealer(s) 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, this Information Memorandum: (1) any annual reports, audited accounts (consolidated, if any) and/or publicly announced unaudited financial statements of the Issuers, the Guarantor and their respective subsidiaries (if any) and (2) any supplement or amendment to this Information Memorandum issued by the Issuers. This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any series or tranche of Securities, any Pricing Supplement in respect of such series or tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Issuing and Paying Agent (as defined herein). The Guarantor's latest annual report and the latest audited financial statements of the Group are incorporated into this Information Memorandum by reference and are available on the website of SGX-ST at "https://www.sgx.com".

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 Relevant Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Securities or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuers, the Guarantor, the Arranger or any of the Dealer(s)) lapse and cease to have any effect if (for any other reason whatsoever) the Securities are not issued by the Relevant Issuer pursuant to the Programme Agreement.

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

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Securities set out under the section "Subscription, Purchase and Distribution" on pages 198 and 204 of this Information Memorandum.

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

It is recommended that persons proposing to purchase or subscribe for any of the Securities consult their own legal and other advisers before purchasing or acquiring the Securities. Such persons are also advised to consult their own tax advisers concerning the tax consequences of the acquisition, ownership or disposal of the Securities.

Prospective investors should pay attention to the risk factors set out in the section on "Investment Considerations" including the risk factor headed "The outbreak of an infectious disease or the occurrence of any other serious public health concerns in the countries in which the Group operates and elsewhere could adversely impact the Group's business, financial condition, prospects and results of operations".

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

Unless otherwise stated in the Pricing Supplement in respect of any Securities, all Securities issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

EU Markets in Financial Instruments Directive II

The Pricing Supplement in respect of any Securities may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Securities and which channels for distribution of the Securities are appropriate. Any person subsequently offering, selling or recommending the Securities (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Securities is a manufacturer in respect of such Securities, but otherwise neither the Arranger nor the Dealer(s) nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK Markets in Financial Instruments Regulation

The Pricing Supplement in respect of any Securities may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Securities and which channels for distribution of the Securities are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Securities is a manufacturer in respect of such Securities, but otherwise neither the Arranger nor the Dealer(s) nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

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

If the Pricing Supplement in respect of any Securities includes a legend entitled "Prohibition of Sales to EEA 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 (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the 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.

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

If the Pricing Supplement in respect of any Securities includes a legend entitled "Prohibition of Sales to UK 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 United Kingdom (the "**UK**").

For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPS Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

FORWARD-LOOKING STATEMENTS

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

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

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

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

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue of any Securities by the Issuers shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the prospects, results of operations or general affairs of the Issuers, the Guarantor or any of their respective subsidiaries (if any) or associated companies (if any) or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

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

DEFINITIONS

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

"**1H**"	:	First half financial period ended 30 June.
"**1Q**"	:	First quarter financial period ended 31 March.
"**2Q**"	:	Second quarter financial period ended 30 June.
"**Agency Agreement**"	:	The agency agreement dated 18 October 2013 between (1) CES, as issuer, (2) the Issuing and Paying Agent, as issuing and paying agent, (3) the Agent Bank, as agent bank, (4) the Transfer Agent, as transfer agent, (5) the Registrar, as registrar, and (6) the Trustee, as trustee, as amended and restated by the amendment and restatement agency agreement dated 4 March 2019 made between (1) the Issuers, as issuers, (2) the Guarantor, as guarantor, (3) the Issuing and Paying Agent, as issuing and paying agent, (4) the Agent Bank, as agent bank, (5) the Transfer Agent, as transfer agent, (6) the Registrar, as registrar, and (7) the Trustee, as trustee, and as further amended, varied or supplemented from time to time.
"**Agent Bank**"	:	DBS Bank Ltd.
"**Arranger**"	:	DBS Bank Ltd.
"**BCA**"	:	Building and Construction Authority.
"**Bearer Securities**"	:	Securities in bearer form.
"**CDP**"	:	The Central Depository (Pte) Limited.
"**Certificate**"	:	A registered certificate representing one or more Registered Securities of the same Series and, save as provided in the terms and conditions of the Notes or the terms and conditions of the Perpetual Securities, comprising the entire holding by a holder of Registered Securities of that Series.
"**CES**"	:	Chip Eng Seng Corporation Ltd.
"**CES_Salcon**"	:	CES_Salcon Pte. Ltd. (formerly known as Boustead Salcon Water Solutions Pte. Ltd.).
"**CES_SDC**"	:	CES_SDC Pte. Ltd. (formerly known as Sembcorp Design and Construction Pte. Ltd.).
"**CES Contractors**"	:	Chip Eng Seng Contractors (1988) Pte Ltd.
"**CESE**"	:	CES Engineering & Construction Pte. Ltd.

"CESP"	:	CES-Precast Pte. Ltd.
"Companies Act"	:	Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
"Couponholders"	:	The holders of the Coupons.
"Coupons"	:	The bearer coupons appertaining to an interest or distribution bearing Bearer Security.
"CTPL"	:	CES Treasury Pte. Ltd.
"Dealers"	:	Persons appointed as dealers under the Programme.
"Definitive Security"	:	A definitive Bearer Security having, where appropriate, Coupons and/or a Talon attached on issue.
"EURIBOR"	:	The Euro Interbank Offered Rate.
"Extraordinary Resolution"	:	Has the meaning ascribed to it in the Trust Deed.
"FY"	:	Financial year ended or ending 31 December.
"GFA"	:	Gross floor area.
"Global Certificate"	:	A Certificate representing Registered Securities of one or more Tranches of the same Series that are registered in the name of, or in the name of a nominee of, (i) CDP (ii) a common depositary for Euroclear and/or Clearstream, Luxembourg and/or (iii) any other clearing system.
"Global Security"	:	A global Security representing Bearer Securities of one or more Tranches of the same Series, being a Temporary Global Security and/or, as the context may require, a Permanent Global Security, in each case without Coupons or a Talon.
"Group"	:	CES (whether as issuer or guarantor) and its subsidiaries.
"Guarantee"	:	The guarantee and indemnity of the Guarantor contained in the Trust Deed and shall, where the context so requires, mean either the Senior Guarantee or the Subordinated Guarantee.
"Guarantor"	:	Chip Eng Seng Corporation Ltd.
"HDB"	:	The Housing and Development Board.
"IRAS"	:	Inland Revenue Authority of Singapore.

“Issuers”	:	Chip Eng Seng Corporation Ltd. and CES Treasury Pte. Ltd. and “**Issuer**” means either of them.
“Issuing and Paying Agent”	:	DBS Bank Ltd.
“ITA”	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.
“Latest Practicable Date”	:	8 November 2021.
“LIBOR”	:	The London Interbank Offered Rate.
“LTA”	:	Land Transport Authority.
“MAS”	:	The Monetary Authority of Singapore.
“MOE”	:	The Ministry of Education.
“MOM”	:	The Ministry of Manpower.
“MYE”	:	Man-Year Entitlement.
“Noteholders”	:	The holders of the Notes.
“Notes”	:	The notes issued or to be issued by the Issuers under the Programme.
“Permanent Global Security”	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Security.
“Perpetual Securities”	:	The perpetual securities issued or to be issued by the Issuers under the Programme.
“Perpetual Securityholders”	:	The holders of the Perpetual Securities.
“PRC”	:	The People’s Republic of China.
“Pricing Supplement”	:	In relation to a Tranche or Series, a pricing supplement, to be read in conjunction with this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series.
“Principal Subsidiary”	:	Has the meaning ascribed to it in Condition 4 of the Notes.
“Programme”	:	The S$750,000,000 Multicurrency Debt Issuance Programme of the Issuers.

"**Programme Agreement**"	:	The programme agreement dated 18 October 2013 made between (1) CES, as issuer, (2) the Arranger, as arranger, and (3) DBS Bank Ltd., as dealer, as amended by the amendment and restatement programme agreement dated 4 March 2019 made between (1) the Issuers, as issuers, (2) the Guarantor, as guarantor, (3) the Arranger, as arranger, and (4) DBS Bank Ltd., as dealer, and as further amended, varied or supplemented from time to time.
"**PUB**"	:	Public Utilities Board.
"**Registered Securities**"	:	Securities in registered form.
"**Registrar**"	:	DBS Bank Ltd.
"**Relevant Issuer**"	:	In relation to any Tranche or Series, the Issuer which has concluded an agreement with the relevant Dealer(s) to issue, or which has issued, the Securities of that Tranche or Series.
"**SCAL**"	:	Singapore Contractors Association Limited.
"**Securities Act**"	:	Securities Act of 1933 of the United States, as amended or modified from time to time.
"**Securities**"	:	The Notes and the Perpetual Securities.
"**Securityholders**"	:	The Noteholders and the Perpetual Securityholders.
"**Senior Guarantee**"	:	The payment of all sums expressed to be payable by CTPL under the Trust Deed, the Notes, the Senior Perpetual Securities and the Coupons relating to them, unconditionally and irrevocably guaranteed by the Guarantor.
"**Senior Perpetual Securities**"	:	Perpetual Securities which are expressed to rank as senior obligations of the Relevant Issuer.
"**Series**"	:	(i) (in relation to Securities other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of (in the case of Notes other than variable rate Notes) interest or (in the case of Perpetual Securities) distribution and (ii) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest.
"**SFA**"	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.

“**SFRS(I)**”	:	Singapore Financial Reporting Standards (International).
“**SGX-ST**”	:	Singapore Exchange Securities Trading Limited.
“**Shares**”	:	Ordinary shares in the capital of CES or, as the case may be, CTPL.
“**SIBOR**”	:	The Singapore Interbank Offered Rate.
“**SOR**”	:	The Singapore Dollar Swap Offer Rate.
“**SORA**”	:	The Singapore Overnight Rate Average.
“**sq ft**”	:	Square feet.
“**Subordinated Guarantee**”	:	The payment of all sums expressed to be payable by CTPL under the Trust Deed, the Subordinated Perpetual Securities and the Coupons relating to them, unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor.
“**Subordinated Perpetual Securities**”	**:**	Perpetual Securities which are expressed to rank as subordinated obligations of the Relevant Issuer.
“**Talons**”	:	Talons for further Coupons.
“**Temporary Global Security**”	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series on issue.
“**Tranche**”	:	Securities which are identical in all respects (including as to listing).
“**Transfer Agent**”	:	DBS Bank Ltd.
“**Trust Deed**”	:	The trust deed dated 18 October 2013 made between (1) CES, as issuer, and (2) the Trustee, as trustee, as amended, varied and supplemented by the supplemental trust deed dated 30 September 2014 made between the same parties, as amended and restated by the amendment and restatement trust deed dated 4 March 2019 made between (1) the Issuers, as issuers, (2) the Guarantor, as guarantor, and (3) the Trustee, as trustee, and as further amended, varied or supplemented from time to time.
“**Trustee**”	:	DBS Trustee Limited.
“**United States**” or “**U.S.**”	:	United States of America.
“**WSHC**”	:	The Workplace Safety and Health Council.
“**%**”	:	Per cent.

"**A$**" or "**Australian Dollars**"	:	Australian dollars.
"**S$**" or "**SGD**" or "**Singapore Dollars**" and "**cents**"	:	Singapore dollars and cents respectively.

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

CORPORATE INFORMATION

CES

Board of Directors	:	Chen Huaidan @ Celine Tang Chia Lee Meng Raymond Tan Tee How Yam Ah Mee Abdul Jabbar Bin Karam Din Lock Wai Han Neo Boon Siong Low Teck Seng Yaacob Bin Ibrahim
Company Secretaries	:	Goh Gin Nee Toh Li Ping, Angela
Registered Office	:	171 Chin Swee Road #12-01 CES Centre Singapore 169877
Auditors to CES	:	Ernst & Young LLP One Raffles Quay North Tower Level 18 Singapore 048583

CTPL

Board of Directors	:	Chia Lee Meng Raymond Tan Tee How Law Cheong Yan
Company Secretary	:	Toh Li Ping, Angela
Registered Office	:	171 Chin Swee Road #12-01 CES Centre Singapore 169877
Auditors to CTPL	:	Ernst & Young LLP One Raffles Quay North Tower Level 18 Singapore 048583
Arranger of the Programme	:	DBS Bank Ltd. 12 Marina Boulevard, Level 42 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Advisers to the Arranger and the Trustee	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989

Legal Advisers to the Issuers and the Guarantor	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
Issuing and Paying Agent, Registrar, Transfer Agent, Agent Bank	:	DBS Bank Ltd. 10 Toh Guan Road #04-11 (Level 4B) DBS Asia Gateway Singapore 608838
Trustee for the Securityholders	:	DBS Trustee Limited 12 Marina Boulevard, Level 44 Marina Bay Financial Centre Tower 3 Singapore 018982

SUMMARY OF THE PROGRAMME

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

Issuers	:	Chip Eng Seng Corporation Ltd. CES Treasury Pte. Ltd.
Guarantor (in the case of Securities issued by CTPL)	:	Chip Eng Seng Corporation Ltd.
Arranger	:	DBS Bank Ltd.
Dealers	:	DBS Bank Ltd. and/or such other Dealers as may be appointed by the Relevant Issuer in accordance with the Programme Agreement.
Issuing and Paying Agent, Agent Bank, Transfer Agent and Registrar	:	DBS Bank Ltd.
Description	:	S$750,000,000 Multicurrency Debt Issuance Programme.
Programme Size	:	The maximum aggregate principal amount of the Securities outstanding at any time shall be S$750,000,000 (or its equivalent in other currencies) or such increased amount in accordance with the terms of the Programme Agreement.
Non-Disposal Clause	:	Each of the Issuers and the Guarantor has covenanted with the Trustee in the Trust Deed that so long as any of the Securities remains outstanding: (i) CTPL will not (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) sell, transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) all or substantially all of its assets nor of any part of its assets which, either alone or when aggregated with all other disposals required to be taken into account under this paragraph, is substantial in relation to the assets of the Group taken as a whole or the disposal of which (either alone or when so aggregated) is likely to have a material adverse effect on it or the Guarantor. Any disposal approved by the Trustee or by the Securityholders by way of an Extraordinary Resolution shall not be taken into account under this paragraph; and

(ii) CES will not, and will ensure that none of the Principal Subsidiaries will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) sell, transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) all or substantially all of its assets nor of any part of its assets which, either alone or when aggregated with all other disposals required to be taken into account under this paragraph, is substantial in relation to the assets of the Group taken as a whole or the disposal of which (either alone or when so aggregated) is likely to have a material adverse effect on it. The following disposals shall not be taken into account under this paragraph:

(A) disposals in the ordinary course of business on arm's length and normal commercial terms and as permitted by applicable laws and regulations;

(B) any disposal of assets which are obsolete, excess or no longer required for the purpose of its business;

(C) any disposal of shares in an entity in connection with the listing of securities of such entity, on arm's length and normal commercial terms and as permitted by applicable laws and regulations, provided that CES shall at all times thereafter beneficially own (directly or indirectly) at least 30 per cent. of the issued share capital for the time being of such entity;

(D) any disposal of assets from one Principal Subsidiary to CES or another Principal Subsidiary;

(E) any disposal of assets (a) which either alone or when aggregated with all other disposals required to be taken into account under this sub-paragraph (E) does not exceed 25 per cent. of the net assets of the Group, (b) which is made on an arm's length basis and on normal commercial terms, (c) which does not have a material adverse effect on the Group or (where the Relevant Issuer is CTPL) CTPL, and (d) where the net proceeds from such disposal (after deducting fees, expenses, transaction costs and taxes in connection with such disposal) shall within 365 days from the date of such disposal be reinvested in or redeployed to the business of the Group and/or used to permanently repay the debts owing by any member of the Group such that, on a consolidated basis, the total borrowings of the Group are reduced by the amount repaid (not being any debt which is (1) in respect of subordinated debt (whether expressed to be subordinated in the provisions of the Trust Deed or otherwise), and/or (2) in respect of any perpetual securities issued by any member of the Group); and

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

Shareholding Covenant	:	Each of Issuers and the Guarantor has covenanted with the Trustee in the Trust Deed that so long as any of the Securities remains outstanding, it will ensure that CES will at all times beneficially own (directly and indirectly) at least 40 per cent. of the issued share capital for the time being of CEL Development Pte. Ltd.

NOTES

Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore dollars or any other currency agreed between the Relevant Issuer, (where the Relevant Issuer is CTPL) the Guarantor and the relevant Dealer(s).
Method of Issue	:	Notes may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Notes may be issued at par or at a discount, or premium, to par.
Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Relevant Issuer, (where the Relevant Issuer is CTPL) the Guarantor and the relevant Dealer(s).
Final Redemption	:	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face.
Interest Basis	:	Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Relevant Issuer, (where the Relevant Issuer is CTPL) the Guarantor and the relevant Dealer(s) or may not bear interest.
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.

Floating Rate Notes	:	Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s)), as adjusted by any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Relevant Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s).
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the terms and conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Relevant Issuer and the relevant Dealer(s) prior to their issue.
Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Relevant Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Relevant Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S$ SIBOR or S$ SWAP RATE (or such other benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s)), as adjusted by any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Relevant Issuer and the relevant Dealer(s).
Zero Coupon Notes	:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.

Form and Denomination of Notes	:	The Notes will be issued in bearer form or registered form and in such denominations as may be agreed between the Relevant Issuer and the relevant Dealer(s). Each Tranche or Series of bearer Notes may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, as described therein, either for a Permanent Global Security or definitive Notes (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, as described therein, in whole (but not in part) for definitive Notes upon the terms therein. Each Tranche or Series of registered Notes will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system. Each Global Certificate may be exchanged, as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the terms and conditions of the Notes, a Certificate shall be issued in respect of each Noteholder's entire holding of registered Notes of one Series.
Custody of the Notes	:	Notes may be cleared through CDP, Euroclear and/or Clearstream, Luxembourg or such other clearing system as may be agreed between the Relevant Issuer and the relevant Dealer. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depositary on behalf of Euroclear and Clearstream, Luxembourg.
Status of the Notes and the Senior Guarantee	:	The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the Relevant Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Relevant Issuer. The obligations of the Guarantor under the Senior Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

Redemption and Purchase	:	If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Relevant Issuer and/or the holders of the Notes. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Relevant Issuer (either in whole or in part) prior to their stated maturity at the option of the Relevant Issuer and/or the holders of the Notes.
Redemption at Option of Noteholders upon Change of Control	:	If, for any reason, a Change of Control (as defined in Condition 6(e)(ii) of the Notes) occurs, the Relevant Issuer shall promptly give to the Trustee, the Issuing and Paying Agent and the Agent Bank notice of the occurrence of a Change of Control and shall, within seven days of such occurrence give notice to the Noteholders of the occurrence of such event (the "**Notice**") (provided that any failure by the Relevant Issuer to give such notice shall not prejudice any Noteholder of such option) and shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption, on the date falling 60 days from the date of the Notice (or if such date is not a business day, on the next day which is a business day).
Redemption at Option of Noteholders upon Cessation or Suspension of Trading of Shares	:	In the event that (1) the shares of CES cease to be traded on the SGX-ST or (2) trading in the shares of CES on the SGX-ST is suspended for a continuous period of more than seven days (other than by reason of holiday, statutory or otherwise), the Relevant Issuer shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount, together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date falling 45 days after (in the case of (1)) the date of cessation of trading or (in the case of (2)) the business day immediately following the expiry of such continuous period of seven days.
Negative Pledge	:	(i) CTPL has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not create or permit to be created any security over any of its assets, present or future save for any security which has been approved by the Trustee or the Noteholders by way of an Extraordinary Resolution.

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

(a) (1) any security over any asset existing as at the date of the Trust Deed and the existence of which has been disclosed in writing to the Trustee on or prior to the date of the Trust Deed, and (2) any subsequent security created over such asset for the purpose of refinancing any indebtedness secured by any such security provided that the amount secured by such subsequent security shall not at any time exceed 80 per cent. of the current market value of such asset at that time (as shown in the most recent valuation report prepared by an independent professional valuer and delivered by CES to the Trustee where the security involves real property);

(b) liens or rights of set-off arising by operation of law (or by an agreement evidencing the same) or in the ordinary course of business, in either case, in respect of indebtedness which either (1) has been due for less than 21 days (after any applicable binding grace period granted in writing) or (2) is being contested in good faith;

(c) (1) any security over any asset acquired and/or developed after the date of the Trust Deed (in the case of a development of such asset, including such asset which is in the process of being developed as at the date of the Trust Deed) for the sole purpose of financing the acquisition (including by way of acquisition of the shares in the company or entity owning (whether directly or indirectly) such assets) and/or development of such asset, and (2) any security over such asset in connection with the extension, refinancing or increase in the credit facilities secured by such asset, provided that, in each case, the amount secured by such security shall not at any time exceed 80 per cent. of the current market value of such asset acquired and/or developed at such time (as shown in the most recent valuation report prepared by an independent professional valuer and delivered by CES to the Trustee where the security involves real property);

(d) any security created over assets provided that the carried value of all assets of the Group secured at any time, as determined from the latest financial statements of the Group (other than security permitted under sub-paragraphs (a) to (c) above and sub-paragraph (e) below) shall not exceed in aggregate 15 per cent. of the Consolidated Tangible Net Worth (as defined in the Trust Deed) of the Group (or its equivalent in any other currency or currencies) at that time; and

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

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

(i) Consolidated Tangible Net Worth shall not at any time be less than S$400,000,000;

(ii) the ratio of Consolidated Net Debt (as defined in the Trust Deed) to Consolidated Total Equity (as defined in the Trust Deed) shall not at any time exceed 2.75:1; and

(iii) the ratio of Consolidated Secured Debt (as defined in the Trust Deed) to Consolidated Total Assets (as defined in the Trust Deed) shall not at any time be more than 0.7:1.

Events of Default : See Condition 10 of the Notes.

Taxation : All payments in respect of the Notes and the Coupons by the Relevant Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Relevant Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see Condition 8 of the Notes and the section on "Singapore Taxation" herein.

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

PERPETUAL SECURITIES

Currency	:	Subject to compliance with all relevant laws, regulations and directives, Perpetual Securities may be issued in Singapore dollars or any other currency agreed between the Relevant Issuer, (where the Relevant Issuer is CTPL) the Guarantor and the relevant Dealer(s).
Method of Issue	:	Perpetual Securities may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Perpetual Securities may be issued at par or at a discount, or premium, to par.
No Fixed Maturity	:	The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Relevant Issuer shall only have the right (but not the obligation) to redeem or purchase them in accordance with the provisions of the terms and conditions of the Perpetual Securities.
Distribution Basis	:	Perpetual Securities may confer a right to receive distribution at fixed or floating rates.

Fixed Rate Perpetual Securities	:	Fixed Rate Perpetual Securities will confer a right to receive distribution at a fixed rate which will be payable in arrear on specified dates. If so provided on the face of the Fixed Rate Perpetual Securities, the distribution rate may be reset on such dates and bases as may be set out in the applicable Pricing Supplement.
Floating Rate Perpetual Securities	:	Floating Rate Perpetual Securities which are denominated in Singapore dollars will confer a right to receive distribution at a rate to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s)), as adjusted by any applicable margin. Distribution periods in relation to the Floating Rate Perpetual Securities will be agreed between the Relevant Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Perpetual Securities which are denominated in other currencies will confer a right to receive distribution at a rate to be determined separately for each Series by reference to such other benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s).
Distribution Discretion	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Relevant Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice (an "**Optional Payment Notice**") to the Trustee and the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14 of the Perpetual Securities) not more than 15 nor less than five business days (or such other notice period as may be specified on the face of the Perpetual Security and the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date. If Dividend Pusher is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Relevant Issuer may not elect to defer any distribution if during the Reference Period (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following have occurred: (i) a dividend, distribution or other payment has been declared or paid on or in respect of any of: (1) the Relevant Issuer's Junior Obligations (as defined in the Conditions of the Perpetual Securities) or the Guarantor's Junior Obligations;

(2) If the Perpetual Security is a Senior Perpetual Security, (except on a *pro rata* basis) the Relevant Issuer's Senior Parity Obligations (as defined in the Conditions of the Perpetual Securities) or the Guarantor's Senior Parity Obligations; or

(3) if the Perpetual Security is a Subordinated Perpetual Security, (except on a *pro rata* basis) the Relevant Issuer's Parity Obligations (as defined in the Conditions of the Perpetual Securities) or the Guarantor's Parity Obligations; or

(ii) any of the following has been redeemed, reduced, cancelled, bought back or acquired for any consideration:

(1) the Relevant Issuer's Junior Obligations or the Guarantor's Junior Obligations;

(2) if the Perpetual Security is a Senior Perpetual Security, (except on a *pro rata* basis) the Relevant Issuer's Senior Parity Obligations or the Guarantor's Senior Parity Obligations; or

(3) if the Perpetual Security is a Subordinated Perpetual Security, (except on a *pro rata* basis) the Relevant Issuer's Parity Obligations or the Guarantor's Parity Obligations, and/or as otherwise specified in the applicable Pricing Supplement.

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

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

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

Restrictions in the case of Non-Payment : If Dividend Stopper is so provided on the face of the Perpetual Security and the relevant Pricing Supplement and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of Condition 4(IV) of the Perpetual Securities, the Relevant Issuer and the Guarantor shall not:

(i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on any of:

(a) the Relevant Issuer's Junior Obligations or the Guarantor's Junior Obligations;

(b) if the Perpetual Security is a Senior Perpetual Security, (except on a *pro rata* basis) the Relevant Issuer's Senior Parity Obligations or the Guarantor's Senior Parity Obligations; or

(c) if the Perpetual Security is a Subordinated Perpetual Security, (except on a *pro rata* basis) the Relevant Issuer's Parity Obligations or the Guarantor's Parity Obligations; or

(ii) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of:

(a) the Relevant Issuer's Junior Obligations or the Guarantor's Junior Obligations;

(b) if the Perpetual Security is a Senior Perpetual Security, (except on a *pro rata* basis) the Relevant Issuer's Senior Parity Obligations or the Guarantor's Senior Parity Obligations; or

(c) if the Perpetual Security is a Subordinated Perpetual Security, (except on a *pro rata* basis) the Relevant Issuer's Parity Obligations or the Guarantor's Parity Obligations,

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

Form and Denomination of Perpetual Securities	:	The Perpetual Securities will be issued in bearer form or registered form and in such denominations as may be agreed between the Relevant Issuer and the relevant Dealer(s). Each Tranche or Series of bearer Perpetual Securities may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, as described therein, either for a Permanent Global Security or definitive Perpetual Securities (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, as described therein, in whole (but not in part) for definitive Perpetual Securities upon the terms therein. Each Tranche or Series of registered Perpetual Securities will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system. Each Global Certificate may be exchanged, as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the terms and conditions of the Perpetual Securities, a Certificate shall be issued in respect of each Perpetual Securityholder's entire holding of registered Perpetual Securities of one Series.
Custody of the Perpetual Securities	:	Perpetual Securities may be cleared through CDP, Euroclear and/or Clearstream, Luxembourg or such other clearing system as may be agreed between the Relevant Issuer, where the Relevant Issuer is CTPL) the Guarantor and the relevant Dealer. Perpetual Securities which are to be cleared through CDP are required to be kept with CDP as authorised depository. Perpetual Securities which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depositary on behalf of Euroclear and/or Clearstream Luxembourg.
Status of the Senior Perpetual Securities and the Senior Guarantee	:	The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Relevant Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of such Issuer.

The obligations of the Guarantor under the Senior Guarantee relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

Status of the Subordinated Perpetual Securities and the Subordinated Guarantee	:	The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Relevant Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of such Issuer. The obligations of the Guarantor under the Subordinated Guarantee constitute direct, unconditional, subordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with any Parity Obligations of the Guarantor.
Subordination of Subordinated Perpetual Securities and the Subordinated Guarantee	:	Subject to the insolvency laws of Singapore and other applicable laws, in the event of the winding-up of the Relevant Issuer or (where the Relevant Issuer is CTPL) the Guarantor, the rights of the Perpetual Securityholders and Couponholders to payment of principal of and distribution on the Subordinated Perpetual Securities and the Coupons relating to them or, as the case may be, the Subordinated Guarantee are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Relevant Issuer or, as the case may be, the Guarantor but at least *pari passu* with all other subordinated obligations of the Relevant Issuer or, as the case may be, the Guarantor that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities or, as the case may be, the Subordinated Guarantee and in priority to the claims of shareholders of the Relevant Issuer or, as the case may be, the Guarantor and/or as otherwise specified in the applicable Pricing Supplement.

Set-off in relation to Subordinated Perpetual Securities and the Subordinated Guarantee	:	Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Relevant Issuer or (where the Relevant Issuer is CTPL) the Guarantor in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them or, as the case may be, the Subordinated Guarantee, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Relevant Issuer and the Guarantor. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Relevant Issuer or (where the Relevant Issuer is CTPL) the Guarantor in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them or, as the case may be, the Subordinated Guarantee is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Relevant Issuer or, as the case may be, the Guarantor (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Relevant Issuer or, as the case may be, the Guarantor) and, until such time as payment is made, shall hold such amount in trust for the Relevant Issuer or, as the case may be, the Guarantor (or the liquidator or, as appropriate, administrator of the Relevant Issuer or, as the case may be, the Guarantor) and accordingly any such discharge shall be deemed not to have taken place.
Redemption at the Option of the Issuer	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Relevant Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Relevant Issuer's Redemption Option Period shown on the face thereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) to (but excluding) the date fixed for redemption.

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

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

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

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

(ii) (A) the Relevant Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 7 of the Perpetual Securities, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement; and

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

Redemption for Accounting Reasons	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or any time prior to or after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards (International) issued by the Singapore Accounting Standards Council, as amended from time to time (the "**SFRS(I)**") or any other accounting standards that may replace SFRS(I) for the purposes of the consolidated financial statements of the Relevant Issuer (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of the Relevant Issuer pursuant to the Relevant Accounting Standard.
Redemption for Tax Deductibility	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if: (i) the Relevant Issuer satisfies the Trustee immediately before giving such notice that, as a result of: (A) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; (B) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or

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

payments by the Relevant Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, fully deductible by the Relevant Issuer for Singapore income tax purposes; or

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

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

Redemption upon a Change of Control : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), following the occurrence of a Change of Control.

Limited right to institute proceedings in relation to Perpetual Securities	:	The right to institute proceedings for winding-up of the Relevant Issuer and/or the Guarantor is limited to circumstances where payment under the Perpetual Securities has become due. In the case of any distribution, such distribution will not be due if the Relevant Issuer has elected not to pay that distribution in accordance with Condition 4(IV) of the Perpetual Securities.
Proceedings for Winding-Up	:	If (i) a final and effective order is made or an effective resolution is passed for the bankruptcy, winding-up, liquidation, receivership or similar proceedings of the Relevant Issuer and/or the Guarantor or (ii) the Relevant Issuer fails to make payment in respect of the Perpetual Securities, or the Guarantor fails to make payment in respect of the the Guarantee, on the date on which such payment is due and such failure continues for a period of three business days after the due date, the Relevant Issuer or, as the case may be, the Guarantor shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d) of the Perpetual Securities, institute proceedings for the winding-up of the Relevant Issuer or, as the case may be, the Guarantor and/or prove in the winding-up of the Relevant Issuer and/or claim in the liquidation of the Relevant Issuer and/or the Guarantor for such payment.
Taxation	:	All payments in respect of the Perpetual Securities and the Coupons by the Relevant Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Relevant Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see Condition 7 of the Perpetual Securities and the section on “Singapore Taxation” herein.
Listing	:	Each Series of the Perpetual Securities may, if so agreed between the Relevant Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Relevant Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained.

		If the application to the SGX-ST to list a particular Series of Perpetual Securities is approved, for so long as such Perpetual Securities are listed on the SGX-ST and the rules of the SGX-ST so require, such Perpetual Securities will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies).
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Perpetual Securities and the distribution of offering material relating to the Perpetual Securities, see the section on "Subscription, Purchase and Distribution" herein. Further restrictions may apply in connection with any particular Series or Tranche of Perpetual Securities.
Governing Law	:	The Programme and any Perpetual Securities issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

TERMS AND CONDITIONS OF THE NOTES

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

The Notes are constituted by a trust deed dated 18 October 2013 made between (1) Chip Eng Seng Corporation Ltd. ("**CESC**"), as issuer and (2) DBS Trustee Limited (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below) (as supplemented by the supplemental trust deed dated 30 September 2014 made between (1) CESC, as issuer, and (2) the Trustee, as trustee, as amended and restated by the amendment and restatement trust deed dated 4 March 2019 made between (1) CESC and CES Treasury Pte. Ltd. ("**CTPL**"), as issuers (each, an "**Issuer**" and together, the "**Issuers**"), (2) CESC, as guarantor (the "**Guarantor**"), and (3) the Trustee, as trustee, and as further amended, varied or supplemented from time to time, the "**Trust Deed**"), and (where applicable) the Notes are issued with the benefit of a deed of covenant dated 18 October 2013 executed by CESC (as supplemented by the first supplemental deed of covenant dated 8 May 2017 and a second supplemental deed of covenant dated 4 March 2019 and as further amended, varied or supplemented from time to time, the "**Deed of Covenant (CESC)**"), relating to the Notes issued by CESC and a deed of covenant dated 4 March 2019 executed by CTPL (as amended, varied or supplemented from time to time, the "**Deed of Covenant (CTPL)**" and together with the Deed of Covenant (CESC), the "**Deeds of Covenant**"), relating to the Notes issued by CTPL. These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. CESC has entered into an agency agreement dated 18 October 2013 made between (1) CESC, as issuer, (2) DBS Bank Ltd., as issuing and paying agent (in such capacity, the "**Issuing and Paying Agent**" and, together with any other paying agents that may be appointed, the "**Paying Agents**"), (3) DBS Bank Ltd., as agent bank (in such capacity, the "**Agent Bank**"), (4) DBS Bank Ltd., as transfer agent (and, together with any other transfer agents that may be appointed, the "**Transfer Agents**"), (5) DBS Bank Ltd., as registrar (in such capacity, the "**Registrar**"), and (6) the Trustee, as trustee for the Noteholders (as amended and restated by the amendment and restatement agency agreement dated 4 March 2019 made between (1) the Issuers, as issuers, (2) the Guarantor, as guarantor, (3) the Issuing and Paying Agent, as issuing and paying agent, (4) the Agent Bank, as agent bank, (5) the Transfer Agent, as transfer agent, (6) the Registrar, as registrar, and (7) the Trustee, as trustee, and as further amended, varied or supplemented from time to time, the "**Agency Agreement**"). The Noteholders and the holders (the "**Couponholders**") of the coupons (the "**Coupons**") appertaining to the interest-bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the relevant Deed of Covenant.

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

1. Form, Denomination and Title

(a) Form and Denomination

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

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

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

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

(b) Title

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

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

(iii) For so long as any of the Notes is represented by a Global Security or, as the case may be, a Global Certificate, and such Global Security or Global Certificate is held by a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") and/or The Central Depository (Pte) Limited (the "**Depository**"), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save for manifest error) shall be treated by the relevant Issuer, the Guarantor, the Issuing and Paying Agent, the Paying Agents, the Agent Bank, the Transfer Agents, the Registrar, all other agents of the relevant Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, interest and any other amounts in respect of the Notes, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the relevant Issuer, the Guarantor, the Issuing and Paying Agent, the Paying Agents, the Agent Bank, the Transfer Agents, the Registrar, all other agents of the relevant Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions

"**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by the Global Security or, as the case may be, the Global Certificate and held by Euroclear, Clearstream, Luxembourg and/or the Depository, will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository. For so long as any of the Notes is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or, as the case may be, such Global Certificate is held by the Depository, the record date for the purposes of determining entitlements to any payment of principal, interest and any other amounts in respect of the Note shall, unless otherwise specified by the relevant Issuer, be the date falling five business days prior to the relevant payment date (or such other date as may be prescribed by the Depository from time to time).

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

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

2. No Exchange of Notes and Transfers of Registered Notes

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

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

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

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

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

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

3. Status and Guarantee

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

(b) Guarantee

The payment of all sums expressed to be payable by CTPL under the Trust Deed, the Notes and the Coupons relating to them are unconditionally and irrevocably guaranteed by the Guarantor (the "**Senior Guarantee**"). The obligations of the Guarantor under the Senior Guarantee are contained in the Trust Deed. The obligations of the Guarantor under the Senior Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

4. Negative Pledge and Financial Covenants

(a) Negative Pledge

(i) CTPL has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not create or permit to be created any security over any of its assets, present or future save for any security which has been approved by the Trustee or the Noteholders by way of an Extraordinary Resolution (as defined in the Trust Deed).

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

(1) (A) any security over any asset existing as at the date of the Trust Deed and the existence of which has been disclosed in writing to the Trustee on or prior to the date of the Trust Deed, and (B) any subsequent security created over such asset for the purpose of refinancing any indebtedness secured by any such security provided that the amount secured by such subsequent security shall not at any time exceed 80 per cent. of the current market value of such asset at that time (as shown in the most recent valuation report prepared by an independent professional valuer and delivered by CESC to the Trustee where the security involves real property);

(2) liens or rights of set-off arising by operation of law (or by an agreement evidencing the same) or in the ordinary course of business, in either case, in respect of indebtedness which either (A) has been due for less than 21 days (after any applicable binding grace period granted in writing) or (B) is being contested in good faith;

(3) (A) any security over any asset acquired and/or developed after the date of the Trust Deed (in the case of a development of such asset, including such asset which is in the process of being developed as at the date of the Trust Deed) for the sole purpose of financing the acquisition (including by way of acquisition of the shares in the company or entity owning (whether directly or indirectly) such assets)

and/or development of such asset, and (B) any security over such asset in connection with the extension, refinancing or increase in the credit facilities secured by such asset, provided that, in each case, the amount secured by such security shall not at any time exceed 80 per cent. of the current market value of such asset acquired and/or developed at such time (as shown in the most recent valuation report prepared by an independent professional valuer and delivered by CESC to the Trustee where the security involves real property);

(4) any security created over assets provided that the carried value of all assets of the Group secured at any time, as determined from the latest financial statements of the Group (other than security permitted under sub-paragraphs (1) to (3) above and sub-paragraph (5) below) shall not exceed in aggregate 15 per cent. of the Consolidated Tangible Net Worth (as defined below) of the Group (or its equivalent in any other currency or currencies) at that time; and

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

For the purposes of these Conditions, "**Principal Subsidiary**" means, at any time, any subsidiary of CESC:

(aa) whose profit before tax, as shown by the accounts (consolidated in the case of a subsidiary which itself has subsidiaries) of such subsidiary, based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 15 per cent. of the profits before tax of the Group as shown by such audited consolidated accounts; or

(bb) whose net tangible assets, as shown by the accounts (consolidated in the case of a subsidiary which itself has subsidiaries) of such subsidiary, based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 15 per cent. of the net tangible assets of the Group as shown by such audited consolidated accounts,

Provided that if any such subsidiary (the "**transferor**") shall at any time transfer the whole or any part of its business, undertaking or assets to another subsidiary or CESC (the "**transferee**") then:

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

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

Any subsidiary which becomes a Principal Subsidiary by virtue of (I) above or which remains or becomes a Principal Subsidiary by virtue of (II) above shall continue to be a Principal Subsidiary until the earlier of:

(A) the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show profit before tax or, as the case may be, net tangible assets as shown by the accounts of such subsidiary (consolidated in the case of a subsidiary which itself has subsidiaries) based upon which such audited consolidated accounts have been prepared, to be less than 15 per cent. of the profit before tax or, as the case may be, the net tangible assets of the Group, as shown by such audited consolidated accounts, and

(B) a report by the Auditors (as defined in the Trust Deed) as described below which shows profit before tax or, as the case may be, net tangible assets of such subsidiary to be less than 15 per cent. of the profit before tax or, as the case may be, the net tangible assets of the Group, as shown by such report of the Auditors. A report by the Auditors, who shall also be responsible for producing any pro-forma accounts required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive; and

"**subsidiary**" has the meaning ascribed to it in the Trust Deed.

(b) Financial Covenants

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

(i) Consolidated Tangible Net Worth shall not at any time be less than S$400,000,000;

(ii) the ratio of Consolidated Net Debt to Consolidated Total Equity shall not at any time exceed 2.75:1; and

(iii) the ratio of Consolidated Secured Debt to Consolidated Total Assets shall not at any time be more than 0.7:1.

For the purposes of this Condition 4(b):

(1) "**Consolidated Net Debt**" means Consolidated Total Debt less (A) any cash being placed on deposit with banks and financial institutions and (B) liabilities incurred by CESC or any of its subsidiaries in respect of any guarantees or indemnities given to secure the indebtedness of CESC or such subsidiary (as the case may be) if the indebtedness guaranteed or indemnified as aforesaid are already included in such computation. For the avoidance of doubt, "Consolidated Net Debt" shall exclude all inter-company transactions between CESC and its subsidiaries;

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

(3) "**Consolidated Tangible Net Worth**" means the amount (expressed in Singapore dollars) for the time being, calculated in accordance with the Singapore Financial Reporting Standards (International), equal to the aggregate of (without double counting):

(A) the capital of CESC for the time being issued and paid up;

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

(C) the principal amount of the Perpetual Securities, to the extent that they are accounted for as "equity", all as shown in the then latest audited or unaudited consolidated balance sheet of the Group but after:

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

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

(cc) deducting:

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

(II) all goodwill and other intangible assets; and

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

(4) "**Consolidated Total Assets**" means, at any particular time, the consolidated amount of the book values of all the assets of the Group, determined as assets in accordance with the Singapore Financial Reporting Standards (International);

(5) "**Consolidated Total Debt**" means, in relation to the Group, an amount (expressed in Singapore dollars) for the time being, calculated on a consolidated basis, in accordance with the Singapore Financial Reporting Standards (International), equal to the aggregate of (without double counting):

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

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

(C) the liabilities of the Issuers under the Trust Deed or the Notes;

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

(E) any redeemable preference shares issued by any member of the Group; and

(6) "**Consolidated Total Equity**" means the amount (expressed in Singapore dollars) for the time being, calculated in accordance with the Singapore Financial Reporting Standards (International), equal to the aggregate of (without double counting):

(A) the amount paid up or credited as paid up on the issued share capital of CESC;

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

(C) the amount reflected as non-controlling interests of the Group on a consolidated basis, all as shown in the then latest audited or unaudited consolidated balance sheet of the Group but after:

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

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

(cc) deducting:

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

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

(7) "**Consolidated Total Liabilities**" means the aggregate of Consolidated Total Debt plus, insofar as not already taken into account, all other liabilities of the Group calculated in accordance with Singapore Financial Reporting Standards (International), including:

(A) current creditors, proposed dividends and other distributions to shareholders and taxation payable within 12 months;

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

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

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

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

(F) amounts standing to the credit of any deferred tax account or tax equalisation reserve,

provided that no liabilities shall be included in a calculation of Consolidated Total Liabilities more than once.

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

5. Interest and other Calculations

(I) Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

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

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

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

(b) Calculations

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

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

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

(a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its outstanding principal amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 5(II)(c)) in respect of any Variable Rate Note for any Interest Period relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

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

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

(b) Rate of Interest – Floating Rate Notes

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

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

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

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

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

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

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

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

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

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

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

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

(C) if on any Interest Determination Date, the Agent Bank is otherwise unable to determine the Rate of Interest under paragraph (b)(ii)(2)(B) above or if no agreement on the relevant authority is reached between the Agent Bank and the relevant Issuer under paragraph (b)(ii)(2)(B) above, the Rate of Interest shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date and as adjusted by the Spread (if any); and

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

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

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

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page,

in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date, and as adjusted by the Spread (if any);

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

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

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

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

(c) Rate of Interest – Variable Rate Notes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Definitions

As used in these Conditions:

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

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(III) Interest on Hybrid Notes

(a) Interest Rate and Accrual

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

(b) Fixed Rate Period

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

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

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

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

(c) Floating Rate Period

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

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

(iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) and the Agency Agreement to the Relevant Date.

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

(IV) Zero Coupon Notes

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

(V) Calculations

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

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

(b) Notification

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

(c) Determination or Calculation by the Trustee

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

(d) Agent Bank and Reference Banks

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

6. Redemption and Purchase

(a) Final Redemption

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

(b) Purchase at the Option of Issuer

If so provided hereon, the relevant Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the relevant Issuer accordingly. To exercise such option, the relevant Issuer shall give irrevocable notice to the Noteholders within the relevant Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the relevant Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

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

(c) Purchase at the Option of Noteholders

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

(ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the relevant Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the relevant Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying

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

(d) Redemption at the Option of the Issuer

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

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

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

(e) Redemption at the Option of Noteholders

(i) If so provided hereon, the relevant Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice (an "**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar, any other Transfer Agent or the relevant Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face hereof. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the relevant Issuer.

(ii) If, for any reason, a Change of Control occurs, the relevant Issuer shall promptly give to the Trustee, the Issuing and Paying Agent and the Agent Bank notice of the occurrence of a Change of Control and shall, within seven days of such occurrence give notice to the Noteholders of the occurrence of such event (the "**Notice**") (provided that any failure by the relevant Issuer to give such notice shall not prejudice any Noteholder of such option) and shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption, on the date falling 60 days from the date of the Notice (or if such date is not a business day, on the next day which is a business day). To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed Exercise Notice in the form obtainable from any Paying Agent, the Registrar, any other Transfer Agent or the relevant Issuer (as applicable), no later than 21 days from the date of the Notice. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the relevant Issuer.

For the purposes of this Condition 6(e)(ii):

(1) a "**Change of Control**" means (A) a change in shareholding of CESC on any date which results in Mr Gordon Tang @ Tang Yigang @ Gordon Tang and Mrs Celine Tang @ Chen Huaidan @ Celine Tang and their respective Immediate Family Members (together, the "**Controlling Shareholders**") ceasing to collectively own in aggregate direct or deemed interest of at least 20 per cent. of the issued share capital for the time being of CESC, and/or (B) any person or persons acting in concert (other than the Controlling Shareholders) acquiring ownership of direct or deemed interest of 30 per cent. or more in aggregate of the issued share capital for the time being of CESC; and

(2) "**Immediate Family Members**" means, in respect of a person, the spouse, parents, children and siblings of such person.

(iii) In the event that (1) the shares of CESC cease to be traded on the SGX-ST or (2) trading in the shares of CESC on the SGX-ST is suspended for a continuous period of more than seven days (other than by reason of holiday, statutory or otherwise), the relevant Issuer shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount, together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date falling 45 days after (in the case of (1)) the date of cessation of trading or (in the case of (2)) the business day immediately following the expiry of such continuous period of seven days (in either case, the "**Effective Date**"). The relevant Issuer shall within seven days after the Effective Date, give notice to the Trustee, the Issuing and Paying Agent or, as the case may be, the Registrar and the Noteholders of the occurrence of the event specified in this paragraph (e)(iii) (provided that any failure by the relevant Issuer to give such notice shall not prejudice any Noteholder of such option). To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed Exercise Notice in the form obtainable from any Paying Agent, the Registrar, any other Transfer Agent or the relevant Issuer (as applicable) not later than 21 days after the Effective Date. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the relevant Issuer.

(f) Redemption for Taxation Reasons

If so provided hereon, the Notes may be redeemed at the option of the relevant Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 6(h) below) (together with interest accrued to the date fixed for redemption), if (i) the relevant Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the relevant Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the relevant Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(f), the relevant Issuer shall deliver to the Trustee and the Issuing and Paying Agent a certificate signed by a director or a duly authorised officer of the relevant Issuer or, as the case may be, the Guarantor stating that the relevant Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the relevant Issuer so to redeem have occurred, and an opinion of independent legal, tax or any other professional advisers of recognised standing to the effect that the relevant Issuer or, as the case may be, the Guarantor has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) Purchases

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

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

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

(h) Early Redemption of Zero Coupon Notes

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

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

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

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

(i) Cancellation

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

7. Payments

(a) Principal and Interest in respect of Bearer Notes

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

(b) Principal and Interest in respect of Registered Notes

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

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

(c) Payments subject to law etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(d) Appointment of Agents

The Issuing and Paying Agent, the Paying Agent, the Transfer Agent and the Registrar initially appointed by the Issuers and the Guarantor and their respective specified offices are listed below. The relevant Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, any Transfer Agent, the Registrar or the Agent Bank and to appoint additional or other Paying Agents or Transfer Agents; provided that it will at all times maintain (i) an Issuing and Paying Agent having a specified office in Singapore, (ii) a Transfer Agent in relation to Registered Notes, having a specified office in Singapore and (iii) a Registrar in relation to Registered Notes, having a specified office in Singapore.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders within the period specified in the Agency Agreement in accordance with Condition 16.

The Agency Agreement may be amended by the Issuers, the Guarantor, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee, without the consent of any holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuers, the Guarantor, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Issuers, the Guarantor, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee, materially prejudice the interests of the holders.

(e) Unmatured Coupons and unexchanged Talons

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

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

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

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

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

(f) Talons

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

(g) Non-business days

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

(h) Default Interest

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

8. Taxation

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

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

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

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

9. Prescription

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

10. Events of Default

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

(a) the relevant Issuer or the Guarantor does not pay any sum payable by it under any of the Notes or the Issue Documents (as defined in the Trust Deed) when due and such default continues for a period of three business days after the due date;

(b) the relevant Issuer or the Guarantor does not perform or comply with any one or more of its respective obligations (other than the payment obligation of the relevant Issuer or the Guarantor referred to in paragraph (a)) under any of the Issue Documents or any of the Notes and, if in the opinion of the Trustee, that default is capable of remedy, it is not in the opinion of the Trustee remedied within 21 days of the earlier of (i) the date of the written notice from the Trustee to the relevant Issuer or the Guarantor requiring the same to be remedied and (ii) the relevant Issuer or the Guarantor becoming aware of the failure to perform or comply;

(c) any representation, warranty or statement by the relevant Issuer or the Guarantor in any of the Issue Documents or any of the Notes or in any document delivered under any of the Issue Documents or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and, if in the opinion of the Trustee, the event resulting in such non-compliance or incorrect representation, warranty or statement is capable of remedy, it is not in the opinion of the Trustee remedied within 21 days of the earlier of (i) the date of the written notice from the Trustee to the relevant Issuer or the Guarantor requiring the same to be remedied and (ii) the relevant Issuer or the Guarantor becoming aware of such non-compliance or incorrectness;

(d) (where the relevant Issuer is CTPL) the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect;

(e) (i) any other indebtedness of the relevant Issuer, the Guarantor or any of the Principal Subsidiaries in respect of borrowed money is or is declared to be or is capable of being rendered due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (however described) or is not paid when due or, as a result of any actual or potential default, event of default or the like (however described) any facility relating to any such indebtedness is or is declared to be or is capable of being cancelled or terminated before its normal expiry date or any person otherwise entitled to use any such facility is not so entitled; or

(ii) the relevant Issuer, the Guarantor or any of the Principal Subsidiaries fails to pay when properly called upon to do so any guarantee of indebtedness for borrowed moneys,

provided however that no Event of Default will occur under this paragraph (e) unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned in this paragraph (e) has or have occurred equals or exceeds S$15,000,000 or its equivalent in other currency(ies);

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

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

(h) any security on or over the whole or any material part of the assets of the relevant Issuer, the Guarantor or any of the Principal Subsidiaries becomes enforceable;

(i) any step is taken by any person with a view to the winding-up of the relevant Issuer, the Guarantor or any of the Principal Subsidiaries (except, in the case of a Principal Subsidiary only, where such winding-up does not involve insolvency and results in such Principal Subsidiary being able to pay all its creditors in full) or for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer of the relevant Issuer, the Guarantor or any of the Principal Subsidiaries or over the whole or any material part of the assets of the relevant Issuer, the Guarantor or any of the Principal Subsidiaries;

(j) the relevant Issuer, the Guarantor or any of the Principal Subsidiaries ceases or threatens to cease to carry on all or any part of its business (save as permitted by Clause 17.30 of the Trust Deed) or (otherwise than in the ordinary course of its business) disposes or threatens to dispose of the whole or any material part of its property or assets (in each case, otherwise than for the purposes of a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee or the Noteholders by way of an Extraordinary Resolution before that step is taken or save as permitted by Clause 17.29 of the Trust Deed);

(k) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any material part of the assets of the relevant Issuer, the Guarantor or any of the Principal Subsidiaries;

(l) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 16.3 of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable);

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

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

(o) any litigation, arbitration or administrative proceeding (other than those of a frivolous or vexatious nature and which are discharged within 30 days of its commencement) against the relevant Issuer, the Guarantor or any of the Principal Subsidiaries is current or pending (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the relevant Issuer or the Guarantor under any of the Issue Documents or any of the Notes or (ii) which has or would have a material adverse effect on the relevant Issuer or the Guarantor;

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

(q) the relevant Issuer, the Guarantor or any of the Principal Subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act.

11. Enforcement of Rights

At any time after an Event of Default shall have occurred or after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the relevant Issuer or the Guarantor as it may think fit to enforce repayment of the Notes, together with accrued interest, and to enforce the provisions of the Issue Documents, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded by the Noteholders to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the relevant Issuer or the Guarantor unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

12. Meeting of Noteholders and Modifications

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

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

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

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

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

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

13. Replacement of Notes, Certificates, Coupons and Talons

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

14. Further Issues

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

15. Indemnification of the Trustee

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

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

16. Notices

Notices to the holders of Registered Notes shall be valid if mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Notes will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. In the case where the shares in CESC are listed on the SGX-ST or where the Notes are listed on the SGX-ST, notice to the holders of such Notes shall also be valid if made by way of an announcement on the SGX-ST. Any such notice shall be deemed to have been given to the Noteholders on the date on which the said notice was uploaded as an announcement on the SGX-ST.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition 16.

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

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

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

17. Governing Law and Jurisdiction

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

(b) The courts of Singapore are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Coupons or Talons or the Guarantee and accordingly any legal action or proceedings arising out of or in connection with the Notes, Coupons, Talons or the Guarantee may be brought in such courts. Each of the Issuers and the Guarantor has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

18. Contracts (Rights of Third Parties) Act

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

TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

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

The Perpetual Securities are constituted by a trust deed dated 18 October 2013 made between (1) Chip Eng Seng Corporation Ltd. ("**CESC**"), as issuer and (2) DBS Trustee Limited (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Perpetual Securityholders (as defined below) (as supplemented by the supplemental trust deed dated 30 September 2014 made between (1) CESC, as issuer, and (2) the Trustee, as trustee, as amended and restated by the amendment and restatement trust deed dated 4 March 2019 made between (1) CESC and CES Treasury Pte. Ltd. ("**CTPL**"), as issuers (each, an "**Issuer**" and together, the "**Issuers**"), (2) CESC, as guarantor (the "**Guarantor**"), and (3) the Trustee, as trustee, and as further amended, varied or supplemented from time to time, the "**Trust Deed**"), and (where applicable) the Perpetual Securities are issued with the benefit of a deed of covenant dated 18 October 2013 executed by CESC (as supplemented by the first supplemental deed of covenant dated 8 May 2017 and a second supplemental deed of covenant dated 4 March 2019 and as further amended, varied or supplemented from time to time, the "**Deed of Covenant (CESC)**"), relating to the Perpetual Securities issued by CESC and a deed of covenant dated 4 March 2019 executed by CTPL (as amended, varied or supplemented from time to time, the "**Deed of Covenant (CTPL)**" and together with the Deed of Covenant (CESC), the "**Deeds of Covenant**"), relating to the Notes issued by CTPL. These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Perpetual Securities, Certificates, Coupons and Talons referred to below. CESC has entered into an agency agreement dated 18 October 2013 made between (1) CESC, as issuer, (2) DBS Bank Ltd., as issuing and paying agent (in such capacity, the "**Issuing and Paying Agent**" and, together with any other paying agents that may be appointed, the "**Paying Agents**"), (3) DBS Bank Ltd., as agent bank (in such capacity, the "**Agent Bank**"), (4) DBS Bank Ltd., as transfer agent (and, together with any other transfer agents that may be appointed, the "**Transfer Agents**"), (5) DBS Bank Ltd., as registrar (in such capacity, the "**Registrar**"), and (6) the Trustee, as trustee for the Perpetual Securityholders (as amended and restated by the amendment and restatement agency agreement dated 4 March 2019 made between (1) the Issuers, as issuers, (2) the Guarantor, as guarantor, (3) the Issuing and Paying Agent, as issuing and paying agent, (4) the Agent Bank, as agent bank, (5) the Transfer Agent, as transfer agent, (6) the Registrar, as registrar, and (7) the Trustee, as trustee, and as further amended, varied or supplemented from time to time, the "**Agency Agreement**"). The Perpetual Securityholders and the holders (the "**Couponholders**") of the distribution coupons (the "**Coupons**") relating to the Perpetual Securities in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the "**Talons**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the relevant Deed of Covenant.

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

1. Form, Denomination and Title

(a) Form and Denomination

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

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

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

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

(b) Title

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

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

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

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

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

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

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

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

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

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

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

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

3. Status and Guarantee

(a) Senior Perpetual Securities: This Condition 3(a) applies to Perpetual Securities that are Senior Perpetual Securities (being the Perpetual Securities that specify their status as senior in the applicable Pricing Supplement).

(i) Status of Senior Perpetual Securities

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

(ii) Guarantee of Senior Perpetual Securities

The payment of all sums expressed to be payable by CTPL under the Trust Deed, the Senior Perpetual Securities and the Coupons relating to them are unconditionally and irrevocably guaranteed by the Guarantor (the "**Senior Guarantee**"). The obligations of the Guarantor under the Senior Guarantee are contained in the Trust Deed. The obligations of the Guarantor under the Senior Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

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

(i) Status of Subordinated Perpetual Securities

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

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

(ii) Ranking of claims on winding-up – relevant Issuer

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

(iii) Set-off – relevant Issuer

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

(iv) Guarantee of Subordinated Perpetual Securities

The payment of all sums expressed to be payable by CTPL under the Subordinated Perpetual Securities and the Coupons relating to them are unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor (the "**Subordinated Guarantee**"). The obligations of the Guarantor under the Subordinated Guarantee are contained in the Trust Deed. The obligations of the Guarantor under the Subordinated Guarantee constitute direct, unconditional, subordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with any Parity Obligations of the Guarantor.

(v) **Ranking of claims on winding-up – Guarantor**

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

(vi) **Set-off – Guarantor**

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

4. Distributions and other Calculations

(I) Distribution on Fixed Rate Perpetual Securities

(a) Distribution Rate and Accrual

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

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

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

(b) Distribution Rate

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

(i) (if no Reset Date is specified in the applicable Pricing Supplement) the rate shown on the face of such Perpetual Security; and

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

Provided always that in the event that a Change of Control has occurred, so long as the relevant Issuer has not already redeemed the Perpetual Securities in accordance with Condition 5(g), the then prevailing Distribution Rate (including, for the avoidance of doubt, the Reset Distribution Rate, as applicable) shall be increased by the Change of Control Margin with effect from, and including the Distribution Payment Date immediately following the date on which the Change of Control occurred (or, if the Change of Control occurs on or after the date which is two business days prior to the immediately following Distribution Payment Date, the next following Distribution Payment Date).

For the purpose of these Conditions:

(i) a "**Change of Control**" means (1) a change in shareholding of CESC on any date which results in Mr Gordon Tang @ Tang Yigang @ Gordon Tang and Mrs Celine Tang @ Chen Huaidan @ Celine Tang and their respective Immediate Family Members (together, the "**Controlling Shareholders**") ceasing to collectively own in aggregate direct or deemed interest of at least 20 per cent. of the issued share capital for the time being of CESC, and/or (2) any person or persons acting in concert (other than the Controlling Shareholders) acquiring ownership of direct or deemed interest of 30 per cent. or more in aggregate of the issued share capital for the time being of CESC;

(ii) "**Immediate Family Members**" means, in respect of a person, the spouse, parents, children and siblings of such person;

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

(iv) "**Swap Offer Rate**" means:

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

(2) if on the Reset Determination Date, there is no swap offer rate published by the Association of Banks in Singapore (or such other equivalent body), the Agent Bank will determine the swap offer rate for such Reset Period (determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates (excluding the highest and the lowest rates) which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" and the column headed "SGD SOR" (or if the Agent Bank determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Agent Bank after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on each of the five consecutive business days prior to and ending on the Reset Determination Date);

(3) if on the Reset Determination Date, rates are not available on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" and the column headed "SGD SOR" (or if the Agent Bank determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Agent Bank after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on one or more of the said five consecutive business days, the swap offer rate will be the rate per annum notified by the Agent Bank to the relevant Issuer equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates which are available in such five-consecutive-business-day period or, if only one rate is available in such five-consecutive-business-day period, such rate; and

(4) if on the Reset Determination Date, no rate is available on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" and the column headed "SGD SOR" (or if the Agent Bank determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Agent Bank after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business in such five-consecutive-business-day period, the Agent Bank will request the principal Singapore offices of the Reference Banks to provide the Agent Bank with quotation(s) of their swap offer rates for a period equivalent to the duration of the Reset Period at the close of business on the Reset Determination Date. The swap offer rate for such Reset Period shall be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of such offered quotations, as determined by the Agent Bank or, if only one of the Reference Banks provides the Agent Bank with such quotation, such rate quoted by that Reference Bank.

(c) Calculation of Reset Distribution Rate and Distribution Rate

The Agent Bank will, on the second business day prior to each Reset Date and (if a Change of Control has occurred) the Distribution Payment Date immediately following the date on which the Change of Control occurred or, as the case may be, the next following Distribution Payment Date, determine the applicable Reset Distribution Rate or, as the case may be, the applicable Distribution Rate payable in respect of each Perpetual Security. The determination of any rate, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

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

The Agent Bank will cause the applicable Reset Distribution Rate or (if a Change of Control has occurred) the applicable Distribution Rate to be notified to the Issuing and Paying Agent, the Trustee and the relevant Issuer and the Guarantor as soon as possible after its determination but in no event later than the fourth business day thereafter. The Agent Bank shall also cause notice of the then applicable Reset Distribution Rate or (if a Change of Control has occurred) the applicable Distribution Rate to be notified to the Perpetual Securityholders in accordance with Condition 14 as soon as possible after determination thereof.

(e) Determination or Calculation by Trustee

If the Agent Bank does not at any material time determine or calculate the applicable Reset Distribution Rate or, as the case may be, the applicable Distribution Rate, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition 4(I), with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(f) Calculations

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

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

(II) Distribution on Floating Rate Perpetual Securities

(a) Distribution Payment Dates

Each Floating Rate Perpetual Security confers a right to receive distribution on its outstanding principal amount from the Distribution Commencement Date in respect thereof and as shown on the face of such Perpetual Security, and such distribution will be payable in arrear on each distribution payment date ("**Distribution Payment Date**"). Such

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

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

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

(b) Rate of Distribution – Floating Rate Perpetual Securities

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

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

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

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

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

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

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

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

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

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

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

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

(C) if on any Distribution Determination Date, the Agent Bank is otherwise unable to determine the Rate of Distribution under paragraph (b)(ii)(2)(B) above or if no agreement on the relevant authority is reached between the Agent Bank and the relevant Issuer under paragraph (b)(ii)(2)(B) above, the Rate of Distribution shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about 11.00 a.m. (Singapore time) on the first business day following such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Agent Bank with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Distribution Determination Date and as adjusted by the Spread (if any); and

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

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

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

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Distribution Determination Date, and as adjusted by the Spread (if any);

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

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

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

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

(c) Definitions

As used in these Conditions:

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

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(III) Calculations

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

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

(b) Notification

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

(c) Determination or Calculation by the Trustee

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

(d) Agent Bank and Reference Banks

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

(IV) Distribution Discretion

(a) Optional Payment

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

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

(i) a dividend, distribution or other payment has been declared or paid on or in respect of any of:

(1) the relevant Issuer's Junior Obligations or the Guarantor's Junior Obligations;

(2) if this Perpetual Security is a Senior Perpetual Security, (except on a *pro rata* basis) the relevant Issuer's Senior Parity Obligations or the Guarantor's Senior Parity Obligations; or

(3) if this Perpetual Security is a Subordinated Perpetual Security, (except on a *pro rata* basis) the relevant Issuer's Parity Obligations or the Guarantor's Parity Obligations; or

(ii) any of the following has been redeemed, reduced, cancelled, bought back or acquired for any consideration:

(1) the relevant Issuer's Junior Obligations or the Guarantor's Junior Obligations;

(2) if this Perpetual Security is a Senior Perpetual Security, (except on a *pro rata* basis) the relevant Issuer's Senior Parity Obligations or the Guarantor's Senior Parity Obligations; or

(3) if this Perpetual Security is a Subordinated Perpetual Security, (except on a *pro rata* basis) the relevant Issuer's Parity Obligations or the Guarantor's Parity Obligations,

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

In these Conditions:

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

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

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

(b) No obligation to pay

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

(c) Non-Cumulative Deferral and Cumulative Deferral

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

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

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

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

(d) Restrictions in the case of Non-Payment

If Dividend Stopper is set out hereon and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of this Condition 4(IV), the relevant Issuer and the Guarantor shall not:

(i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on any of:

(1) the relevant Issuer's Junior Obligations or the Guarantor's Junior Obligations;

(2) if this Perpetual Security is a Senior Perpetual Security, (except on a *pro rata* basis) the relevant Issuer's Senior Parity Obligations or the Guarantor's Senior Parity Obligations; or

(3) if this Perpetual Security is a Subordinated Perpetual Security, (except on a *pro rata* basis) the relevant Issuer's Parity Obligations or the Guarantor's Parity Obligations; or

(ii) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of:

(1) the relevant Issuer's Junior Obligations or the Guarantor's Junior Obligations;

(2) if this Perpetual Security is a Senior Perpetual Security, (except on a pro rata basis) the relevant Issuer's Senior Parity Obligations or the Guarantor's Senior Parity Obligations; or

(3) if this Perpetual Security is a Subordinated Perpetual Security, (except on a *pro rata* basis) the relevant Issuer's Parity Obligations or the Guarantor's Parity Obligations,

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

(e) Satisfaction of Optional Distribution or Arrears of Distribution

The relevant Issuer:

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

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

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

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

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

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

(f) No default

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

5. Redemption and Purchase

(a) No Fixed Redemption Date

The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the relevant Issuer shall (subject to the provisions of Condition 3 and without prejudice to Condition 9) only have the right (but not the obligation) to redeem or purchase them in accordance with the following provisions of this Condition 5.

(b) Redemption at the Option of the Issuer

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

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

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

(c) Redemption for Taxation Reasons

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

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

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

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

(ii) (A) the relevant Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and

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

Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the relevant Issuer shall deliver to the Trustee and the Issuing and Paying Agent a certificate signed by a director or a duly authorised officer of the relevant Issuer or, as the case may be, the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the relevant Issuer so to redeem have occurred, and an opinion of independent legal, tax or any other professional advisers of recognised standing to the effect that the relevant Issuer or, as the case may be, the Guarantor has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(d) Redemption for Accounting Reasons

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

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

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

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

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

(e) Redemption for Tax Deductibility

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

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

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

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

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

payments by the relevant Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, fully deductible by the relevant Issuer for Singapore income tax purposes; or

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

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

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

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

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

(f) Redemption in the case of Minimal Outstanding Amount

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

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

(g) Redemption upon a Change of Control

If so provided hereon, the Perpetual Securities may be redeemed at the option of the relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), following the occurrence of a Change of Control. The relevant Issuer shall promptly give to the Trustee, the Issuing and Paying Agent and the Agent Bank notice of the occurrence of a Change of Control and shall, within seven days of the occurrence of a Change of Control, give notice to the Perpetual Securityholders of such occurrence (provided that any failure by the relevant Issuer to give such notice of occurrence shall not prejudice the relevant Issuer's option to redeem under this Condition 5(g)).

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

(h) Purchases

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

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

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

(i) Cancellation

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

6. Payments

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

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

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

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

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

(c) Payments subject to law etc.

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

(d) Appointment of Agents

The Issuing and Paying Agent, the Paying Agent, the Transfer Agent and the Registrar initially appointed by the Issuers and the Guarantor and their respective specified offices are listed below. The relevant Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, any Transfer Agent, the Registrar or the Agent Bank and to appoint additional or other Paying Agents or Transfer Agents; provided that it will at all times maintain (i) an Issuing and Paying Agent having a specified office in Singapore, (ii) a Transfer Agent in relation to Registered Perpetual Securities, having a specified office in Singapore and (iii) a Registrar in relation to Registered Perpetual Securities, having a specified office in Singapore.

Notice of any such change or any change of any specified office will promptly be given to the Perpetual Securityholders within the period specified in the Agency Agreement in accordance with Condition 14.

The Agency Agreement may be amended by the Issuers, the Guarantor, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee, without the consent of any holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuers, the Guarantor, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Issuers, the Guarantor, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee, materially prejudice the interests of the holders.

(e) Unmatured Coupons and unexchanged Talons

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

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

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

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

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

(f) Talons

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

(g) Non-business days

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

7. Taxation

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

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

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

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

8. Prescription

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

9. Non-payment

(a) Non-payment when due

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

(b) Proceedings for Winding-Up

If (i) a final and effective order is made or an effective resolution is passed for the bankruptcy, winding-up, liquidation, receivership or similar proceedings of the relevant Issuer and/or the Guarantor or (ii) the relevant Issuer fails to make payment in respect of the Perpetual Securities, or the Guarantor fails to make payment in respect of the Guarantee, on the date on which such payment is due and such failure continues for a period of three business days after the due date (together, the "**Enforcement Events**"), the relevant Issuer or, as the case may be, the Guarantor shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d), institute proceedings for the winding-up of the relevant Issuer and/or prove in the winding-up of the relevant Issuer and/or the Guarantor and/or claim in the liquidation of the relevant Issuer and/or the Guarantor for such payment.

(c) Enforcement

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

(d) Entitlement of Trustee

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

(e) Right of Perpetual Securityholders or Couponholder

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

(f) Extent of Perpetual Securityholders' remedy

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

10. Meeting of Perpetual Securityholders and Modifications

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

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

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

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

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

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

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

12. Further Issues

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

13. Indemnification of the Trustee

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

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

14. Notices

Notices to the holders of Registered Perpetual Securities shall be valid if mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Perpetual Securities will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Perpetual Securities can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. In the case where the shares in CESC are listed on the SGX-ST or where the Perpetual Securities are listed on the SGX-ST, notice to the holders of such Perpetual Securities shall also be valid if made by way of an announcement on the SGX-ST. Any such notice shall be deemed to have been given to the Securityholders on the date on which the said notice was uploaded as an announcement on the SGX-ST.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Perpetual Securities in accordance with this Condition 14.

Until such time as any Definitive Securities (as defined in the Trust Deed) or Certificates are issued, there may, so long as the Global Security(ies) or Global Certificate(s) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the Depository) the Depository for communication by it to the Perpetual Securityholders, except that if the Perpetual Securities are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be published in accordance with the first paragraph above. Any such notice shall be deemed to have been given to the Perpetual Securityholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

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

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

15. Governing Law and Jurisdiction

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

(b) The courts of Singapore are to have jurisdiction to settle any disputes that may arise out of or in connection with any Perpetual Securities, Coupons or Talons or the Guarantee and accordingly any legal action or proceedings arising out of or in connection with the Perpetual Securities, Coupons, Talons or the Guarantee may be brought in such courts. Each of the Issuers and the Guarantor has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

16. Contracts (Rights of Third Parties) Act

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

CES TREASURY PTE. LTD.

1. Introduction

CTPL was incorporated as a private company with limited liability in Singapore on 3 December 2018. The registered office of CTPL is 171 Chin Swee Road, #12-01 CES Centre, Singapore 169877. It is a wholly-owned subsidiary of CES and it has no subsidiaries.

2. Business Activity

The principal business activity of CTPL is the provision of financial and treasury services to the Group.

3. Capital Structure

The paid-up share capital of CTPL is S$400,000 consisting of 400,000 ordinary shares.

4. Directors and Secretary of CTPL

The directors of CTPL are:

- Chia Lee Meng Raymond;
- Tan Tee How; and
- Law Cheong Yan.

The secretary of CTPL is Toh Li Ping, Angela.

CHIP ENG SENG CORPORATION LTD.

1. Introduction

(a) Overview

CES was incorporated in Singapore on 23 October 1998 under the Companies Act as a private limited company under the name "Chip Eng Seng Corporation Pte Ltd". It was subsequently converted into a public limited company and changed its name to "Chip Eng Seng Corporation Ltd." on 3 November 1999. It has been listed on the Main Board of the SGX-ST since 24 November 1999.

CES, together with its subsidiaries, is an established homegrown property development and construction group in Singapore. The principal activities of the Group are (i) property development, (ii) construction, (iii) hospitality, (iv) property investment, and (v) education. The Group's operations are also geographically diversified in the Asia Pacific region, with a key focus on Singapore, and strategic presences in Australia, Maldives, Hong Kong SAR, Malaysia, the PRC, Vietnam, New Zealand and Cambodia.

The Group conducts its property development business through its wholly-owned subsidiary, CEL Development Pte. Ltd. ("**CEL**"), which is responsible for evaluating and acquiring potential sites and projects for the Group's development and investment. The Group engages in the development of quality residential, industrial, commercial and mixed-use projects. Since 2002, the Group has ventured beyond Singapore by acquiring and developing sites in Australia for residential projects and mixed-use projects with a residential component. Over the years, the Group has established joint ventures with several foreign funds and also collaborated with established developers (such as KSH Holdings Limited and Heeton Holdings Limited) to develop large-scale residential projects in Singapore such as High Park Residences (the Group's most sizeable development project to date in terms of number of units) and Park Colonial. More recently, the Group partnered SingHaiyi Group Ltd and Chuan Investments Pte. Ltd. in successfully tendering for the enbloc acquisition of the property in Singapore known as Maxwell House. Completion of the acquisition took place on 10 November 2021 and the parties will undertake the redevelopment of the said property into a commercial and residential mixed-use development.

In respect of the Group's construction division, its general building and civil engineering business is conducted through two wholly-owned subsidiaries, Chip Eng Seng Contractors (1988) Pte Ltd ("**CES Contractors**") and CES Engineering & Construction Pte. Ltd. ("**CESE**"). Both CES Contractors and CESE are engaged in building construction activities in the public sector (mainly for public housing projects) and private projects such as condominiums, executive condominiums as well as industrial and commercial projects. Over the years, the Group's construction business segment has broadened its spectrum from building works for public and private residential projects to include the production of precast and prefabricated prefinished volumetric construction ("**PPVC**") building components. The Group further extended the footprint of its construction business by acquiring a design and build construction service provider specialising in civil, industrial and utilities infrastructure projects, and a fully integrated engineering, procurement, construction and maintenance contractor whose capabilities include the design, engineering, supply and commissioning of water and wastewater treatment technologies and solutions.

The Group first ventured into the hospitality sector in 2015 with the opening of its maiden hotel in Singapore, Park Hotel Alexandra. Since then, the Group has grown its portfolio, with hospitality assets comprising Park Hotel Alexandra in Singapore, Grand Park Kodhipparu Resort in Maldives, and The Sebel Mandurah Hotel and the Grosvenor Hotel Adelaide (previously branded as Mercure & Ibis Styles) in Australia. The Group has also acquired another property in Adelaide, Australia, which will be re-developed into a new hotel, and a lagoon in North Malé Atoll, Maldives which will be developed into a five-star resort.

The Group's property investment business comprises a diverse spread of income-producing properties such as commercial and industrial properties in Singapore, Australia and New Zealand. The investment properties are held by the Group for rental income and long-term capital appreciation.

To further diversify the Group's business and income base, the Group expanded its business into the education sector in 2018. The holding company for the Group's education business segment is now known as Sing-Ed Global Schoolhouse Pte. Ltd. (previously CES Education Pte. Ltd.), to reflect the Singapore core of the education business and at the same time, the positioning and branding of the business as an education provider with global aspirations. The Group's education business now has geographical presence in Singapore, Malaysia, the PRC, Hong Kong SAR, Cambodia and Thailand. The scope of the Group's education business ranges from operating pre-schools, K-12 international schools and enrichment centres to investments in education technology companies.

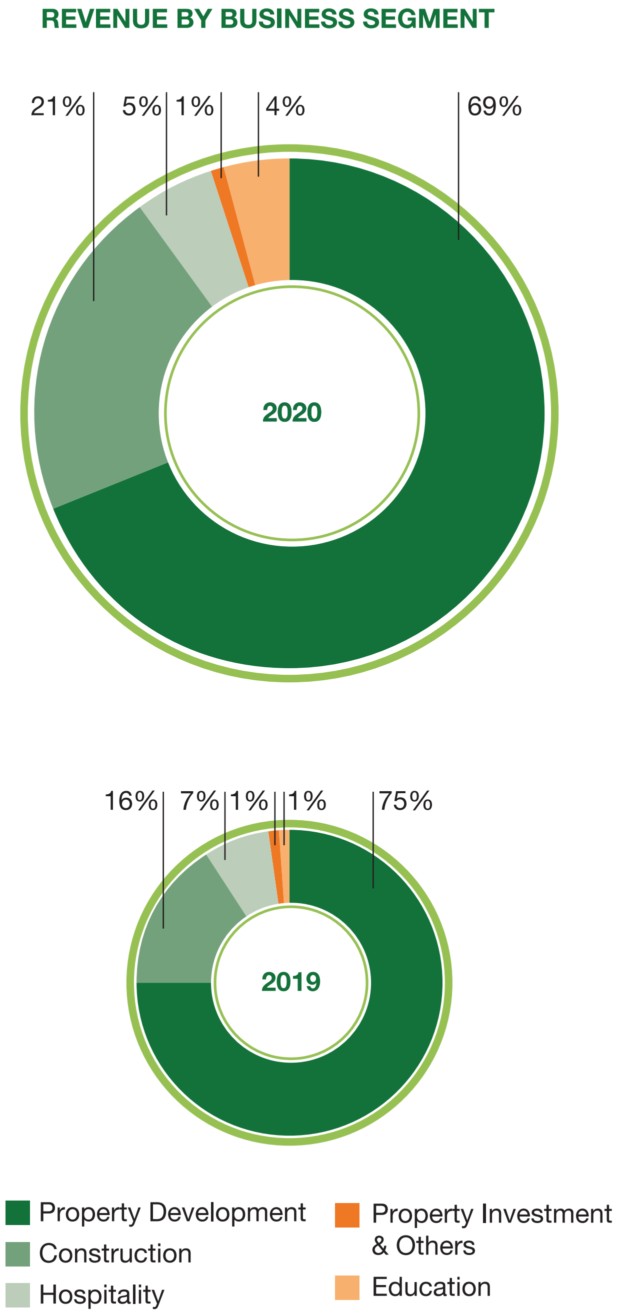
CES' market capitalisation is approximately S$333 million as at the Latest Practicable Date.

The registered office and principal place of business of CES is 171 Chin Swee Road, #12-01 CES Centre, Singapore 169877.

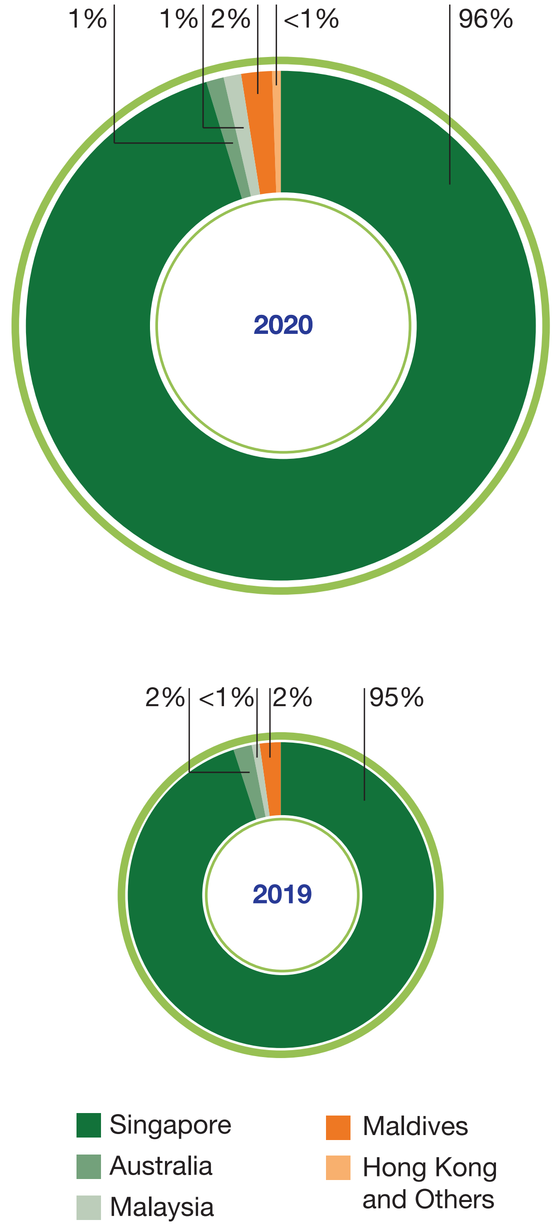
(b) Breakdown of Revenue

The following shows the breakdown of revenue between the Group's business segments and between its geographical segments for FY 2019 and FY 2020:

(i) *Revenue by Business Segment*

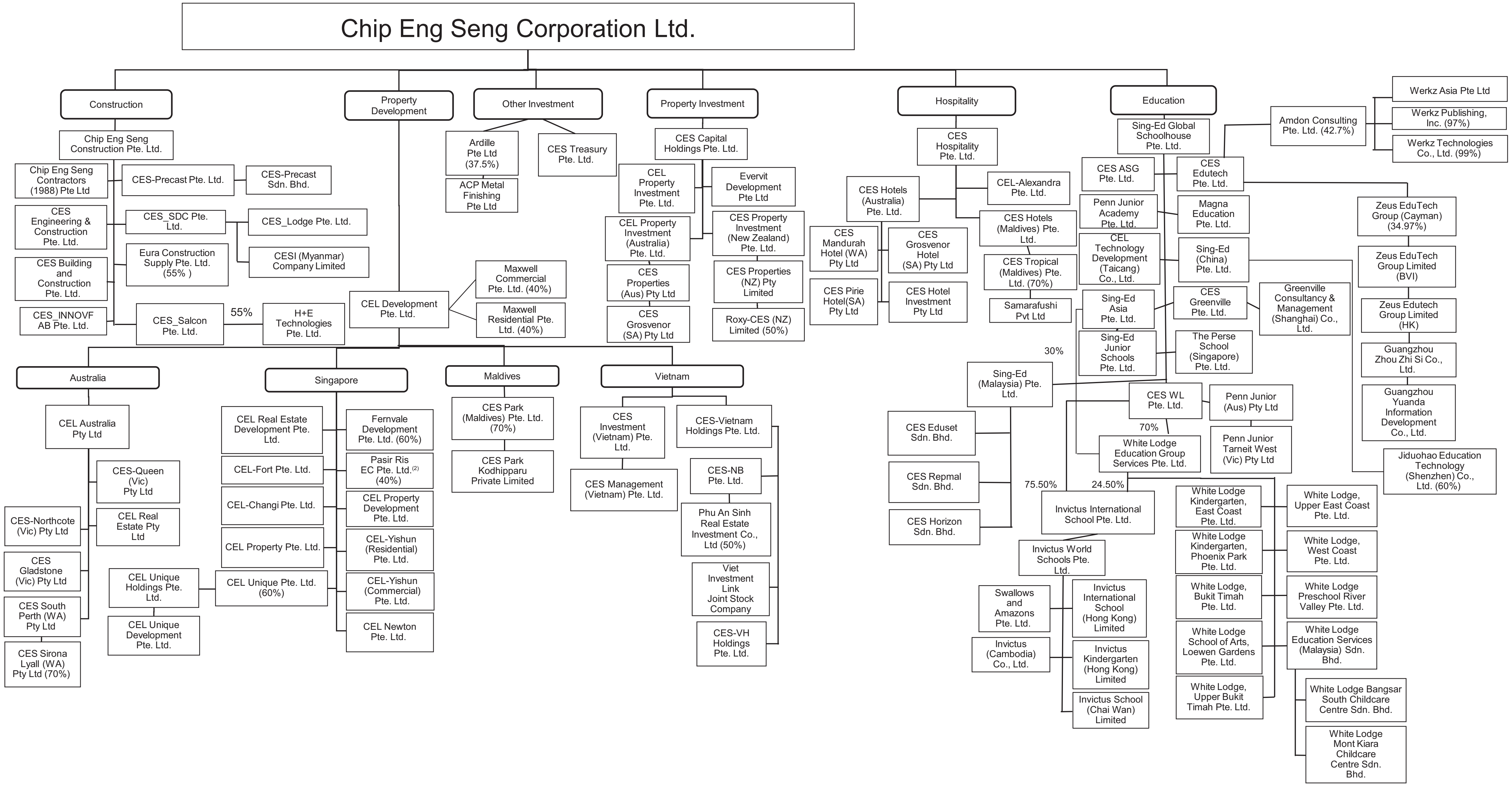


(ii) *Revenue by Geographical Segment*



2. Corporate Structure

The corporate structure of the Group as at the Latest Practicable Date is as follows:



Notes:

(1) The entities are wholly owned unless otherwise stated.

(2) In the process of liquidation/deregistration.

3. Principal Business Activities

(a) Property Development

CEL was incorporated on 8 September 1983 and is the holding company for the Group's property development division. It is responsible for evaluating and acquiring potential sites and projects for the Group's development and investment. The Group engages in the development of quality residential, industrial, commercial and mixed-use projects. Since 2002, the Group has ventured beyond Singapore by acquiring and developing sites in Australia for residential projects and mixed-use projects with a residential component.

As part of the Group's broader strategy, the Group entered into joint ventures with reputable foreign funds during its early years of inception to develop private condominiums such as The Parc Condominium, CityVista Residences and Grange Infinite, which helped raise the profile of the Group. The Group also collaborated with established developers (such as KSH Holdings Limited and Heeton Holdings Limited) to develop large-scale residential projects such as High Park Residences (the Group's most sizeable development project to date in terms of number of units) and Park Colonial. More recently in May 2021, the Group partnered SingHaiyi Group Ltd and Chuan Investments Pte. Ltd. in successfully tendering for the enbloc acquisition of the property in Singapore known as Maxwell House. Completion of the acquisition took place on 10 November 2021 and the parties will undertake the redevelopment of the said property into a commercial and residential mixed use development.

As a testament to the Group's established track record, the Group has several development projects which are either ongoing or in the pipeline. In October 2017, the Group successfully tendered for the enbloc acquisition of the property known as Changi Garden, which is located at the junction of Upper Changi Road North and Jalan Mariam (the "**Changi Garden Property**"). The Changi Garden Property has a freehold tenure, a site area of approximately 200,092 sq ft and a maximum allowable GFA of approximately 280,131 sq ft. In May 2019, the Group launched this development for sale as Parc Komo (the residential component which will comprise a five-storey residential condominium yielding 276 residential units) and Komo Shoppes (the commercial component which will comprise two storeys).

In November 2017, the Group entered into a joint venture with Sirona Lyall Street Pty Ltd to acquire two adjoining properties located at 31 Labouchere Road and 24 Lyall Street, South Perth, Western Australia (the "**South Perth Properties**"). The South Perth Properties have a freehold tenure and an aggregate site area of approximately 21,959 sq ft. The South Perth Properties have since been launched as 28 Lyall, a mixed-use development comprising residential apartments with a commercial podium.

In December 2017, the Group entered into a proposed investment in a real estate development project known as "Soai Kinh Lam Apartment – Commerce Centre", which is in relation to the development and construction of a commercial centre and residential apartments for sale and/or lease on a site situated at Ward 14, District 5, Ho Chi Minh City, Vietnam (the "**Soai Kinh Lam Project**"). Upon the completion of the proposed investment, it is intended that CES will have an effective interest of 60% in the Soai Kinh Lam Project. The site, which has a freehold tenure, is situated in Soai Kinh Lam of District 5, which is known as the Chinatown of Ho Chi Minh City. It is intended that two residential tower blocks of 17 and 30 levels, a five-storey commercial centre, and two basement levels will be built on the site. The site has a land area of approximately 51,979 sq ft, with an estimated total GFA of approximately 538,200 sq ft. Construction of the foundation and the basement level in respect of the Soai Kinh Lam Project has been completed. As at the date of this Information Memorandum, the Group has an effective equity interest of 20% in the Soai Kinh Lam Project (held through Phu An Sinh Real Estate Investment Company Limited pursuant to a pledge agreement), and the proposed investment is still ongoing.

In January 2019, the Group was awarded the tender for the land parcel at Kampong Java Road/Makeway Avenue (the "**Kampong Java Site**") by the Urban Redevelopment Authority. The Kampong Java Site has a lease term of 99 years comprising approximately 125,328 sq ft of land area with a maximum permissible GFA of approximately 350,917 sq ft. This development has since been launched as Kopar at Newton, a condominium project with 378 units.

In May 2021, the Group partnered SingHaiyi Group Ltd and Chuan Investments Pte. Ltd. in successfully tendering for the enbloc acquisition of the property in Singapore known as Maxwell House. Completion of the acquisition of the property took place on 10 November 2021. Presently, Maxwell House is a 13-storey commercial development comprising 145 strata units and located at 20 Maxwell Road, which is in the Central Business District of Singapore. Maxwell House has a 99-year tenure starting from 2 June 1969. The Singapore Land Authority has given its in-principle no objection to recommend to the Government of Singapore to issue a fresh 99-year lease for the property. Maxwell House has a land area of 41,799 sq ft and is currently zoned "commercial" with a plot ratio of 4.3. The parties intend to seek approval from the Urban Redevelopment Authority to redevelop Maxwell House into a "Commercial and Residential" mixed-use development with a gross plot ratio of at least 5.6 and GFA of at least 234,077 sq ft, for which the commercial component will be up to 20% of the total GFA.

(i) *Completed Development Projects*

Some of the Group's major development projects that have been completed in the last five years as at the Latest Practicable Date are set out below:

Project Name and Location	**Type of Development**	**No. of Units**	**Group's Effective Equity Interest (%)**	**Approximate GFA (sq ft)**	**Year of Completion**
Singapore					
Grandeur Park Residences at Bedok South Avenue 3	Condominium and retail outlets	722	100	606,560	2020
High Park Residences at Fernvale Road	Condominium, strata landed houses and retail outlets	1,399	60	1,208,360	2019
Australia					
Williamsons Estate at Williamsons Road, Doncaster, Victoria	Townhouses	104	100	199,339	2018
Willow Apartments at Williamsons Road, Doncaster, Victoria	Apartments	64	100	89,524	2018

(ii) *Ongoing Development Projects*

The Group's ongoing development projects as at the Latest Practicable Date are as set out below:

Project Name and Location	Type of Development	No. of Units	Percentage sold as at the Latest Practicable Date[1] (%)	Group's Effective Equity Interest (%)	Approximate GFA (sq ft)	Year of Completion/ Expected Year of Completion
Singapore						
Park Colonial at Woodleigh Lane	Condominium	805	100	60	694,333	2021
Kopar at Newton at Kampong Java Road/Makeway Avenue	Condominium	378	58	100	125,328	2023
Parc Komo at Upper Changi Road North	Condominium	276	80	100	200,092	2023
Australia						
28 Lyall South Perth	Residential apartments with a commercial podium	110	50	70	21,959	2024

Note:

(1) Based on (in the case of Singapore) options to purchase issued, (in the case of Australia) expressions of interest issued, and contracts signed.

(iii) *Development Projects in the Pipeline*

The Group's development projects in the pipeline as at the Latest Practicable Date are as follows:

Location	Approximate Site Area (sq ft)	Type of Development	Tenure	Group's Effective Equity Interest (%)
Singapore				
Maxwell House	41,800	Mixed commercial and residential development	99 years	40
Australia				
Separation Street, Northcote, Victoria	192,213	Residential development	Freehold	100
Vietnam				
Soai Kinh Lam Project at Ward 14, District 5, Ho Chi Minh City, Vietnam	51,979	Mixed commercial and residential development	Freehold	20[1]

Note:

(1) This is held through Phu An Sinh Real Estate Investment Company Limited pursuant to a pledge agreement between the Group and Phu An Sinh Real Estate Investment Company Limited.

(b) Construction

(i) *Building Works*

The Group conducts its general building and civil engineering business through two wholly-owned subsidiaries, CES Contractors and CESE, which were incorporated in Singapore on 15 July 1988 and 11 September 2007 respectively. Both CES Contractors and CESE are engaged in building construction activities in the public sector (mainly for public housing projects) and private projects such as condominiums, executive condominiums as well as industrial and commercial projects.

The Group has an established track record in constructing public housing, private condominiums, mixed-use developments, landed residential properties, shophouses, institutional and industrial buildings over the years. As at the Latest Practicable Date, the Group has been awarded HDB projects worth over S$4.1 billion since CES was listed on the Main Board of the SGX-ST. The Group's total construction order book is approximately S$1.49 billion as at 30 September 2021.

As testament to their established operating track records, both CES Contractors and CESE have consistently achieved A1 classifications as general building contractors. This classification tier – the highest awarded by the BCA – allows a contractor to tender for public sector projects that have an unlimited contract value. Additionally, CES Contractors and CESE have been awarded A2 and B2 gradings respectively as civil engineering contractors, which allow them to tender for public sector projects valued at up to S$95 million and S$15 million respectively.

Completed Building Works Projects

Some of the Group's major housing construction projects that have been completed in the last five years as at the Latest Practicable Date are as follows:

Project Name	Description	Contract Value (S$' million)	Year of Completion
Toa Payoh Bidadari Contract 6 and Contract 7	1,594 HDB flats	191.9	2021
Precinct A: Yishun Ring Road/Avenue 5 Blocks 101, 103 and 106 Precinct B: Yishun Ring Road/Street 61 Blocks 613 to 622, 624 to 631 Precinct C: Yishun Street 61 Blocks 632 to 641, 633A, 636A, 637A and 640A	Design and build of upgrading projects	20.8	2021
Grandeur Park Residences at Bedok South Avenue 3	720-unit condominium with 2 retail outlets	141.1	2020
Tampines Neighbourhood 6 Contract 1A/1B	1,943 HDB flats	258.0	2018
Woodlands Neighbourhood 1 Contract 26 and 27	1,746 HDB flats	232.8	2018
Sembawang Neighbourhood 1 Contract 10	1,220 HDB flats	165.0	2017
Bukit Batok Neighbourhood 1 Contract 13 and Neighbourhood 2 Contract 23	1,232 HDB flats	210.0	2017

Ongoing Building Works Projects

Some of the Group's major building works projects that are ongoing as at the Latest Practicable Date are as follows:

Project Name	Description	Project Owner	Contract Value (S$' million)	Year of Commencement of Project	Expected Year of Completion
Toa Payoh Bidadari Contract 8 and Contract 9	1,000 HDB flats	HDB	110.8	2017	2022
Sengkang Neighbourhood 4 Contract 39 and 40	Design and build public housing contract	HDB	168.1	2018	2023
Parc Komo and Komo Shoppes at Upper Changi Road North	Parc Komo: Condominium with 276 residential units Komo Shoppes: Commercial component which will comprise two storeys (28 strata units)	CEL Real Estate Development Pte. Ltd.	71.9	2019	2023
Tampines Neighbourhood 8 Contract 31	Building works of 6 blocks of residential buildings, connecting linkways and linkbridges, a multi-storey car park, precinct pavilions, a roof garden and a childcare centre	HDB	98.7	2020	2023
Design and Build of Upgrading Projects for G29G	Upgrading projects for the following precincts: Precinct A: Serangoon Ave 1/Central, Blocks 401 to 414 Precinct B: Serangoon Ave 1/Central, Blocks 415 to 427 Precinct C: Lengkong Tiga, Blocks 101 to 116 Precinct D: Ubi Ave 1, Blocks 301, 302, 304, 305 & 306	HDB	32.9	2020	2023
Pasir Ris Neighbourhood 5 Contract 26 & 27	Construction of ten blocks, with a single-storey car park, single-storey commercial facilities, two precinct pavilions, three electrical substations and communal facilities	HDB	244.8	2021	2025

CES also announced on 29 September 2021 that CESE has been appointed by the HDB as the replacement main contractor for the remaining building works to be undertaken for the Build-To-Order housing project at Marsiling Grove in Woodlands.

(ii) *Pre-cast Concrete Works and PPVC*

The Group's pre-cast concrete business works and PPVC businesses are carried out by CES' wholly-owned subsidiary, CESP. CESP is registered with the BCA under the registration head, CR10B "Precast Concrete Works" and Financial Category L6 that permits it to bid for public sector prefabrication contracts of unlimited tender sums. In October 2020, CESP also qualified as an Approved Materials Supplier for HDB projects.

In addition to supplying pre-cast components to CES Contractors and CESE, CESP also undertakes projects for other main contractors of residential, commercial and industrial buildings as well as public infrastructure projects.

CESP produces its precast and PPVC components primarily from the following two locations:

- a 538,196 sq ft precast plant in Johor Bahru, Malaysia (the "**Senai Plant**"). The Senai Plant was set up in 2010; and

- an industrial facility in Tech Park Crescent, Singapore (the "**Tech Park Crescent Facility**"), which has a GFA of approximately 85,764 sq ft. The Tech Park Crescent Facility was acquired in September 2020 to complement the Senai Plant in order to bolster CESP's capacity to produce precast and PPVC building components to meet the growing demand for such components.

CESP's increased production capabilities will correspondingly increase its capacity to tender for a greater volume of public sector projects of larger scale, to supply more precast and PPVC components to the Group's building and infrastructure construction businesses, and undertake additional projects for other main contractors of building and infrastructure projects.

Completed Precast Projects

Some of CESP's major projects that have been completed in the last five years as at the Latest Practicable Date are as follows:

Project Name	Description	Contract Value (S$' million)	Year of Completion
Bukit Batok N4 C14 & C15	Supply of pre-cast concrete components	17.6	2017
Woodlands N1 C26 & C27	Supply of pre-cast concrete components	32.0	2017
Bidadari C6 & C7	Supply of pre-cast concrete components	22.8	2020

Ongoing Precast Projects

Some of CESP's major projects that are ongoing as at the Latest Practicable Date are as follows:

Project Name	Description	Project Owner	Contract Value (S$' million)	Year of Commencement of Project	Expected Year of Completion
Construction of 4-in-1 Rail and Bus Depot and Reception Tunnels for Thomson-East Coast Line	Supply of pre-cast concrete components	GS Engineering & Construction Corp.	75.9	2017	2022
Sengkang N4 C22 & C23	Supply of pre-cast concrete components and prefabricated bathroom units	Expand Construction Pte. Ltd	36.3	2019	2022
Tampines N8 C31	Supply of pre-cast concrete components and prefabricated bathroom units	CES Contractors	13.3	2020	2022
Balance of Works for HDB's proposed public housing development at Punggol East (Punggol East Contract 48 and Common Green)	Supply and fabrication of precast concrete components and prefabricated bathroom units	Expand Construction Pte. Ltd.	17.8	2020	2022

(iii) *Infrastructure and Civil Engineering*

The Group's infrastructure and civil engineering projects are carried out by its wholly-owned subsidiary, CES_SDC. CES_SDC is a design and build construction service provider specialising in civil, industrial and utilities infrastructure projects. Because it is classified by the BCA as an A1 general building (CW01) and civil engineering (CW02) contracting firm, it is qualified to tender public sector contracts with unlimited tender sums.

CES_SDC was acquired by the Group in December 2019 with a view to extending the footprint of the Group's construction business beyond public and private housing projects. CES_SDC's differentiating building and construction capabilities and track records enhances the ability of the Group to participate in tenders for a broader range of projects, such as civil engineering and building infrastructure projects, and provide the Group's existing construction business with a good opportunity for horizontal integration in the construction sector.

CES_SDC's current projects include the ongoing development of Changi East to effect 3-runway operations at Singapore Changi Airport Package 2, the building of the MRT Thomson Line tunnels and Marina South Station, the erection of foundations, earth retaining structures, soil stabilisation and bulk excavation for Changi Water Reclamation Plant (Phase 2), design and construction of Gek Poh Station, Tawas Station, and associated viaduct for the Jurong Region Line and building of biosolids treatment and biogas handling facilities for the Tuas Water Reclamation Plant.

To further extend the range of its infrastructure and civil engineering capabilities, the Group acquired CES_Salcon in December 2020. CES_Salcon is a fully integrated engineering, procurement, construction and maintenance contractor. Its capabilities include the design, engineering, supply and commissioning of water and wastewater treatment technologies and solutions. CES_Salcon is registered with the BCA under the L6 mechanical engineering (ME11) workhead and is thus qualified to tender for public sector contracts in Singapore with unlimited tender sums.

CES_Salcon has a track record of providing water and wastewater treatment technologies to various projects globally. Projects to its credit include the Al Wathba Enhanced Treated Sewage Effluent Treatment Plant in the United Arab Emirates, Asia Symbol Pulp & Paper Mill in the PRC, and the Bedok NEWater Factory (Phase II) and Senoko Power Station in Singapore.

Some of the Group's major infrastructure and civil engineering projects that are ongoing as at the Latest Practicable Date are as follows:

Project Name	Description	Project Owner	Contract Value (S$' million)	Year of Commencement of Project	Expected Year of Completion
Contract C22A	Changi Water Reclamation Plant Phase 2 – Foundation Works for Train 5	PUB	73.5	2016	2021
Contract T227[(1)]	Construction of Marina South Station and tunnels for Thomson-East Coast Line	LTA	488.0	2014	2022
CAG Package 2[(2)]	Development of Changi East to effect 3 runway operations at Singapore Changi Airport – Package 2	Changi Airport Group	1,106.8	2016	2024
Contract J107	Design and construction of Gek Poh Station, Tawas Station and viaduct for Jurong Region Line	LTA	226.6	2020	2026
Tuas Water Reclamation Plant Contract 4A – Biosolids and Digesters	Construction of biosolids treatment and biogas handling facilities	PUB	433.0	2020	2026

Notes:

(1) This is a joint venture project between CES_SDC and Sinohydro Corporation Limited (Singapore Branch), in which CES_SDC has a 50% interest.

(2) This is a joint venture project between CES_SDC and Hock Lian Seng Infrastructure Pte. Ltd., in which CES_SDC has a 40% interest.

(iv) *Modular Building Construction (3D Printing)*

The Group is harnessing 3D printing technology to deliver new solutions in the competitive construction segment and to access the growing demand for new construction projects. The provision of 3D printing services will be undertaken by the Group's wholly-owned subsidiary, CES_INNOVFAB Pte. Ltd.

3D printing is a dynamic construction method as it allows more complex components to be designed and fabricated without the need for the more traditional methods or tools. 3D printing relies heavily on machines for the production of the components, which facilitates quality control. At the same time, there is reduced reliance on manual labour as well as reduced health and safety risks. Other advantages include the reduction of wastage and the control of construction noise. As 3D printing can be closely interfaced with conventional and precast construction methods, it is complementary to the Group's suite of construction capabilities. Going forward, 3D printing technology will be a more efficient construction method. In addition, utilising 3D printing will also allow the Group to hedge its risks associated with manpower shortages in the construction industry, which constraints have been exacerbated by the ongoing COVID-19 pandemic.

(v) *Procurement of Construction-related Supplies and Materials*

In April 2021, the Group entered into a joint venture for the procurement of construction-related supplies and materials with Inception Materials Pte. Ltd. ("**IM**") and Mr. Ye Chengzhong ("**Mr. Ye**"), the sole owner and shareholder of IM. The entry into the joint venture is in line with the Group's strategic plans to augment its construction business segment. In the last two years, the Group has been expanding its capabilities in the construction business segment so that it can participate in a broader range of competitive construction tender projects which are of larger scale and/or higher value. The procurement of supplies and materials is part and parcel of construction projects and setting up a procurement business unit within the Group's construction business segment will be a complementary addition to such business segment. The Group believes that the joint venture with IM will allow the Group to leverage on Mr. Ye's business networks, resources and familiarity with the procurement business (particularly in the PRC) to procure construction-related supplies and materials within efficient timeframes and at competitive prices and quality. In addition, the Group believes that this will result in cost-savings within the Group whilst also maximising existing revenue streams.

(c) Hospitality

2015 marked the Group's first foray into the hospitality industry through the opening of Park Hotel Alexandra in Singapore, a four-star hotel that features 442 rooms fully fitted with an array of modern amenities. The hotel is managed by the Park Hotel group, a Singapore-based hospitality group that manages, owns and develops Park-branded hotels in the Asia Pacific region. In October 2016, the Group entered into a joint venture agreement with the Park Hotel group to invest in a Maldivian island resort, Grand Park Kodhipparu, which opened its doors for business in 2017. The resort comprises 120 villas, of which 65 of such villas come with individual private pools. The resort has a large infinity pool overlooking the ocean, three dining outlets, a spa, a fully-equipped water sports and dive centre, a recreation beach club and a kids club.

To further expand its hospitality portfolio, the Group acquired two new properties in Australia, The Sebel Mandurah and the Grosvenor Hotel Adelaide (previously branded as Mercure & Ibis Styles), in November 2017 and March 2018 respectively. The Sebel Mandurah is a 4.5-star hotel with 84 rooms, business and conference facilities, a swimming pool, a gymnasium and a BBQ area. With respect to the Grosvenor Hotel Adelaide, the Group has since closed a smaller section of the hotel comprising 65 rooms in the second quarter of 2020 and also de-branded the hotel (previously branded as Mercure and Ibis Styles) in February 2021. The Grosvenor Hotel Adelaide currently operates as an economy hotel with 181 guest rooms and car park facilities. The Sebel Mandurah and the Grosvenor Hotel Adelaide are managed by the internationally-renowned French multinational hotel group AccorHotels and are strategically located in the key Australian cities of Perth and Adelaide respectively.

In 2018, the Group, through its wholly-owned subsidiary, completed an acquisition of a property located at 51 Pirie Street in Adelaide, Australia (the "**Pirie Street Property**"). The Pirie Street Property is a freehold site and has a land size of approximately 13,810 sq ft. The Group is currently redeveloping the Pirie Street Property into a new 21-storey hotel with 284 rooms and facilities such as event space, swimming pool and fitness facilities. The Pirie Street Property is centrally located in Adelaide's central business district and guests of the hotel will have easy access to major corporate and government offices as well as shopping and dining venues. The Group believes that the freehold status of the Pirie Street Property provides potential for good capital appreciation in the long term.

In 2019, in view of the success of the Grand Park Kodhipparu Resort in the Maldives, the Group further extended its footprint in the hospitality sector in the Maldives by entering into a 70-30 joint venture with an affiliate of Amin Construction Pvt. Ltd. ("**Amin Construction**") to jointly acquire a lagoon in North Malé Atoll (otherwise known as the *Samarafushi Lagoon*) ("**Samarafushi**

Lagoon") and develop it into a 5-star resort. A hotel operator will be appointed to manage the resort. Samarafushi Lagoon is located in North Malé Atoll, Maldives, and is approximately 20 minutes away by speed boat from the capital city of Malé. Samarafushi Lagoon has a leasehold tenure of 50 years commencing from 9 August 2016 and expiring on 8 August 2066. Amin Construction is an established homegrown construction firm in the Maldives and was the main developer and contractor for the Group's first hospitality project in the Maldives.

As part of the Group's cashflow conservation measures in view of the ongoing COVID-19 pandemic, the Group is deferring construction works for the hotel at the Pirie Street Property as well as the resort at Samarafushi Lagoon till 2022. The targeted timelines for commencement of operations of the Group's new hotels are expected to coincide with the period when international travel and tourism are projected to return to normalcy.

Hospitality Portfolio

The Group's hospitality portfolio as at the Latest Practicable Date is as set out below:

Hotel Name	**Location**	**Tenure**	**Number of Rooms**	**Date of Opening/ Completion of Purchase**	**Group's Effective Equity Interest (%)**
Singapore					
Park Hotel Alexandra	323 Alexandra Road	99 years from 5 March 2012	442 rooms	May 2015	100
Maldives					
Grand Park Kodhipparu	Kaafu Atoll	50 years from 30 September 2013	120 villas	June 2017	70
Australia					
The Sebel Mandurah	1 Marco Polo Drive, Mandurah, Western Australia	Freehold	84 rooms	November 2017	100
Grosvenor Hotel Adelaide	121-125 North Terrace, Adelaide South Australia	Freehold	181 rooms	March 2018	100

The Group's hospitality properties under development as at the Latest Practicable Date is as set out below:

Hotel Name	**Location**	**Tenure**	**Number of Rooms**	**Completion of Purchase**	**Group's Effective Equity Interest (%)**
Maldives					
Resort in Samarafushi Lagoon	North Malé Atoll, Maldives	50 years from 9 August 2016	130	January 2020	70
Australia					
Hotel in Adelaide	51 Pirie Street, Adelaide, South Australia	Freehold	284	July 2019	100

(d) Property Investment

The Group's property investment portfolio comprises a diverse spread of income-producing properties such as commercial and industrial properties in Singapore, Australia and New Zealand.

The Group's investment properties currently include a leasehold 12-storey office building located along Chin Swee Road in Singapore where the Group's head office is currently situated, a leasehold light industrial building at Ubi Crescent in Singapore, and a commercial property located at 205 Queen Street, Auckland, New Zealand comprising two commercial towers that are 17 storeys and 22 storeys high and a double podium retail level with four street frontages. The investment properties are held by the Group for rental income and long-term capital appreciation.

The Group continually sources for opportunities to expand its property investment portfolio or to divest its property investment portfolio for capital recycling purposes to ensure that its property investment portfolio is aligned with the Group's business plans. Where the opportunity arises, the Group may expand its asset portfolio to include diversified asset classes.

The Group reviews its property investment portfolio from time to time to assess which of its assets should be divested as a result of them having become non-strategic or non-core over time and may, from time to time, divest its investment properties.

The Group's property investment portfolio as at the Latest Practicable Date is set out below:

Location	Property Type	Approximate Lettable Area (sq ft)	Tenure	Group's Effective Equity Interest (%)
Singapore				
86, 86A, 86B Tanjong Pagar Road[(1)]	Commercial	4,585	99 years from 27 September 1988	100
69 Ubi Crescent	Industrial	66,984	60 years from 5 July 1997	100
171 Chin Swee Road	Commercial	107,780	99 years from 2 June 1969	100
321 Alexandra Road #01-06	Commercial	667	99 years from 5 March 2012	100
Upper Changi Road North (28 strata units at Komo Shoppes (under construction))	Commercial	28,126	Freehold	100
Australia				
1 Marco Polo Drive, Mandurah, Western Australia	Restaurant	18,040	Freehold	100
72, 74-78 and 80-82 Hindley Street, Adelaide, South Australia	Commercial	22,413	Freehold	100
New Zealand				
205 Queen Street, Auckland[(2)]	Commercial	272,566	91 years from 18 June 1990	50

Notes:

(1) The Group has entered into a sale and purchase agreement for the sale of this property. Completion of the sale of the property is expected to take place on 23 December 2021.

(2) This is the Group's first joint acquisition with the Roxy-Pacific Holdings Limited group, an established property and hospitality group with an Asia-Pacific focus.

(e) Education

In April 2018, the Group diversified its business into the education sector. The Group's education business allows the Group to explore and achieve additional and recurrent revenue streams, as well as long term growth through a diversified sector. The Group aims to strengthen its financial position as a whole through the combined strengths of the Group's businesses. The education business will also provide growth opportunities for the Group through a non-capital intensive market and will provide a diversified business and income base, thereby reducing the Group's reliance on the rest of its business divisions.

The Group intends to focus on the growth and expansion of the education business in the Asia Pacific region, but will consider its strategic options and business opportunities from time to time and may, if the opportunity so arises, expand the education business in the broader region and worldwide.

The Group's ventures in the education business can be broadly categorised as follows:

(i) *Pre-schools and Enrichment Centres*

The pre-schools and enrichment centres owned and/or operated by the Group as at the Latest Practicable Date are as follows:

Brand	Number of Centres	Location(s)	Group's Effective Equity Interest (%)
Pre-Schools			
White Lodge	10	Singapore: 8 centres Kuala Lumpur, Malaysia: 2 centres	100
Primus Schoolhouse by Invictus	2	Singapore	100
Invictus	2	Shenzhen, PRC: 1 centre Hong Kong SAR: 1 centre	Shenzhen, PRC: Not applicable(1) Hong Kong SAR: 100
Swallows and Amazon	1	Singapore	100
Enrichment Centres			
William Penn Academy(2)	2	Shanghai, PRC	100

Notes:

(1) Managed and operated by the Group's 60%-held joint venture company in the PRC, Jiduohao Education Technology (Shenzhen) Co., Ltd. The remaining 40% is held by Dongguan Duowei Education Technology Co., Ltd (a company incorporated in the PRC). The joint venture company was established to provide management and consultancy services to schools within specified territories in the PRC which operate under the "Invictus" brand.

(2) The William Penn Academy offers speech and drama classes in the English language, for young learners aged between 3 and 6.

(ii) *International Schools*

A. *Invictus International Schools*

The Group initially invested in Invictus International School Pte. Ltd. ("**Invictus International**") in 2019 with an effective interest of approximately 45.3%. At that time, Invictus International's main business was its international primary school located in Dempsey Hill, Singapore. As at the date of this Information Memorandum, Invictus International is a wholly-subsidiary of the Group and the Invictus-branded international schools have extended beyond Singapore.

As at the Latest Practicable Date, the Invictus-branded international schools which are in operation are as follows:

Location	**Number of Campuses**	**Levels**	**Group's Effective Equity Interest (%)**
Singapore	2	Dempsey Hill: Grade 1 Prep to Grade 6 Centrium Square: Grade 1 Prep to Grade 12	100
Hong Kong SAR	2	Monterey: Year 1 to Year 6 Tai Tam: Year 7 to Year 13	100
Phnom Penh, Cambodia	1	Nursery to Year 13	100
Pathum Thani province, Thailand	1	Kindergarten up to Year 6	-(1)

Note:

(1) Pursuant to a collaboration agreement entered into between Invictus International and Sathitpathum Demonstration School in Thailand ("**SPS**"), SPS offers the international curriculum programme developed by Invictus International (the "**IIP**") to its students. The Invictus International Programme Department set up within SPS will manage and operate the IIP.

B. *The Perse School Cambridge International Limited*

In July 2019, the Group entered into an agreement (the "**Agreement**") with The Perse School Cambridge International Limited ("**TPSCI**") (a wholly-owned subsidiary of The Perse School, an independent school in Cambridge, United Kingdom) for the establishment of an elementary school in Singapore (the "**Elementary School**"), the ethos of which will reflect that of The Perse School. The Agreement took effect from 3 July 2019, and will continue for an initial term up to the end of the 50th academic year, unless terminated or further extended by the parties. The Elementary School will cater to students aged five to 12. The Elementary School commenced operations in Upper Bukit Timah in January 2020. The Agreement may be extended to include a secondary school and the Group is actively looking for a suitable site to house the secondary school.

The Perse School is well-known for producing students with excellent academic results. Pupils from The Perse School have gained admission to Cambridge University and Oxford University, which are prestigious universities in the United Kingdom. The Perse School's distinguished alumni include Nobel Prize Winners Sir George Thomson and Ronald Norrish, literary critics F.R. Leavis and E.M.W. Tillyard, actors Marius Goring and Josef Behrmann, cartoonist Mel Calman, theatre director Sir Peter Hall, film-maker Humphrey Jennings, scientist and theologian The Revd Dr John Polkinghorne and aviation pioneer Sir Arthur Marshall.

The Group recognises that The Perse School has rich historical and cultural roots, while being innovative at the same time. The Perse School's emphasis on quality education both inside and outside the classroom and providing a nurturing pastoral care environment also resonates with the Group's vision for the Elementary School. In addition, the Group intends for the Elementary School to be a relatively affordable international school, which is in line with The Perse School's longstanding commitment to delivering an outstanding education whilst keeping a downward pressure on fee increments.

C. *Repton Malaysia International School*

In December 2019, the Group acquired an international school in Johor Bahru, Malaysia. The school, which has been in operation since September 2013, offers classes from kindergarten to grade 12 (high school). The campus houses learning, sporting and recreational facilities, including science and multimedia laboratories, a library, a dance studio, an auditorium, a football field, a running track, a tennis court, two swimming pools, playgrounds, a cafeteria and car park facilities.

The acquisition of the school was to add to the stable of international schools owned by the Group, as it presented an opportunity for the Group to acquire an operating campus with an existing student population and ready facilities and amenities, which the Group can leverage on to rebrand the school in an expedient manner into a premium international school.

To this end, the Group has entered into a collaboration with Repton International Schools Ltd ("**Repton International**") to rebrand the school as Repton Malaysia. The collaboration took effect from 12 August 2020 and will continue for an initial term up to 31 December 2050, unless earlier terminated or further extended. The rebranded school, Repton Malaysia, commenced operations in September 2020. The Group's rebranding of the school as a premium international school is aligned with Repton International's experience and expertise as a provider of premium private school education. As this is the Group's first foray in operating an international school in Malaysia, the Group seeks to leverage on Repton International's experience and expertise in establishing its teaching programmes in a new country as well as its track record in navigating regulatory and educational environments in a foreign jurisdiction.

(iii) *Education Technology*

The Group sees the emergence of a new growth area relating to online education, precipitated by the widespread closure of schools and tuition and enrichment centres in 2020 to contain the spread of the COVID-19 outbreak. The Group intends to continue capitalising on this emerging area by creating new platforms which offer blended education programmes comprising a mix of online and onsite learning.

In the sphere of education technology, the Group currently has minority interests in Amdon Consulting Pte. Ltd. ("**Amdon**") and Guangzhou Yuanda Information Development Co., Ltd. ("**Yuanda**"), as further elaborated below.

A. *Invictus Global Schoolhouse Programme*

The Group has been developing its proprietary Invictus Global Schoolhouse programme (the "**IGSH Programme**"). This is a 3-year smart school programme that uses blended learning to prepare students from non-English speaking countries for the Cambridge International A-level examinations. It comprises both online learning and onsite learning. The IGSH Programme includes an online learning component that comprises self-directed learning and face-to-face teacher facilitated learning in academic subjects as well as onsite learning that include science practical sessions and enrichment activities such as design thinking and values education. The IGSH Programme is still in development stage, and will be piloted in the Invictus campus at Centrium Square, Singapore in January 2022. The launch of the fully developed IGSH Programme is expected to take place in the second half of 2022. The IGSH Programme can be deployed in the schools owned and operated by the Group and can also be licensed to third party education-related organisations which wish to adopt the programme as part of their curriculum. In the case of the latter, the Group will charge management and/or licensing fees for the use of the programme. As the IGSH Programme leverages on technologies extensively, it offers both greater flexibility in business model and better scalability in expansion of business.

B. *Amdon Consulting Pte. Ltd.*

The Group has invested in Amdon since November 2019. As at the Latest Practicable Date, the Group holds approximately 42.7% of the issued share capital in Amdon.

Amdon, together with its subsidiaries (the "**Amdon Group**"), is a provider of interactive content and inquiry-based pedagogical resources, especially in the fields of science and technology. The Amdon Group focuses on the development of inquiry-based STEM (Science-Technology-Engineering-Mathematics) educational programmes, and is building scalable digital technologies and a proprietary platform with artificial-intelligence capabilities to deliver personalised learning to students internationally.

The Group believes that its investment in the Amdon Group contributes to its strategic direction for its education business segment to invest into a group of educational technology companies that will provide synergistic opportunities to achieve growth in a key education sector. In addition, the Group believes that the online delivery platform and the digital learning content and resources developed by the Amdon Group will support the recent investments made by the Group's education business segment in elementary schools and pre-schools to offer high-quality education.

C. Guangzhou Yuanda Information Development Co., Ltd.

As at the Latest Practicable Date, the Group has an interest of approximately 34.97% in Yuanda, through a variable interest entity (VIE) arrangement.

In July 2021, regulatory measures were rolled out in the PRC targeting the tuition industry. In particular, all businesses in the PRC offering tutoring on core school subjects will have to be registered as non-profit organisations. Restrictions will also be imposed on foreign investment in curriculum-based tutoring business.

Yuanda's key business segments are the provision of an online platform for primary school mathematics and online and onsite tuition. The latter is affected by the regulatory measures. Yuanda has since confined the use of its online platform to subscriptions from the primary schools (as opposed to individual students) and has also expanded its offerings for subscription by schools. Such offerings include curriculum to support the after-school programmes offered by schools as well as professional development programmes for school teachers who teach primary school mathematics.

As at the Latest Practicable Date, the carrying amount of the Group's investments in its education-relation ventures in the PRC is approximately S$17.6 million, of which approximately S$11.3 million relates to its investment in Yuanda.

4. Recent Developments Arising from the COVID-19 Pandemic

Please see the sections entitled "*CES Treasury Pte. Ltd.*", "*Chip Eng Seng Corporation Ltd.*", "*Selected Consolidated Financial Information*", and "*Investment Considerations*" (including the risk factor headed "*The outbreak of an infectious disease or the occurrence of any other serious public health concerns in the countries in which the Group operates and elsewhere could* *adversely impact the Group's business, financial condition, prospects and results of operations"*) of the Information Memorandum, for further information on the Group's businesses, operations, historical financial information and risks relating to the Group's businesses.

On 12 November 2021, CES issued a profit warning regarding the Group's financial results for FY 2021. Based on the management information then available to CES, CES advised that for FY 2021, the Group is likely to incur a net loss after non-controlling interests. Compared to the net loss after non-controlling interests of approximately S$81.1 million incurred by the Group for FY 2020, the net loss after non-controlling interests to be incurred for FY 2021 is expected to be significantly smaller.

While the Group managed to generate a net profit for 1H 2021, the businesses and operations of the Group continue to face challenges due to the ongoing COVID-19 pandemic. The Group has been adversely affected by factors arising from the COVID-pandemic such as labour shortage on the construction front, disruptions in the global supply chain for construction materials, border control measures and increased operating costs.

(a) Property Development

Singapore

As at the Latest Practicable Date, the Group has three on-going residential development projects in Singapore, namely, Park Colonial, Parc Komo and Kopar at Newton. The Group also has a new mixed-use redevelopment project, Maxwell House, in the pipeline. The Group and its joint venture partners intend to get the redevelopment project ready for sale from the last quarter of 2022 onwards.

In spite of the ongoing challenges on the construction front due to restrictions on the inflow of migrant construction workers, Park Colonial remains on track to obtain its Temporary Occupation Permit by end 2021. However, the Group's other two developments, Kopar at Newton and Parc Komo, have been adversely impacted by continuing delays in construction. Consequently, these two development projects have not managed to achieve their construction milestones, which in turn materially affects revenue recognition and progressive payments from property buyers. Despite the relatively healthy sales figures for these two development projects, the Group is not able to recognise as much revenue as originally expected. Completion of these two development projects is now expected to be in 2023.

Australia

In March 2021, the Group completed the sale of its development site located at Gladstone Street, South Melbourne, Australia, for A$65 million. The site was acquired by the Group in 2016 for development and construction into three towers comprising over 700 residential units. At the time of sale, above-ground construction works had not commenced and the site was sold with vacant possession. The sale of the site was part of the Group's asset management strategy to re-deploy capital to pursue opportunities that can generate better returns and taking into account the impact of the COVID-19 pandemic on the real estate sector in Melbourne.

Notwithstanding the disposal of the abovementioned site, the Australia market remains an integral part of the Group's long-term growth and diversification strategies. In FY 2020, CES, together with its joint venture partner in Australia, launched its redevelopment project known as 28 Lyall in South Perth, Western Australia for sale. As at the Latest Practicable Date, 50% of the units have been sold.

Going Forward

The Group will continue to exercise caution in acquiring land plots and development projects for its property development business in Singapore and overseas.

(b) Construction

As at 30 September 2021, the Group's order book for its construction business segment is approximately S$1.49 billion.

In FY 2021, the Group's construction business continued to face challenges presented by the COVID-19 pandemic such as manpower shortages, intermittent work stoppages, disruptions in the global supply chain, fluctuations in prices of raw materials and increased operating costs. Consequently, the handover dates for some of the Group's projects have been extended.

Notwithstanding the above, the Group's construction business is performing significantly better in FY 2021, compared to FY 2020 when its operations were severely impacted by lengthy work stoppages. Projects completed by the Group in FY 2021 include HDB's Toa Payoh Bidadari Contract 6 and Contract 7 project and HDB's G27A upgrading project at Yishun Ring Road and Yishun Street 61. In addition, the Group has substantially completed the works for the LTA Contract T227 (construction of Marina South Station and tunnels for Thomson-East Coast Line) and the PUB Contract C22A (Changi Water Reclamation Plant Phase 2 – Foundation Works for Train 5), and is on track to handover these projects by their scheduled completion dates in 2022 and 2021 respectively.

The Group has also secured key public projects in FY 2021, namely HDB's building works project to be undertaken at Pasir Ris Neighbourhood 5 Contract 26 & 27, and its appointment as the replacement main contractor for the remaining building works to be undertaken for HDB's Build-To-Order housing project at Marsiling Grove in Woodlands.

Going Forward

The Group aims to transform its construction business through innovation and technology, which will in turn increase efficiency and productivity, thereby also enhancing its competitive edge.

To this end, the Group is harnessing 3D printing technology to deliver new solutions in the competitive construction segment and to access the growing demand for new construction projects. Please see the sub-paragraph titled "*Modular Building Construction (3D Printing)*" for further details.

(c) Hospitality

The hospitality industry on the whole has been hard hit by the COVID-19 pandemic as the outbreak led to governments around the world imposing stringent restrictions on international travel, quarantine requirements and closure of their borders. As a result, there has been an unprecedented decline in international travel demand.

To contain operating costs, the Group implemented cost cutting measures in FY 2020 such as temporary closure of non-essential facilities, suspension of non-essential amenities and services, reduction of manpower and shortening of work hours. In addition, with respect to the Group's existing hotel in Adelaide, Australia, the Group closed a smaller section of the hotel comprising 65 rooms in the second quarter of 2020 and also de-branded the hotel (previously branded as Mercure and Ibis Styles) in February 2021. The hotel is now known as the Grosvenor Hotel Adelaide. Notwithstanding the de-branding, the hotel continues to be managed by AccorHotels.

In FY 2021, the occupancy rates and revenue of the Group's hotels in Australia and Maldives have seen positive recovery, albeit marginal. The Group's two hotels in Australia, The Sebel Mandurah in Western Australia and Grosvenor Hotel Adelaide, have benefitted from the uptick in domestic travel within Australia. The Group's resort in the Maldives, Grand Park Kodhipparu, has also benefitted from the resumption of visitor arrivals from Europe, the Middle East and South Asia.

However, there has not been significant recovery in revenue and occupancy rates for the Group's hotel in Singapore, Park Hotel Alexandra. For most of FY 2021, Park Hotel Alexandra's predominant source of revenue has been from operating as an isolation purpose facility for persons who have to serve their stay home notice and for those who have to be quarantined.

While revenue from the Group's hospitality operations is likely to increase in FY 2021 compared to FY 2020, the overall financial performance of the Group's hospitality business segment for the full financial year may nevertheless still be adversely affected by the likely impairment of the value of its hotel properties.

Going Forward

Rising vaccination rates in major economies will hopefully result in further easing of border controls, paving the way for a gradual resumption of air travel for leisure and business and correspondingly, a gradual recovery for the hospitality sector.

The Group has further deferred commencement of construction works for its new hotel development projects in Adelaide, South Australia and in the Maldives to the first half of 2022. The targeted timelines for commencement of operations of the Group's new hotels are expected to coincide with the period when international travel and tourism are projected to return to normalcy.

(d) Property Investment

Rental income generated from the Group's investment properties do not contribute significantly to the Group's revenue.

Compared to FY 2020, the occupancy rates for the Group's investment properties in Singapore and Australia have been relatively stable. However, there has been a decline in the occupancy rate for the office building in Auckland, New Zealand due to extended periods of lockdown in Auckland.

In FY 2021, the Group capitalised on the significant pick-up in interest and transaction prices for shophouses in Singapore and divested all its shophouse properties in Singapore. Completion of the disposal of the last of the Group's shophouse properties located at 84/A/B and 86/A/B Tanjong Pagar Road is scheduled to take place on 23 December 2021. The shophouse properties were all sold at prices above their respective valuations assessed as at 31 December 2020 by independent valuers appointed by CES. The total sale consideration for all of the shophouse properties will be S$32.8 million. The disposal of the shophouse properties is in line with CES' asset management strategy to divest non-strategic or non-core assets.

In CES' unaudited consolidated financial results announcement for 1H 2021, which were released on 5 August 2021, the Group's investment properties recorded a net fair value loss of S$3.0 million. The Group expects its remaining investment properties to still record a fair value loss for FY 2021.

Going Forward

The positive economic outlook for Singapore and the recovering global economy, coupled with accelerated vaccination programmes globally, are expected to prop up business sentiment. Against this backdrop, the Group has commenced discussions with some of its tenants with respect to those leases that are due for renewal in FY 2022. In addition, the Group is also seeing a gradual increase in interest from prospective tenants.

The Group will review its property investment portfolio from time to time to assess which of its assets should be divested as a result of having become non-strategic or non-core over time and also explore expanding its asset portfolio to include diversified asset classes.

(e) <u>Education</u>

The ongoing COVID-19 pandemic continued to impact the enrolment growth of the Group's pre-schools and K12 international schools in Singapore and the region. The actual growth in enrolment is much lower than the projected enrolment growth. Consequently, the revenue contribution from these schools in FY 2021 is lower than previously projected while operating costs and expenses continue to be incurred during this period.

The Group's pre-schools are predominantly located in Singapore and they serve mainly children from expatriate families. The ongoing COVID-19 pandemic had led to the closure of borders in Singapore, which caused a decline in the number of expatriate families relocating to Singapore for work. A significant number of expatriate families also left Singapore to return to their home countries. Consequently, there was an overall decline in enrolment in the Group's pre-schools in FY 2021.

In July 2021, regulatory measures were rolled out in the PRC targeting the tuition industry. Such measures have impacted the Group's investment in Yuanda. Yuanda's key business segments are the provision of an online platform for primary school mathematics and online and onsite tuition. The latter is affected by the regulatory measures. Yuanda has since confined the use of its online platform to subscriptions from the primary schools (as opposed to individual students) and has also expanded its offerings for subscription by schools. Such offerings include curriculum to support the after-school programmes offered by schools as well as professional development programmes for school teachers who teach primary school mathematics.

Save for the Group's investment in Yuanda, the Group's other education-related ventures in the PRC are not in tuition. However, the regulatory measures targeting the tuition industry have nevertheless dampened enrolment growth in the Group's other education-related ventures in the PRC because of the uncertainty surrounding the implementation of these measures on the private school education industry in general. As at the Latest Practicable Date, revenue generated from the Group's education business in the PRC accounted for approximately 0.1% of the Group's total revenue.

The Group intends to write-down a material portion of its investment in Yuanda. As at 30 September 2021, the carrying amount of the Group's investment in Yuanda is approximately S$11.3 million.

Going Forward

The Group will continue to focus on K12 international schools. In this regard, the Group will look into consolidating and synergising its existing network of schools in the region and will further expand its network of K12 international schools where opportunities arise.

The Group has also been developing its proprietary IGSH Programme. Please see sub-paragraph titled "*Invictus Global Schoolhouse Programme*" for further details.

CASHFLOW AND FINANCIAL OBLIGATIONS

In FY 2021, the Group has continued to conserve its cashflow. Measures taken by the Group include entering into joint ventures for projects which are more capital intensive in nature and deferring the construction of its new hotel projects in Adelaide and the Maldives.

CES actively manages its debt capital structure and where feasible, will take steps to improve its debt maturity profile and optimise financing costs.

Thus far in FY 2021, the Group has been able to meet all its financial obligations that have matured, and will be able to meet all its financial obligations for the rest of FY 2021.

Based on the CES' cashflow projection for FY 2022, the financial impact on the Group caused by the COVID-19 pandemic is not expected to affect the Group's ability to fulfil its financial obligations in FY 2022, barring unforeseen circumstances.

OVERALL

The Group will continue to closely monitor its operations and the COVID-19 situation in order to adjust its measures and strategies accordingly.

5. Business and Growth Strategies

The Group's business and growth strategies are as follows:

(a) <u>Identify and Pursue Opportunities for Expansion</u>

The Group continually seeks to identify and pursue opportunities for the expansion of its business, including through acquisitions, partnerships and/or joint ventures. Over the years, the Group has expanded its business from construction, to property development and investment, and more recently into hospitality and education, in Singapore and overseas.

In the early years of the inception of the Group's property development business, the Group gained significant experience through partnering with reputable foreign funds and established developers to develop private residential projects. The success of these projects helped to raise the profile of the Group's property development business. Over the years, notwithstanding that the Group has developed the capability to manage development projects on its own, it has entered into joint ventures with other parties where it is more feasible. In Singapore, the Group has partnered with other developers to develop large-scale projects, such as High Park Residences and Park Colonial. The Group is also in partnership with an Australian party to develop the residential property in South Perth known as 28 Lyall.

In relation to its construction business segment, the Group has in recent years extended the range of its infrastructure and civil engineering capabilities through acquisitions of companies specialised in these areas. These expansions enhance the ability of the Group to participate in tenders for a broader range of competitive engineering, procurement and construction projects, including building, civil engineering and infrastructure, which are of larger scale and/or higher value.

Since the Group diversified into the education sector in 2018, it has also rapidly expanded its education business segment within a relatively short span of time through acquisitions, investments and collaborations.

Such acquisitions, partnerships and joint ventures provide the Group with further opportunities to learn from its partners and/or joint venture partners who possess the relevant experience and expertise, especially in new areas such as hotel development, management, and education. Through acquisitions and the formation of partnerships and joint ventures, the Group is able to embark on larger scale developments while managing its business risks, share resources with business partners and grow and expand its business portfolio.

Leveraging on its brand name and track record as an established homegrown property development and construction group in Singapore, the Group seeks to continue its growth momentum (whether by increasing the market share of each of its business divisions, increasing its geographical presence or otherwise). The Group intends to explore new initiatives and opportunities as part of its efforts to structure a resilient organisation and achieve long term growth.

(b) Optimise Capital Efficiency

The Group seeks to optimise capital efficiency by adopting an asset management strategy with respect to its portfolio of businesses and assets.

To this end, the Group may, from time to time, actively restructure its portfolio of businesses by amongst other things, divesting non-strategic businesses, non-core businesses or businesses which do not contribute significantly to the Group's revenue and profitability.

As and when the opportunities arise, the Group may also consider divesting its existing properties or assets in order to realise capital gains and re-deploy capital for new properties or asset classes which have better upside potential in terms of yield and capital appreciation. In line with this strategy, the Group had, in recent years, divested (i) the tenanted freehold office building located at 420 St Kilda Road, Melbourne in August 2017, (ii) the property located at 150 Queen Street, Melbourne in July 2018, (iii) the development site located at 242 West Coast Highway, Scarborough, Western Australia in November 2018, and (iv) the property located at 15-55 and 85 Gladstone Street, South Melbourne, Victoria, 3205 in March 2021. More recently in 2021, the Group had disposed its shophouse properties in Singapore, with completion of the disposal of the last of the shophouse properties located at 84/A/B and 86/A/B Tanjong Pagar Road expected to take place on 23 December 2021. The Group will continue its strategy of divesting assets which have become non-strategic or non-core over time.

With respect to its education business segment, the Group divested all its shares in its associated company, Cybint International Pte. Ltd., in August 2021. The divestment is another example of the Group's strategy to optimise capital efficiency as it capitalised on the opportunity to make a gain on its investment.

(c) Diversify Business Portfolio

The Group is actively exploring overseas markets to expand its property development and investment businesses, increase its presence and create a diversified portfolio to minimise the concentration risk in Singapore. This diversification strategy will enable the Group to seize opportunities arising from growing demand for properties in the region. Since 2000, the Group has acquired sites for property development and investment in Singapore, Australia, Maldives and New Zealand.

Apart from broadening its geographical reach, the Group intends to widen its asset portfolio to include more hospitality assets in addition to its residential, industrial and commercial assets. The Group aims to build its brand presence in new markets and develop new capabilities that will bolster the resilience of its earnings. In line with this strategy, the Group has expanded into the hospitality sector with its maiden hotel, Park Hotel Alexandra in Singapore, which commenced operations in 2015. Since then, the Group has grown its portfolio, with hospitality assets comprising Park Hotel Alexandra in Singapore (the Group's first hotel property), Grand Park Kodhipparu Resort in Maldives, and The Sebel Mandurah Hotel and the Grosvenor Hotel Adelaide (previously branded as Mercure & Ibis Styles) in Australia. The Group has also acquired another property in Adelaide, Australia, which will be re-developed into a new hotel, and a lagoon in North Malé Atoll, Maldives which will be developed into a five-star resort.

The Group will explore expanding its asset portfolio to include diversified asset classes.

To further diversify the Group's business and income base, the Group expanded its business into the education sector and will continue to expand its education business as and when opportunities arise. The Group's education-related ventures include owning and operating K-12 international schools and pre-school centres as well as offering education technology and licensing and school management services.

A diversified business portfolio will enhance the Group's overall competitiveness and pave the way for future growth. The Group will continue to seek opportunities in the local and overseas markets to balance and diversify its portfolio.

(d) Focus on Innovation to Increase Competitive Edge and Enhance Efficiency

The Group has been striving, and will continue to strive, to adapt, innovate and transform its business to increase the Group's competitive edge and enhance the Group's efficiency and productivity. The Group also intends to actively tap on technology and new platforms as avenues to increase the Group's competitive edge and to enhance the Group's efficiency and productivity.

The Group differentiates its property development business from its competitors, for instance, by adopting innovative product designs and creative marketing strategies. The Group will continue to conduct in-depth market research and analysis with the aim of identifying property trends and potential development opportunities in a given locality. It will also continue its current practice of collaborating with renowned architects and designers to create architecturally unique projects with attractive internal layout and practicality, and a wide range of facilities to cater to the needs of its customers. As a testament to the Group's efforts, the Group has garnered many awards and accolades such as the EdgeProp Singapore Excellence Awards 2018 (Innovation Excellence) awarded for its work on Grandeur Park Residences. The Group believes that innovation will provide it with a competitive advantage by differentiating its projects and services from those of its competitors and by providing a unique experience to its customers.

Another example of the Group's focus on innovation is demonstrated in the strides taken in its construction business. The Group strives to enhance its productivity and efficiency by improving the skill set of its workers as well as through the adoption of new construction methodologies (which involves investment in automation technology and machinery). To this end, the Group has deployed pre-cast technology to optimise resources and shorten the duration of projects, thereby reducing the heavy reliance on manpower on-site as compared to the conventional cast in-situ method. In addition, the Group further enhanced its construction capabilities by, amongst other things, venturing into the pre-cast concrete business through CESP (CES' wholly-owned subsidiary) and developing more in-depth knowledge of the modular building construction segment, such as PPVC. Construction technology is expected to feature even more prominently in the construction sector going forward and the Group is expanding its suite of construction capabilities to include 3D printing services. This will allow the Group to use automated systems and technologies to increase productivity.

In the Group's education business segment, the Group intends to capitalise on the new growth area relating to online education, by creating new platforms which offer blended education programmes comprising a mix of online and onsite learning. This would provide the Group's education business with opportunities for expansion as technology becomes an increasingly integral part of learning and education.

(e) Leverage on Synergy between Businesses

The Group believes that a significant contributing factor to its growth is its ability to leverage on synergy between its business divisions, given that these business divisions are complementary to one another.

The Group intends to increase collaboration opportunities amongst its business divisions, as this will allow the Group to harness synergies and economies of scale by capitalising on the strengths and capabilities of its business divisions in any future collaborations and projects. The Group believes that the synergies harnessed from increased collaboration opportunities will increase the Group's competitive edge.

(f) Increase Recurring Income for the Group

The Group's portfolio of investment properties generates recurring income. As at the Latest Practicable Date, it has 12 income-producing properties from its hospitality and property investment businesses which provide stable and recurring revenue streams for the Group. The Group will continue to look out for good investment opportunities to acquire quality assets in Singapore and overseas so as to increase its recurring income. It will also explore new avenues to boost occupancy rates by attracting new tenants while retaining existing tenants.

Furthermore, the Group's diversification into the education sector will provide additional and recurring revenue streams and has the potential to achieve long-term growth for the Group. There is flexibility within the education sector to cater to different market segments, and the Group would be able to explore options to develop a range of services, catering to the high, mid and affordable segments.

6. Competitive Strengths

(a) Established Track Record

The Group is an established homegrown property development and construction group in Singapore.

The Group's property development company, CEL, is recognised as a developer that builds quality properties. Over the years, CEL has launched more than 9,500 units either on its own or with its joint venture partners. The Group's development projects are mainly in Singapore and Australia and have been well-received. Its current developments in Singapore have achieved healthy sales notwithstanding the property cooling measures implemented in Singapore to stabilise the real estate market.

The Group has over 30 years of experience in general construction and has an established track record as a contractor for public housing projects. The Group began its first HDB project in 1982 and started to participate in "Design and Build" projects in 1998. Over the years, the Group has built a reputation and track record in Singapore as a specialist in high-contract-value projects for the public residential market. As at the Latest Practicable Date, the Group has been awarded HDB projects worth over S$4.1 billion since CES was listed on the Main Board of the SGX-ST.

As a testament to the Group's track record, the Group has received numerous awards and accolades for its work done in the property development and construction sector (the details of which are set out under the section on "Awards and Accolades" below).

The Group's proven track record is underpinned by its strong financial capability. The Group's total equity and cash and short-term deposits stood at S$817.29 million and S$374.04 million as at 31 December 2020, and it is well-capitalised to undertake new investments as well as large scale construction and development projects.

(b) <u>Diversified Business Portfolio</u>

The Group has a diversified business portfolio. Over the years, the Group has expanded its business from construction, to property development and investment, and more recently into hospitality and education. The Group's operations are also geographically diversified in the Asia Pacific region, with a key focus on Singapore, and strategic presences in Australia, Maldives, Hong Kong SAR, Malaysia, the PRC, Vietnam, New Zealand and Cambodia. The Group's diversified business model provides greater resilience in its earnings and more stable sources of cash flow. Should there be a slowdown in any of the Group's business sector, the Group will be able to redirect its focus to the rest of its business sectors.

(c) <u>Experienced and Committed Management Team</u>

The Group has an experienced and established management team. CES' Executive Director and Group Chief Executive Officer, Mr Chia Lee Meng Raymond, has been instrumental in the rapid growth of the Group. His in-depth and instinctive knowledge of the local property market, together with his sharp foresight and ability to react in a timely manner to the ever-changing global and local macro market conditions has ensured the steady progress of the Group. Mr Chia had also spearheaded the Group's penetration into the hospitality and property investment industries. CES' Executive Director, Mr Tan Tee How, has years of experience in the education sector. He has primary oversight of the Group's education business and plays an instrumental role in the Group's expansion into the education sector.

The Group's management team also has an in-depth knowledge of the property development, construction, hospitality and property investment businesses and has built up invaluable business relationships with key players within the industry over the years. In addition, the Group has a team of graduate engineers and a large pool of supervisors and coordinators with considerable practical experience in handling complex construction situations. Almost all of the project managers and project engineers hold degrees in construction-related fields. In relation to the Group's education business, the Group has a team of experienced educators who advise and support the Group in matters relating to the strategy, branding and operations of its business.

(d) <u>Sustainable Financial Growth and Healthy Cash Flow</u>

The Group is able to sustain its financial growth. Its net assets have grown from S$44 million in 1999, the year of its public listing, to S$817 million in FY 2020.

In addition, the Group enjoys a healthy cash flow. As at 31 December 2020, the Group's cash and short-term deposits stood at S$374.04 million. The Group's healthy cash flow allows it to readily participate in large scale projects and bid for sizeable land plots. As at 31 December 2020, the Group's net debt to equity ratio was 1.74.

(e) Synergies between the Businesses of the Group

The Group believes that one of its principal competitive advantages is the synergy between its business divisions, which allows the Group to reap benefits such as the efficient deployment of its resources.

The synergy between the Group's property development and construction businesses provide the Group a competitive edge as it enables the Group to share resources and better control product quality, delivery and costs. In addition, the property development projects undertaken by the Group's property development division provide opportunities for the construction division to take on more projects, and enhance its reputation as an experienced private projects contractor.

The Group's construction, property development, hospitality and property investment businesses are also complementary. The Group has the opportunity to increase its hospitality or property investment portfolio through the construction and property development projects undertaken by the Group's construction and property development divisions. In addition, in the process of evaluating potential sites in Singapore or overseas for its property development business, the Group may (where commercially viable) decide to acquire such sites to bolster its hospitality or property investment portfolio.

The complementary nature between the Group's education business and the rest of its businesses is another example where synergy between businesses can be reaped. For instance, the Group intends to establish reputable schools by acquiring or tying up with education businesses which have established brand names and track records. The establishment of reputable schools in and around properties owned or developed by the Group is likely to result in the increase in the prices of such properties. In addition, the Group would also be able to harness its construction capabilities to build safe and good quality education facilities.

(f) Strong Relationships with Customers, Clients, Consultants, Sub-contractors and Suppliers

The Group believes in nurturing long-term business relationships with its clients, consultants, sub-contractors and suppliers, some of whom have been the Group's business associates since the 1980s. By maintaining good relationships, the Group is confident of continued support from its sub-contractors, timely supply of raw materials from its suppliers and commitment from its consultants to the practicality of product design while maintaining product quality. The Group also enjoys competitive prices as well as good credit terms from these business associates.

The Group also emphasises customer satisfaction. Customer service teams are set up to address customers' queries and concerns to ensure the smooth handing over of units to customers.

(g) Efficiency and Cost Control

The Group has implemented an effective management control system to ensure minimal material and manpower wastage and idling time of machinery for its construction division. The system requires proper storage of raw materials at work sites to prevent spoilage and theft. Workers are also educated and trained to understand the importance of minimising wastage. In addition, usage of machinery is carefully planned and prioritised to minimise idling time of machinery and to ensure the timely completion of projects.

In addition, the Group has a competent contract team that evaluates project costing for tender submissions and monitors project costs, which helps prevent cost overruns. After a contract is awarded, a full-time project team is put in place to manage the project. The Group holds regular inspections and meetings to monitor the progress of the construction project and ensure adherence to the budget. With its experience in cost control and cost estimation, the Group is able to tender competitively and at the same time maximise its profit margin.

For the Group's development projects, the Group works closely with project consultants to optimise efficiency without compromising on design and liveability. The Group strives to shorten the turnaround time to market its projects and ensure on-time delivery in an orderly manner upon project completion.

7. Awards and Accolades

As a testament of the Group's commitment to service and quality, the Group has won numerous awards from various government bodies and industry authorities such as HDB, the BCA and WSHC for its work done in the property development and construction sector, including amongst other things, its safety and housekeeping performance, construction excellence, productivity and environmentally-friendly construction methodology.

As a demonstration of its ability to establish and maintain quality and environmental management systems, the Group obtained ISO 9001/SS ISO 9001 and ISO 14001/SS IS014001 certifications in 1996 and 2000 respectively. Separately, the Group has been holding OHSAS 18001 certification since 2000 for its occupational health and safety management system in relation to design management, building and civil engineering construction services including scaffolding works.

The key awards and accolades awarded to the Group for the past three years are set out in the list below.

	Award Level	**Description/Award**	**Awarding Institution**
2020 to 2021	Winner	Top Ten Developers 2020 awarded to CEL Development Pte. Ltd.	BCI Asia
	Winner	Asia Pacific Property Awards 2020/2021 – Residential Development Singapore, Mixed-Use Development Singapore, Best Residential Renovation/Redevelopment Singapore and Development Marketing Singapore awarded to CEL Development Pte. Ltd. for Parc Komo	International Property Awards
	Winner	Asia Pacific Property Awards 2020/2021 – Development Marketing Singapore awarded to CEL Unique Development Pte Ltd for Park Colonial	International Property Awards
	Winner	Asia Pacific Property Awards 2020/2021 – Best Residential High Rise Development Singapore, Best Development Marketing Singapore awarded to Fernvale Development Pte Ltd for High Park Residences	International Property Awards
	Winner	EdgeProp Singapore Excellence Awards 2020 – TOP Development and Marketing Excellence awarded to Kopar at Newton	EdgeProp
	Winner	EdgeProp Singapore Excellence Awards 2020 – TOP Development, Marketing and Showflat Excellence awarded to Parc Komo	EdgeProp
	Winner	SCAL Workplace Safety & Health Innovation Silver Award for Sengkang C39/C40 Fernvale Dew Project	SCAL

	Award Level	Description/Award	Awarding Institution
	Excellent	BCA Green and Gracious Builder Award for CES_SDC Pte. Ltd.	BCA
	Excellent	BCA Green and Gracious Builder Award for CES Engineering & Construction Pte. Ltd.	BCA
	Excellent	BCA Green and Gracious Builder Award for Chip Eng Seng Contractors (1988) Pte Ltd	BCA
	Commendation	WSH Culturesafe (Certificate of Commendation) for Bidadari C6 & C7 – Alkaff Oasis	WSHC
	Commendation	WSH Culturesafe (Certificate of Commendation) for Sengkang C39/C40 @ Fernvale Lane	WSHC
	Commendation	WSH Council (Certificate of Commendation) to Chip Eng Seng Contractors (1988) Pte Ltd for supporting bizSAFE Program for more than a decade	WSHC
	Commendation	bizSAFE STAR (Certification of Commendation) for CES_SDC Pte. Ltd.	WSHC
	Winner	WSH SHARP Award for Fernvale Dew for Sengkang C39/C40	WSHC
	Winner	WSH Performance (Silver) Award 2020 by WSH Council for Chip Eng Seng Contractors (1988) Pte Ltd	WSHC
	Winner	WSH SHARP Award for Woodleigh Glen for Bidadari C8/C9	WSHC
	Winner	bizSAFE Partner Award for CES_SDC Pte. Ltd.	WSHC
2019	Best of Category	LIAS (Landscape Industry Association Singapore) Award Implementation – Residential Category) for Tampines GreenRidges (Tampines N6C1A/1B)	LIAS
	Winner	HDB Construction Safety Award (Building Category) for Woodlands N1C26 & C27	HDB
	Merit	HDB Construction Safety Award (Building Category) for Tampines N6C1A/1B	HDB
	Winner	HDB Construction Award for Tampines GreenRidges (Tampines N6C1A/1B)	HDB
	Winner	WSH SHARP Award for Grandeur Park Residences at New Upper Changi Road/Bedok South Avenue 3	WSHC
	Winner	WSH SHARP Award for Marsiling Greenview at Woodlands N1C26 & C27	WSHC
	Winner	WSH SHARP Award for Alkaff Oasis at Bidadari C6	WSHC
	Winner	WSH SHARP Award for Alkaff Oasis at Bidadari C7	WSHC
	Commendation	WSH CultureSAFE (Certificate of Commendation) for Bidadari C8 & C9	WSHC

	Award Level	Description/Award	Awarding Institution
	Commendation	WSH CultureSAFE (Certificate of Commendation) for Bidadari C6/C7 Alkaff Oasis	WSHC
	Commendation	WSH SHARP Award for PUB Contract 22A – Changi Water Reclamation Plant Phase 2	WSHC
	Silver	WSH Performance Award for CES Engineering & Construction Pte Ltd	WSHC
	Bronze	SCAL WSH Innovation Award for CES Engineering & Construction Pte Ltd (Grandeur Park Residences) – “Smart MV Shaft Formwork”	SCAL
2018	Winner	Asia Pacific Property Awards 2018/2019 – Residential High-rise Development Singapore awarded to CEL-Changi Pte. Ltd. for Grandeur Park Residences	International Property Awards
	Winner	EdgeProp Singapore Excellence Awards 2018 – TOP Development Excellence awarded to CEL-Changi Pte. Ltd. for Grandeur Park Residences	EdgeProp
	Winner	EdgeProp Singapore Excellence Awards 2018 – Innovation Excellence awarded to CEL-Changi Pte. Ltd. for Grandeur Park Residences	EdgeProp
	Merit	SCAL Productivity and Innovation Award – CES Engineering & Construction Pte. Ltd. (Self-Collapsible Metal Formwork for Staircase Storey Shelter MV Shaft)	SCAL
	Winner	HDB Construction Safety Award for Sembawang N1 C10	HDB
	Winner	WSH SHARP Award for Tampines N6C1A & 1B (Green Ridges)	WSHC
	Winner	WSH SHARP Award for Woodlands N1C26 & 27 (Marsiling Greenview)	WSHC
	Winner	WSH SHARP Award for Toa Payoh Bidadari C6 (Alkaff Oasis)	WSHC
	Winner	WSH SHARP Award for Toa Payoh Bidadari C7 (Alkaff Oasis)	WSHC
	Winner	WSH SHARP Award for Development of Changi East to effect 3 Runway Operations at Singapore Changi Airport – Package 2	WSHC
	Commendation	WSH Culturesafe (Certificate of Commendation) for Toa Payoh Bidadari C6 & C7 (Alkaff Oasis)	WSHC

8. Directors of CES

Chen Huaidan @ Celine Tang (Mrs Celine Tang)
Non-Executive Chairman and Non-Independent and Non-Executive Director

Mrs Celine Tang was appointed as the Non-Executive Chairman and Non-Independent and Non-Executive Director of CES on 11 October 2018. Mrs Celine Tang is currently the Group Managing Director of SGX-listed company, SingHaiyi Group Ltd. She also holds the position of Non-Executive Chairman at OKH Global Ltd, an integrated property developer focused on logistics and industrial properties, listed on the Main Board of the SGX-ST.

Mrs Celine Tang has served as an Executive Director of Tang Dynasty Pte Ltd since its inception in 1995 and has been instrumental in growing the trading and investment company. Mrs Celine Tang is also an Executive Director of Haiyi Holdings Pte. Ltd., which is founded by Tang Yigang @ Gordon Tang (Mr Gordon Tang). Mrs Celine Tang is the spouse of Mr Gordon Tang who is an esteemed entrepreneur with a stellar track record in real estate and investments and a philanthropist who actively drives sports-related charity activities. In addition, Mrs Celine Tang is a Non-Executive Director of American Pacific International Capital, Inc. (APIC), a diversified international investment holding company with businesses throughout the United States and the PRC.

Mrs Celine Tang was previously the Assistant Judicial Officer of Shantou Longhu District Court in China. She graduated with a Bachelor's degree in Literature from China People's University for Police Officers (now known as People's Public Security University of China).

Possessing a strong belief in giving back to the society, Mrs Celine Tang sponsors student scholarships and grants, as well as supports activities in several Singapore schools such as West Spring Secondary School, Juying Secondary School and Crest Secondary School. She also sits as a member of the Advisory Committee of Juying Secondary School. In addition, Mr Gordon Tang and Mrs Celine Tang are the owners of Aloha Sea Sports Club, which rents out equipment for water sports and conducts a wide range of water sport courses. All profits generated from the centre are donated for the development of sailing in Singapore.

Mr Chia Lee Meng Raymond
Executive Director and Group Chief Executive Officer

Mr Chia Lee Meng Raymond has helmed the role of Group Chief Executive Officer since February 2016. On 5 May 2016, he was appointed as Executive Chairman of CES. With effect from 11 October 2018, he was re-designated from Executive Chairman and Group Chief Executive Officer to Executive Director and Group Chief Executive Officer.

He is responsible for the Group's overall operations, strategic planning and investment decisions. Starting out as a project manager back in 1994, Mr Chia rose through the ranks and was appointed as director of CES in 1999. He served as Managing Director of the property development division in July 2006, before being appointed Group Chief Executive Officer in June 2007 and Executive Deputy Chairman in January 2013. Outside the Group, Mr Chia was the Chairman of Seacare Properties Pte Ltd from October 2003 to October 2019, and Director of Seacare Holdings Pte Ltd from September 2006 to September 2019.

Mr Chia is currently President of The Singapore Scout Association and Board Member of Ren Ci Hospital. He is also a patron of the Nee Soon South Citizens' Consultative Committee. Mr Chia was awarded The Public Service Stars PBM in 2013 for public service rendered to the nation. He holds a Bachelor's degree in Economics and Finance from Curtin University and a Master's degree in Finance from RMIT University.

Mr Tan Tee How
Executive Director

Mr Tan Tee How joined the board on 2 February 2018 as Executive Director. Prior to this, Mr Tan had served 34 years in the Singapore Administrative Service, holding various key appointments, including Principal Private Secretary to then Prime Minister Goh Chok Tong (1997 to 2000) and founding CEO of National Healthcare Group (2000 to 2004). He was Permanent Secretary of the Ministry of National Development (2004 to 2011) and of the Ministry of Home Affairs (2011 to 2014). He was also Commissioner and CEO of the Inland Revenue Authority of Singapore (2014 to 2018). Mr Tan is currently Chairman of the Casino Regulatory Authority, Chairman of the National Healthcare Group, Independent Director of Hong Leong Finance Ltd and a member of the Panel of Experts, Singapore Cooperation Enterprise. He holds a Bachelor of Business Administration (Hons) degree from the National University of Singapore and a Master of Public Administration degree from Harvard University. He attended the Wharton Business School Advanced Management Programme in 2002.

Mr Yam Ah Mee
Non-Independent and Non-Executive Director

Mr Yam Ah Mee was appointed Non-Independent and Non-Executive Director of CES on 12 December 2019. Mr Yam holds various director roles in Sembcorp units and is also a director of CES_SDC Pte. Ltd., CES' wholly-owned subsidiary which carries out infrastructure and civil engineering projects. Previously, he held senior public sector responsibilities including as the Chief of Staff, RSAF; Deputy Secretary, Public Service Division, PMO; CEO/Dean of Civil Service College; Deputy Secretary, Air & Sea of Ministry of Transport; CEO of LTA; and CEO of People's Association. Mr Yam was also the Returning Officer for Singapore's general elections held in 2011.

Mr Yam holds a Bachelor of Engineering (First-Class Honours) from University of New South Wales, Australia, a Master of Business Administration from the National University of Singapore, and a Master of Public Administration from Harvard University, United States. He also attended the Harvard Business School Advanced Management Programme from Harvard University, United States and is a Fellow member of the Society of Project Managers Singapore.

Mr Yam was awarded the NUS Eminent Business Alumni Award 2012, Public Administration Medal (Gold) 2008, Public Administration Medal (Silver) (Military) 1992, Lucius N Littauer Fellow Award (Harvard) 1991, Andover Prize Award at RAF, United Kingdom, 1986 and The Queen's Medal at Royal Military College, Duntroon, Australia, 1980.

Mr Abdul Jabbar Bin Karam Din
Lead Independent Director

Mr Abdul Jabbar Bin Karam Din joined the board on 2 February 2018 as an Independent Director and was appointed as Lead Independent Director in April 2021. He chairs the Remuneration Committee and is a member of the Investment Committee and the Audit and Risk Committee. An Executive Committee Partner with Rajah and Tann Singapore LLP, Mr Jabbar heads the firm's Corporate and Transactional Practice. He has more than 25 years' extensive experience in mergers and acquisitions, joint ventures, employment, banking and finance, general commercial and private client work, both local and international.

Mr Jabbar also advises companies on corporate governance, compliance and regulatory matters. He serves as company secretary on the boards of numerous private and public listed and unlisted companies as well as registered foreign companies with Singapore branches. He graduated from the National University of Singapore with a Bachelor of Laws (Hons) degree.

Mr Lock Wai Han
Independent Director

Mr Lock Wai Han was appointed Independent Director of CES on 11 October 2018. He is a member of the Audit and Risk Committee, the Nominating Committee and the Investment Committee. He is currently Executive Director and Chief Executive Officer of SGX-listed company, OKH Global Ltd. From 1 November 2013 to 31 December 2015, Mr Lock was Executive Director and Group CEO of Rowsley Ltd. Between June 2011 and August 2013, he was based in Beijing as the China CEO of CapitaMalls Asia ("**CMA**"), where he had oversight of a retail mall portfolio that included Raffles City projects and CMA mixed developments. Before joining CMA in March 2010, he had served in the Singapore public sector for more than 20 years during which he held various leadership roles, including Commissioner of the Immigration & Checkpoints Authority, Director of the Criminal Investigations Department, and Deputy Secretary of the Ministry of Information, Communications & the Arts, as well as directorships on various statutory boards.

Mr Lock holds Bachelor and Master of Arts (Engineering) degrees from the University of Cambridge, United Kingdom, and a Master of Science (Management) degree from Leland Stanford Junior University, the United States.

Prof Low Teck Seng
Independent Director

Prof Low Teck Seng was appointed Independent Director of CES on 12 December 2019. He chairs the Investment Committee and is a member of the Remuneration Committee and the Audit and Risk Committee. He is currently the CEO of the National Research Foundation, Singapore. He also serves as an independent director with ExcelPoint Technology Ltd and is a professor at the National University of Singapore. Prof Low holds a Bachelor of Science (Electrical and Electronic Engineering) (First Class Honours) and a PhD from the University of Southampton, United Kingdom. He is a Fellow of the Singapore Academy of Engineers, Fellow of the Institute of Electrical and Electronics Engineers and International Fellow of the Royal Academy of Engineers, United Kingdom.

Dr Neo Boon Siong
Independent Director

Dr Neo Boon Siong was appointed Independent Director of CES on 12 December 2019. He chairs the Audit and Risk Committee and is a member of the Nominating Committee. He was the CANON Endowed Chair Professor of Business and twice served as Dean of the Nanyang Business School at the Nanyang Technological University, Singapore. Dr Neo is currently a Director of St Luke's Eldercare. He was previously the Chairman of the board of directors of k1 Ventures Ltd and served as Director of Keppel Telecommunications & Transportation Ltd, OCBC Bank, Great Eastern Holdings Ltd, OUE Hospitality Trust Ltd among several other companies. He holds a Bachelor of Accountancy (Honours) from National University of Singapore, Master of Business Administration and PhD from University of Pittsburgh, United States.

Prof Yaacob Bin Ibrahim
Independent Director

Prof Yaacob was appointed Independent Director of CES on 20 February 2020. He chairs the Nominating Committee and is a member of the Remuneration Committee and the Audit and Risk Committee.

Prof Yaacob is currently a Professor of Engineering at the Singapore Institute of Technology (SIT) where he is also Advisor to the President of SIT and Director of the Community Leadership and Social Innovation Center.

Prior to his current position, Prof Yaacob served as a Minister in the Ministries of Communications and Information (2011-2018), Environment and Water Resources (2004-2011) and Community Development and Sports (2002-2004). Throughout the 16 years as a Minister, he was also Minister-in-charge of Muslim Affairs. He started his political career as a Member of Parliament in Jalan Besar GRC on 2 January 1997. He held several political appointments before becoming a minister in 2002. He has since stepped down as a Member of Parliament in July 2020.

Prof Yaacob graduated from the University of Singapore with a degree in Civil Engineering in 1980. He worked as a structural engineer with a multinational engineering consulting firm from 1980 to 1984. He pursued his PhD at Stanford University from 1984 and graduated in 1989. He spent two years as a post-doctoral fellow at Cornell University. He joined the National University of Singapore (NUS) as a faculty member in 1990 where he became a tenured member. He took a leave of absence from NUS from July 1998 till his resignation from NUS in August 2018.

He is currently on the Board of Trustees for the Building Construction and Timber Industries Employees' Union, a Board Member of Surbana Jurong and SP Group, and an independent director for the Oceanus Group. He is also advising some start-ups and is currently chairman of the investment fund Rekanext.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables set out the Group's consolidated income statements for FY 2018, FY 2019, FY 2020, 1H 2020 and 1H 2021, and the Group's consolidated balance sheets as at 31 December 2018, 31 December 2019, 31 December 2020 and 30 June 2021. The selected consolidated financial information in the tables below has been derived from, and should be read in conjunction with, the Group's audited consolidated financial statements for FY 2019 and FY 2020 and the announcement of the unaudited financial statements of the Group for 1H 2021, including the notes thereto (if any), which appear in Appendices III, IV and V of this Information Memorandum.

Consolidated Income Statement

	FY 2018 S$'000	FY 2019 S$'000	FY 2020 S$'000	1H 2020 S$'000	1H 2021 S$'000
	Audited	**Audited**	**Audited**	**Unaudited**	**Unaudited**
Revenue					
– Property development	828,638	791,951	464,169	197,267	419,085
– Construction	169,850	164,405	144,592	58,339	164,644
– Hospitality	71,653	78,181	34,634	19,960	18,782
– Education	2,599	13,811	25,938	11,471	17,282
– Property investment & others	7,494	7,291	5,300	2,934	2,628
	1,080,234	1,055,639	674,633	289,971	622,421
Cost of sales	(837,786)	(860,766)	(609,393)	(255,612)	(543,987)
Gross profit	242,448	194,873	65,240	34,359	78,434
Other items of income					
Interest income	5,613	6,920	2,432	968	260
Other income	3,758	6,916	27,316	14,070	8,667
Other items of expense					
Marketing and distribution expenses	(14,106)	(13,900)	(9,666)	(6,426)	(2,969)
Administrative expenses	(93,886)[(1)]	(96,471)	(119,576)	(46,877)[(1)]	(51,168)
Impairment loss of trade and other receivables	(338)[(1)]	–	(2,297)	(128)[(1)]	–
Finance costs	(50,373)	(58,890)	(39,370)	(22,264)	(15,669)
Share of results of associates and joint ventures	4,928	4,609	(1,480)	1,053	(6,658)
Profit/(Loss) before tax	98,044	44,057	(77,401)	(25,245)	10,897
Income tax expense	(17,794)	(11,500)	(1,089)	(439)	(1,718)
Profit/(Loss) after tax	80,250	32,557	(78,490)	(25,684)	9,179
Profit/(Loss) attributable to:					
Owners of CES	63,121	33,320	(81,067)	(24,415)	99
Non-controlling interests	17,129	(763)	2,577	(1,269)	9,080
	80,250	32,557	(78,490)	(25,684)	9,179

Note:

(1) Reclassified from "Administrative expenses" to "Impairment loss of trade and other receivables" for presentation purpose.

Consolidated Balance Sheet

	As at 31 December 2018 S$'000	As at 31 December 2019 S$'000	As at 31 December 2020 S$'000	As at 30 June 2021 S$'000
	Audited	Audited	Audited	Unaudited
Non-current assets				
Property, plant and equipment	364,221	467,065	535,695	565,947
Investment properties	250,617	305,528	296,759	230,166
Intangible assets	16,677	47,947	49,880	48,399
Investments in joint ventures and associates	9,497	32,771	39,273	69,527
Deferred tax assets	5,956	7,761	5,672	8,257
Trade and other receivables	40,411	32,606	32,972	13,824
	687,379	893,678	960,251	936,120
Current assets				
Development properties	1,410,329	1,373,224	1,094,181	788,504
Assets held for sale	–	–	–	23,500
Inventories	2,152	2,838	2,851	4,511
Prepayments	2,708	4,817	5,515	9,116
Trade and other receivables	123,444	176,336	419,241	234,247
Contract assets	501,307	411,325	329,211	485,737
Deferred contract costs	16,663	14,416	15,121	16,861
Cash and short-term deposits	342,558	378,487	374,040	402,387
	2,399,161	2,361,443	2,240,160	1,964,863
Total assets	3,086,540	3,255,121	3,200,411	2,900,983
Current liabilities				
Loans and borrowings	129,773	231,880	197,608	496,016
Trade and other payables	64,814	87,725	91,890	80,399
Contract liabilities	99,488	26,256	59,385	47,948
Provision	11,795(1)	6,022	7,030	5,673
Other liabilities	36,635(1)	96,874	121,559	120,653
Income tax payable	9,716	25,574	12,995	18,722
	352,221	474,331	490,467	769,411
Net current assets	2,046,940	1,887,112	1,749,693	1,195,452
Non-current liabilities				
Loans and borrowings	1,681,360	1,566,464	1,600,122	1,036,616
Trade and other payables	140,696	166,282	159,271	163,234
Other liabilities	36	64,809	107,050	102,533
Deferred tax liabilities	38,172	35,964	26,216	14,439
	1,860,264	1,833,519	1,892,659	1,316,822
Total liabilities	2,212,485	2,307,850	2,383,126	2,086,233
Net assets	874,055	947,271	817,285	814,750
Equity attributable to owners of CES				
Share capital	79,691	175,978	175,978	175,978
Treasury shares	(30,034)	(30,034)	(29,719)	(29,357)
Retained earnings	773,466	781,745	669,361	653,792
Other reserves	(5,775)	(9,420)	(6,247)	(6,721)
	817,348	918,269	809,373	793,692
Non-controlling interests	56,707	29,002	7,912	21,058
Total equity	874,055	947,271	817,285	814,750

Note:

(1) Reclassified from "Other liabilities (current)" to "Provision" for presentation purpose.

Review of Financial Performance of the Group

(i) 1H 2021 (Unaudited) versus 1H 2020 (Unaudited)

Overall

Gross revenue increased by 114.6% from S$290.0 million to S$622.4 million. The sharp rebound was largely due to the low base in 1H 2020 when most of construction progress ceased during the COVID-19 "Circuit Breaker" period in Singapore from 7 April 2020. In tandem with higher revenue, gross profit increased by 128.3% from S$34.4 million to S$78.4 million. Other income was lower due to lower unrealised exchange gain and government grants to mitigate the COVID-19 pandemic. While marketing and finance costs were lower, administrative expenses and share of losses from joint ventures were higher mainly due to fair value losses on investment properties and share of losses from Cybint International Group which was acquired in September 2020. Overall, the Group recorded a profit before tax of S$10.9 million and profit after tax of S$9.2 million, reversing from a loss before tax of S$25.2 million and loss after tax of S$25.7 million in 1H 2020 respectively.

Property Development

Revenue increased by 112.4% from S$197.3 million to $419.1 million, mainly attributable to the sale of the development site at Gladstone Street, South Melbourne and higher contributions from Park Colonial and Kopar at Newton, partially offset by lower progressive revenue recognition from the fully sold and completed Grandeur Park Residences.

Construction

Revenue increased by 182.2% from S$58.3 million to S$164.6 million. The increase was mainly attributable to CAG, PUB C4A, Tampines N8C31 and Sengkang N4C39 & C40 and new revenue contribution from projects under CES_Salcon, which was acquired in December 2020.

Hospitality

Revenue decreased by 5.9% from S$20.0 million to S$18.8 million, mainly due to lower contribution from Park Hotel Alexandra, partially offset by higher contributions from the other hotels.

Education

Revenue increased by 50.7% from S$11.5 million to S$17.3 million, mainly due to higher contributions from the Invictus-brand international schools and Primus Schoolhouse.

Property Investment and Others

Revenue decreased by 10.4% from S$2.9 million to S$2.6 million, mainly due to lower occupancy in CES Centre.

Group Statement of Financial Position Review

The Group's non-current assets decreased from S$960.3 million to S$936.1 million, mainly due to the reclassification of the shophouses in Geylang and Tanjong Pagar from "Investment Properties" to "Assets held for sale" as these properties are expected to be disposed before the end of 2021. Net current assets decreased by S$554.2 million from S$1.75 billion to S$1.20 billion, mainly due to receipts from purchasers of Grandeur Park Residences and lower development properties with progressive recognition of development costs in cost of sales in respect of units sold for Park

Colonial. Non-current liabilities decreased from S$1.89 billion to S$1.32 billion, mainly due to repayment of bank borrowings for Grandeur Park Residences and Park Colonial and reclassification of borrowings and S$125.3 million term notes from non-current to current liabilities.

Total equity decreased from S$817.3 million to S$814.8 million, after taking into account a net profit of S$9.2 million recorded in 1H 2021 and capital contribution from non-controlling interest of S$4.4 million, partially offset by dividend payment to shareholders of S$15.7 million. With lower equity and lower borrowings, the Group's net-debt-to-equity ratio decreased from 1.74 as at 31 December 2020 to 1.39 as at 30 June 2021.

(ii) FY 2020 (Audited) versus FY 2019 (Audited)

Overall

Gross revenue decreased by 36.1% from S$1,055.6 million to S$674.6 million, with lower contribution from all divisions, except for the education division. In tandem with lower revenue, gross profit dropped by a greater magnitude of 66.5% from S$194.9 million to S$65.2 million on lower margins and additional costs incurred due to the COVID-19 pandemic. The drop in gross profit, fair value loss on investment properties, property, plant and equipment and investment security and one-off write-off of certain hotel assets were partially cushioned by lower finance costs and government grants meant to mitigate the impact of the COVID-19 pandemic and lower tax expenses. Overall, the Group recorded a loss before tax of S$77.4 million and loss after tax of S$78.5 million, as compared to profit before tax of S$44.1 million and profit after tax of S$32.6 million in the previous year.

Property Development

Revenue dropped by 41.4% from S$792.0 million to S$464.2 million, mainly attributable to lower progressive revenue recognition from Grandeur Park Residences and Park Colonial, as well as the absence of contribution from Williamsons Estate in Doncaster, Melbourne and High Park Residences which were fully sold and completed in 2019, partially offset by higher contributions from Parc Komo and Kopar at Newton which were launched in May 2019 and March 2020 respectively.

Construction

Revenue dropped by 12.1% from S$164.4 million to S$144.6 million. This was mainly due to lower revenue contribution from Bidadari C6 & C7, Bidadari C8 & C9 and Sengkang N4C39 & C40, partially offset by new revenue contribution from projects under CES_SDC, which was acquired in December 2019.

Hospitality

Revenue decreased by 55.7% from S$78.2 million to S$34.6 million, mainly due to lower contributions across all hotels as domestic and international travelings were adversely affected by the measures taken to contain the COVID-19 pandemic.

Education

Revenue increased by 87.8% from S$13.8 million to S$25.9 million, mainly due to contributions from the Invictus-brand international schools and Repton Malaysia school acquired in 2019.

Property Investment and Others

Revenue decreased by 27.3% from S$7.3 million to S$5.3 million, mainly due to rebate given to tenants under the Rental Relief Framework imposed by the Singapore Government and lower occupancy at CES Centre.

Group Statement of Financial Position Review

The Group's non-current assets increased from S$893.7 million to S$960.3 million, mainly due to the acquisition of a lagoon in North Malé Atoll, Maldives, precast yard and new leases signed for Invictus-brand international schools and the land lease for the lagoon. Net current assets decreased by S$137.4 million from S$1.89 billion to S$1.75 billion, mainly due to receipts from purchasers of High Park Residences and lower development properties with progressive recognition of development costs in cost of sales in respect of units sold for Park Colonial and Grandeur Park Residences. Non-current liabilities increased from S$1.83 billion to S$1.89 billion, mainly due to higher lease liabilities arising from the new leases signed for Invictus-brand international schools and the Maldives lagoon in FY 2020.

Total equity decreased from S$947.3 million to S$817.3 million, after taking into account a net loss of S$78.5 million recorded in FY 2020 and dividend payment to shareholders and non-controlling interests of S$59.3 million. With lower equity, the Group's net-debt-to-equity ratio increased from 1.50 as at 31 December 2019 to 1.74 as at 31 December 2020.

(iii) FY 2019 (Audited) versus FY 2018 (Audited)

Overall

Gross revenue decreased by 2.3% from S$1.08 billion to S$1.06 billion, with lower contribution from the property development and construction divisions, partially offset by higher contribution from education and hospitality divisions. In tandem with lower revenue, gross profit dropped by a greater magnitude of 19.6% from S$242.4 million to S$194.9 million on lower margins. Finance costs increased by 16.9% from S$50.4 million to S$58.9 million, with higher borrowing costs on development expenditure being expensed off. The lower gross profit and higher finance costs were partially mitigated by fair value gain on investment properties of S$2.8 million in FY 2019, as compared to fair value loss on investment properties of $1.0 million in FY 2018. Overall, profit before tax declined by 55.1% from S$98.0 million to S$44.1 million, and profit after tax decreased by 59.4% from S$80.3 million to S$32.6 million.

Property Development

Revenue dropped by 4.4% from S$828.6 million to S$792.0 million, mainly attributable to lower contribution from Williamsons Estate in Doncaster, Melbourne and High Park Residences which were completed in 2Q 2018 and 1Q 2019 respectively, as well as the absence of revenue from the disposal of 150 Queen Street, Melbourne and 242 West Coast Highway Scarborough, Western Australia, partially offset by progressive revenue recognition from Grandeur Park Residences and Park Colonial.

Construction

Revenue decreased by 3.2% from S$169.9 million to S$164.4 million. This was largely attributable to lower revenue recognised from Tampines N6C1A/1B, Woodlands N1C26 & N1C27 and Bidadari C6 & C7. The decrease was partially offset by revenue recognised from Yishun G27A, Bidadari C8 & C9, Sengkang N4C39 & C40 and Precast division.

Hospitality

Revenue increased by 9.1% from S$71.7 million to S$78.2 million, mainly due to improved performance in Grand Park Kodhipparu Resort in Maldives and Park Hotel Alexandra in Singapore, and full year contribution from the Mercure & Ibis Styles Grosvenor Hotel in Adelaide, South Australia which was acquired in March 2018.

Education

Revenue relates to the revenue of White Lodge preschools, the Group's first Repton Schoolhouse and newly acquired Invictus International School and Excelsior International School (rebranded as Repton Malaysia in 2020).

Property Investment and Others

Revenue decreased by 2.7% from S$7.5 million to S$7.3 million, mainly due to lower occupancy at CES Centre.

Group Statement of Financial Position Review

The Group's non-current assets increased from S$687.4 million to S$893.7 million, mainly due to right-of-use assets of the Group's lease commitments arising from the adoption of SFRS(I) 16 Leases which took effect from 1 January 2019, acquisition of the Excelsior International School site, reclassification of the Parc Komo retail component from development properties to investment properties, and provisional goodwill recognised from acquisitions during the year. Net current assets decreased by S$159.8 million from S$2.05 billion to S$1.89 billion during the year, mainly due to reclassification of certain long-term loans to current liabilities. Non-current liabilities decreased from S$1.86 billion to S$1.83 billion, mainly due to reclassification of certain long-term loans to current liabilities.

Total equity increased from S$874.1 million to S$947.3 million, after taking into account proceeds from issuance of new shares of S$96.3 million, a net profit of S$32.6 million recorded in FY 2019 and dividend payments of S$54.2 million (including non-controlling interests). As a result of lower borrowings and higher equity, the Group's net-debt-to-equity ratio improved from 1.68 as at 31 December 2018 to 1.50 as at 31 December 2019.

INVESTMENT CONSIDERATIONS

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

The risk factors set out below do not purport to be complete or comprehensive of all the risks that may be involved in the business, assets, financial condition, performance or prospects of the Issuers, the Guarantor and their respective subsidiaries (if any) or the properties owned by the Group or any decision to purchase, own or dispose of the Securities. Additional risks which the Issuers and the Guarantor are currently unaware of may also impair their and/or the Group's business, assets, financial condition, performance or prospects. If any of the following risks develops into actual events, the business, assets, financial condition, performance or prospects of the Issuers, the Guarantor and/or the Group could be materially and adversely affected. In such cases, the ability of the Issuers and the Guarantor to comply with their respective obligations under the Trust Deed and the Securities may be adversely affected and investors may lose all or part of their investments in the Securities.

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

Headings and sub-headings are for convenience only and investment considerations and risk factors that appear under a particular heading or sub-heading may also apply to one or more other headings or sub-headings.

Limitations of this Information Memorandum

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

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

This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Securities only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Securities is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such a determination. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuers, the Guarantor, their respective subsidiaries (if any) and/or associated companies (if any), the Arranger, any of the Dealer(s) or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Securities should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuers, the Guarantor, their respective subsidiaries (if any) and/or associated companies (if any), the terms and conditions of the Securities and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and/or other advisers prior to deciding to make an investment in the Securities.

This Information Memorandum contains forward-looking statements. These forward-looking statements are based on a number of assumptions which are subject to uncertainties and contingencies, many of which are outside the Issuers' control. The forward-looking information in this Information Memorandum may prove inaccurate. Please see the section on "Forward-Looking Statements" on page 7 of this Information Memorandum.

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

General risks

The outbreak of an infectious disease or the occurrence of any other serious public health concerns in the countries in which the Group operates and elsewhere could adversely impact the Group's business, financial condition, prospects and results of operations.

Outbreaks of communicable diseases could lead to disruptions in the functioning of local and international markets and adversely affect Singapore and other economies in which the Group operates. Any material change in the financial markets, Singapore economy or other economies in which the Group operates as a result of these events or developments may materially and adversely affect the Group's businesses, financial condition, prospects and results of operations. The outbreak of an infectious disease in the countries in which the Group operates and elsewhere, together with any resulting restrictions on movement and travel, imposition of quarantine measures, work stoppages, interruptions to supply and demand chains locally and globally and/or decline in business activity, could have a negative impact on the local and global economy and business activities in the countries in which the Group operates and elsewhere, and could thereby adversely impact the revenues and results of the Group.

In recent times, the outbreak of COVID-19 has spread globally and triggered a global economic downturn, resulting in an unprecedented global economic and health crisis. The number of reported cases of COVID-19 worldwide, and the number of reported deaths, have greatly exceeded the reported deaths during the SARS epidemic that occurred in 2002/2003. In March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic. The COVID-19 pandemic is ongoing and the magnitude of its impact on the local and global economy remains uncertain. To curb the spread of the virus, governments around the world have introduced measures, including strict border controls and travel restrictions, transportation restrictions, safe distancing, prolonged closures of workplaces, businesses and schools, quarantines and/or lockdowns.

As the Group has operations in various countries, such as Singapore, Australia, Cambodia, Hong Kong SAR, Malaysia, Maldives, the PRC, New Zealand and Vietnam, the global economic and financial disruptions resulting from the COVID-19 pandemic, and/or measures taken by the governments of the countries in which the Group operates in response to the COVID-19 pandemic could severely disrupt the Group's business operations and undermine investor confidence, thereby materially and adversely affecting the Group's businesses, financial condition, prospects and results of operations. While governments around the world (including the Singapore Government) have introduced and may continue to introduce support and relief packages in response to the COVID-19 pandemic, there is no assurance that such support packages will continue to be implemented or that they will be effective in improving the state of the local and global economies.

A brief overview of the potential effects on the Group resulting from the COVID-19 pandemic and the measures introduced by governments around the world include, but are not limited to:

(i) adverse effects on sales and rental revenue in relation to the Group's properties, for example, due to the passing of legislation by governments requiring landlords to pass on rental relief, rental deferrals, rental waivers and/or rebates etc. to their tenants;

(ii) reduced demand for office and commercial units, for example, due to changes in working arrangements or the imposition of movement restrictions;

(iii) adverse effects on the valuation of the Group's properties;

(iv) adverse effects on its existing and future construction and/or development projects, for example, delays in completion of such projects due to the closure of the Group's construction and/or development sites or shortages in manpower or construction materials;

(v) increased labour and project costs, for example, due to supply and manpower shortages or additional safe distancing measures to be implemented at construction sites;

(vi) increased insolvency experienced by the Group's customers, suppliers, tenants as well as counterparties to the Group's contractual arrangements;

(vii) adverse effect on the revenue in relation to the Group's hospitality business, for example, due to the travel restrictions which resulted in a decline in the number of foreign travellers;

(viii) slower enrolment growth in relation to the Group's education business, for example due to delays in obtaining approvals and permits for the operations of its schools, delays in the completion of renovation works for its new schools/centres, difficulties in marketing or enrolling new students due to COVID-19 restrictions, the growing number of expatriate parents who have lost their jobs and have to return home, and the declining number of expatriate parents relocating to a country for work;

(ix) renegotiation of the terms of existing projects and/or contractual arrangements; and

(x) adverse effects on the Group's ability to raise additional capital or obtain further financing from banks or financial institutions, for example, due to the shortage of available credit.

Any or a combination of the above effects may adversely impact the Group's business, financial condition, prospects and results of operations.

As the COVID-19 pandemic is continually evolving, it is difficult to ascertain how long the pandemic and its effects on the economy will last. There is no assurance that the COVID-19 pandemic will not bring about a prolonged global economic recession or more severe disruptions to the Group's business in the event that more stringent COVID-19 related measures are imposed by governments around the world, or if the COVID-19 pandemic becomes more severe or protracted. Whilst the Group has taken steps to mitigate the impact of the COVID-19 on its businesses, there is no assurance that there will not be a further deterioration of the Group's business, financial condition, prospects and results of operations if the COVID-19 pandemic worsens or becomes protracted.

The Group's future plans may not be commercially successful.

The Group's future plans, including those that are set out under the section entitled "*Chip Eng Seng Corporation Ltd. – 5. Business and Growth Strategies*" of this Information Memorandum, may not be commercially successful.

The Group's ability to successfully pursue new growth opportunities will depend on, amongst other things, its continued ability to identify and acquire suitable property development projects, investment properties and hospitality assets on satisfactory terms, secure new project tenders and/or awards and/or identify technologies and/or work processes which may improve the Group's operations and/or its ability to identify suitable collaborations and opportunities. A failure by the Group to successfully implement its strategy may have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

In addition, expansion plans generally involve numerous risks, including but not limited to, the financial costs of setting up new business units and working capital requirements. Such expansion plans may be expensive and may divert the attention of the Group's management and expose its business to unforeseen liabilities or risks associated with entering new markets or new businesses.

The Group may also not be successful in integrating its new businesses, products or technologies and might not achieve the anticipated synergies for revenue growth and cost benefits. If it fails to achieve a sufficient level of revenue or if its expansion plans result in the incurrence of debt, contingent liabilities, impairment charges related to goodwill or other intangible assets or any other unanticipated events or circumstances, its future financial position and performance may be materially and adversely affected.

If the Group fails to implement its future plans successfully, it may not be able to recover its investment and the Group's business, financial condition, prospects and results of operations may be adversely affected.

Developments in the economic, legal, tax or regulatory environment in the countries in which the Group operates, or may operate, may have a material and adverse impact on the Group.

Local business and operational risks in the different countries and cities in which the Group operates, or may operate, could have a material impact on the financial condition, results of operations and growth prospects of such businesses. The Group's operations are geographically diversified in the Asia-Pacific region. The Group has operations in various countries, such as Singapore, Australia, Cambodia, Hong Kong SAR, Malaysia, Maldives, the PRC, New Zealand and Vietnam. The Group is, and may increasingly become, exposed to different and changing political, social, legal, tax, regulatory and environmental requirements at the local, national or international level. In addition, new policies or measures by governments, whether fiscal, tax, regulatory, environmental or other competitive changes, may lead to an increase in additional or unplanned capital expenditure, which may pose a risk to the overall investment return of the Group's businesses and may delay or prevent the commercial operation of a business with resulting loss of revenue and profit.

With respect to the Group's business ventures outside of Singapore, political uncertainties or new government regulations such as restrictions on ownership and scope of business can also result in a decline in the value of the Group's investments. For example, in July 2021, regulatory measures were rolled out in the PRC targeting the tuition industry. In particular, all businesses in the PRC offering tutoring on core school subjects will have to be registered as non-profit organisations. Restrictions will also be imposed on foreign investment in curriculum-based tutoring business. Such measures have impacted the Group's investment in Guangzhou Yuanda Information Development Co., Ltd.

The business and prospects of the Group may be materially and adversely affected by developments with respect to inflation, interest rates, currency fluctuations, government policies, price and wage controls, exchange control regulations, industry laws and regulations, taxation, expropriation, social instability and other political, legal, economic or diplomatic developments in or affecting the markets in which the Group currently operates or may enter in the future. The Group has no control over such conditions and developments and any changes in such conditions and developments may adversely affect the Group's business, financial condition, results of operations and prospects.

The legal systems of certain countries in which the Group operates, or may operate, may still be maturing and the interpretation, application and enforcement of laws and regulations in such countries may involve uncertainty.

The legal systems of certain countries (for instance, developing countries) in which the Group operates or may operate, may still be maturing and the interpretation, application and enforcement of laws and regulations in such countries may involve uncertainty. The laws and regulations of such countries may be supplemented or otherwise modified by undocumented practices. Such practices may not have been ruled upon by the courts or enacted by legislative bodies and they may change without notice. There may also be limited precedents on the interpretation, implementation or enforcement of the laws and regulations of such countries. Therefore, some degree of uncertainty exists in relation to the application of existing laws and regulations. As such countries are still in the process of developing a comprehensive set of laws and regulations, laws and regulations or the interpretation of the same may be subject to change on short notice.

In addition, there is no assurance that the Group will be able to recognise or enforce a foreign arbitral award without a re-examination of the merits of the case in a full proceeding in the courts of the foreign countries in which the Group operates. Uncertainties in foreign legal court systems could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is exposed to fluctuations in the residential and commercial property markets.

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

As the Group's construction activities are principally carried out in Singapore, it is especially vulnerable to any downturn in the local residential and commercial property markets. Accordingly, there is a risk that dampened general sentiment in the local property market and reduced construction demand may erode profit margins for any available construction projects due to keen competition. Further, the Group may be affected by property cooling measures introduced from time to time by the respective governments of the countries in which the Group operates. For example, in recent years, the Singapore government has implemented several rounds of such measures to regulate the movement in property prices in Singapore to promote a more stable and sustainable property market. In the event that such measures result in lowered demand for property development and construction activities, the Group's business, financial condition, prospects and results of operations may be adversely affected.

In addition, if the Singapore government postpones or reduces public sector projects that are available for tender, especially those in the HDB segment, the Group's revenue may also be adversely affected. The Group expects the number of tenders to decrease in the coming years due to the rising trend towards larger scale projects. Further, should the Singapore government reduce the supply of Build-To-Order HDB flats, the number of public sector projects that are available to the Group for tender may be further reduced and this may have an adverse impact on the Group's business, financial condition, prospects and results of operations.

The Group is subject to revenue and profit volatility.

The Group is vulnerable to revenue volatility which is characteristic of property development and construction companies. The amount of revenue to be recognised in a financial year is dependent on the number, value and stage of completion of the projects undertaken by the Group, which in turn depends on various factors, such as the availability of the Group's resources, market sentiment, market competition and general economic conditions.

There is no assurance that the amount of revenue from the sale of property development projects and the completion of construction projects will remain comparable every year. Should there be any reasons that cause the Group to undertake fewer or no new property development projects or construction projects or should there be any delay in the progress of any of the projects in the Group's portfolio, its revenue recognised in a particular year may be adversely affected.

Future acquisitions, joint ventures or other arrangements may expose the Group to increased risks.

The Group expects that it may from time to time, as a matter of business strategy, expand its business through the formation of joint ventures, strategic alliances, partnerships or other investment structures. Acquisitions that the Group may make, along with potential joint ventures and other investments, may also expose the Group to additional business and operating risks and uncertainties, including:

(i) the inability of the Group to exert control over strategic decisions made by these companies;

(ii) time and resources expended to coordinate internal systems, controls, procedures and policies;

(iii) the potential loss of key employees and customers of the acquired businesses; and

(iv) exposure to unknown liabilities.

The Group may also face the risk that its joint venture partners are unable or unwilling to fulfil their obligations under the relevant joint venture agreements, including the possibility of the joint venture partners failing to perform because they do not possess adequate experience or the skill sets expected of them. The Group's joint venture partners may also experience financial or other difficulties, which may affect their ability to carry out their contractual obligations, thus resulting in additional costs to the Group.

There is no assurance that such acquisitions, joint ventures, strategic alliances and partnerships will be successful. If the Group is unable to successfully implement the Group's growth strategy or address the risks associated with the Group's acquisitions, joint ventures, strategic alliances and partnerships, or if the Group encounters unforeseen difficulties, complications or delays frequently encountered in connection with the integration of acquired businesses and the expansion of operations, or if the Group fails to achieve acquisition synergies, the Group's business, financial performance, financial condition and operating cash flow may be materially and adversely affected.

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

The Group may not be able to obtain financing on terms favourable to the Group or at all.

As at 31 December 2020, the Group had approximately S$1,798 million of total borrowings comprising short-term borrowings of approximately S$198 million and long-term borrowings of approximately S$1,600 million. While the Group has unutilised banking facilities and available funds, there can be no assurance that the Group will be able to refinance its indebtedness, as and when such indebtedness becomes due, on commercially reasonable terms or at all. Additionally, the Group's level of indebtedness means that a material portion of its expected cash flows may be set aside for the payment of interest on its other indebtedness, thereby reducing the funds available to the Group for use in its general business operations or to make payments on the Securities. The Group's level of indebtedness, coupled with the current global economic climate, and its obligations with respect to the financial covenants in its loan facilities, may also result in accelerated demands for payment or calls by lenders on the occurrence of events of default. This may restrict the Group's ability to obtain additional financing for capital expenditure, acquisitions or general corporate purposes and may cause it to be particularly vulnerable in the current volatile economic environment or any future general economic downturn. In addition, in the event that the Group is required to restructure its borrowings or provide funding to any of its subsidiaries or associated companies to, amongst other things, optimise the capital management structure within the Group, it may have to incur additional indebtedness or raise further capital through the issuance of new securities.

There can be no assurance that the Group will be able to obtain additional financing for its needs, either on a short-term or a long-term basis, on terms favourable to the Group or at all. The factors that could affect the Group's ability to procure financing include the cyclicality of its business and market disruption risks which could adversely affect the liquidity, interest rates and the availability of funding sources. In addition, further consolidation in the banking industry in Singapore and/or elsewhere may also reduce the availability of credit as the merged banks seek to reduce their combined exposure to any one company or sector. Failure to obtain additional financing may result in the Group forgoing expansion opportunities and this could affect the Group's business materially and adversely.

Additional debt financing may include conditions that would restrict the Group's freedom to operate its business, such as conditions that:

(i) impose restrictions on acquisitions of new businesses;

(ii) require the Group to set aside a portion of cash flow from business operations towards repayment of the Group's debt, thereby reducing the availability of the Group's cash flow to fund capital expenditure, working capital and other general corporate purposes; and/or

(iii) limit the Group's flexibility in planning for, or reacting to, changes in the Group's business and industry.

Furthermore, if prevailing interest rates or other factors at the time of refinancing result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase, which would adversely affect the Group's cash flow. An increase in interest rates, especially for a prolonged period, could have a material and adverse effect on the Group's business and financial performance.

The Group may be affected by uninsured loss to its properties.

Certain liabilities in respect of the Group's properties may not be insured, such as liabilities arising from acts of terrorism, war or other civil disorder. These are generally considered uninsurable or the cost of insurance may be prohibitive when compared to the risk. The Group's properties may also suffer physical damage caused by fire or natural disaster or other causes. There may therefore be circumstances in which the Group will not be covered or sufficiently covered or compensated for losses, damages or liabilities arising in relation to its properties, thereby adversely affecting its profitability and financial performance. Should an uninsured loss or a loss in excess of its insured limits occur, the Group could suffer a loss in capital invested in the affected property as well as anticipated future revenue from that property. The Group would also remain liable for any debt or other financial obligations related to that property. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future or that adequate insurance coverage will be available in the future on commercially reasonable terms or at commercially reasonable rates. Such factors may adversely affect the Group's business, financial condition, prospects and results of operations.

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

From time to time, the Group may be involved in disputes with various parties such as contractors, sub-contractors, consultants, suppliers, construction companies, purchasers, customers, vendors and other partners involved in, amongst other things, the development, operation, purchase and sale of its properties and/or assets. These disputes may lead to legal and other proceedings, and may cause the Group to suffer additional costs and delays in, amongst other things, the construction or completion of its properties or the commencement of its business operations. In addition, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable orders, directives or decrees that may result in financial losses and delay the construction or completion of its projects or disruption to its business operations. There can be no assurance that these disputes will be settled on favourable or reasonable terms, or at all. In the event such disputes are not settled on favourable or reasonable terms, or at all, the Group's business, financial condition, prospects and results of operations may be adversely affected.

The Group's performance may be affected by its ability to attract and retain high quality personnel.

The Group's future performance depends largely on its ability to attract, train, retain and motivate high quality personnel, especially for its management and technical teams. The loss of key employees (without suitable and timely replacements) or the inability to attract high quality personnel may have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group is exposed to foreign exchange risks.

The Group is exposed to foreign exchange risks due to fluctuations in foreign exchange rates. A substantial portion of the Group's investments outside of Singapore is, and will continue to be, denominated in foreign currencies and the respective local currencies of countries where the Group operates, while its reporting currency is in Singapore Dollars. This being the case, many of the Group's activities and income, costs and operating cash flows are exposed to foreign exchange risks arising from various currency exposures, primarily with respect to the Australian Dollar, New Zealand Dollar, Hong Kong Dollar and Chinese Yuan and the respective local currencies of countries where the Group operates, when the assets and liabilities are translated into Singapore Dollars for financial reporting purposes. Consequently, portions of the Group's costs and margins are affected by fluctuations in the exchange rates between these currencies. As far as possible, the Group adopts a natural hedge by funding its operations and investments in the same local currency to mitigate its exposure to exchange rate fluctuations. However, there can be no assurance that the Group will not be exposed to future exchange rate fluctuations in the relevant countries when capital and profits are repatriated back to Singapore.

The Group's financial statements are subject to changes in accounting standards.

The Singapore Accounting Standards Council may issue new and revised accounting standards and pronouncements from time to time. Applying such standards and pronouncements to the Group's financial statements may result in a change in the presentation and measurement of financial information, and thus may result in a change in the way the Group records its revenues, expenses, assets, liabilities or reserves.

The Group cannot predict the impact of changes in accounting standards and pronouncements. Such changes could adversely affect the Group's reported financial results and positions and adversely affect the comparability of the Group's future financial statements with those relating to prior periods.

The Group could incur significant costs relating to environmental matters.

The Group may be subject to various environmental laws and regulations in countries where it operates that may require a current or previous owner of a real estate property to investigate and clean up hazardous or toxic substances at such property. Such laws often impose liability without regard as to whether the owner or operator of such property knew of, or was responsible for, the presence of such substances. The cost of investigation, remediation or removal of such substances may be substantial.

Environmental laws may also impose compliance obligations on owners and operators of properties with respect to the management of hazardous materials and other regulated substances. Failure to comply with these laws can result in penalties or other sanctions.

Additionally, existing environmental reports with respect to the Group's properties may not reveal (i) all environmental liabilities, (ii) whether prior owners or operators of the properties have created any material environmental condition not known to the Group, or (iii) whether a material environmental condition exists in any one or more of the properties. There also exists the risk that material environmental conditions, liabilities or compliance concerns may have arisen after the review was completed or may arise in the future. Finally, future laws, ordinances or regulations and future interpretations of existing laws, ordinances or regulations may impose additional material environmental liability. The Group may be subject to liabilities or penalties relating to environmental matters which could adversely affect the Group's business, financial condition, prospects and results of operations.

The Group's operations may be subject to disruptions caused by uncontrollable and unforeseen events and influences, such as terrorist attacks, other acts of violence or war and adverse political developments.

The Group may face severe disruption in operations from events or circumstances not within its control which, sustained over time, may negatively impact the Group's financial condition and performance. Examples of these events or circumstances include conflicts, wars, terrorism, political unrest and other social disruptions, adverse weather and natural disasters (including floods and earthquakes), increased costs and unexpected delays from the engagement of third-party contractors and service providers, accidents or fires which may result in injuries, and damages to critical equipment, power supply or infrastructure. Any of these events or conditions could materially and adversely affect the Group's business, financial condition, financial performance, results of operations and prospects.

The Group's controlling shareholders may have interests in entities with similar businesses to the Group, which may result in potential conflicts of interest with the Group.

The Group's controlling shareholders, Chen Huaidan @ Celine Tang and Tang Yigang @ Gordon Tang, may have investments or interests in entities engaged in businesses similar to the Group's and which compete with, or are likely to compete with, the Group. In addition, the Group may also enter into joint ventures with such entities. For example, the Group recently entered into a joint venture with SingHaiyi Group Ltd and Chuan Investments Pte. Ltd. to acquire and redevelop the property in Singapore known as Maxwell House. Completion of the acquisition took place on 10 November 2021. The controlling shareholders of the Group are also the controlling shareholders of SingHaiyi Group Ltd. SingHaiyi Group Ltd, together with its subsidiaries, has businesses in the real estate sector which are similar to those of the Group. In such situations, it is possible that the interests of the Group's controlling shareholders may not be aligned with those of the Group or that the Group's controlling shareholders may take actions that favour the interest of such other entities over the Group's interests. While the Group has put measures in place to mitigate such conflicts of interests, there is no assurance that the Group's interests will not be subordinated to the interests of its controlling shareholders.

Risks relating to the Group's property development and property investment businesses

The Group is subject to government regulation in the countries in which it operates.

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

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

The Group's property development business may face increasing competition.

The Group's property development business faces competition from both international and local property developers with respect to factors such as location, facilities and supporting infrastructure, services and pricing. Intensified competition between property developers may result in increased costs for land acquisition, oversupply of properties and a slowdown in the approval process for new property developments by the relevant government authorities, all of which may adversely affect the Group's property development business. There can be no assurance that the Group's strategies will be effective or that it will be able to compete successfully in the future against its existing or potential competitors or that increased competition with respect to its activities will not have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group's property development business faces competition from other property developers who may have greater financial resources than the Group. This competition may limit the Group's opportunity to invest in projects that could add value or have a higher rate of return.

The Group's property development business may be significantly affected by interest rate fluctuations.

An increase in interest rates in Singapore and/or any of the countries in which the Group operates may negatively impact its property development business. Higher interest rates generally make it harder for consumers to secure financing, which can lead to a decrease in the demand for residential and commercial properties. Any downturn in the economy or consumer confidence could negatively impact the demand for all types of property that the Group has under development and negatively affect the Group's business, financial condition, prospects and results of operations.

Furthermore, as at 31 December 2020, S$1,639.48 million of the Group's consolidated borrowings (representing 91.20 per cent. of the Group's consolidated borrowings) bear floating interest rates. Consequently, the interest cost to be borne by the Group for its floating interest rate borrowings will be subject to fluctuations in interest rates. In addition, the Group may be subject to market disruption clauses contained in its loan agreements with banks. Such clauses generally state that to the extent that the banks may face difficulties in raising funds in the interbank market or are paying materially more for interbank deposits than the displayed screen rates, they may pass on the higher costs of funds to the borrower despite the margins agreed.

The Group may enter into some hedging transactions to partially mitigate the risk of interest rate fluctuations. However, there can be no assurance that its exposure to interest rate fluctuations will be adequately covered. As a result, the Group's business, financial condition, prospects and results of operations could be adversely affected by interest rate fluctuations.

The Group's property development projects are subject to uncertainties.

The Group's performance is dependent on its ability to obtain land plots, identify property development projects with good potential returns and successfully selling and completing such projects within a scheduled time frame to realise such returns. Such ability is based on the Group's understanding of the operational environment and/or anticipation of the market conditions. The Group's property development projects may be adversely affected by a number of factors, including but not limited to the international, regional and local economic climate, local real estate conditions, perceptions of property buyers, businesses, retailers or shoppers in terms of the location and attractiveness of the property development, competition from other available properties, changes in market rates for comparable sales and increased business and operating costs. In particular, the Group's development activities are subject to the risk of delays in obtaining required approvals, the availability of raw materials, changes in interest rates, increases in construction costs and land costs, natural disasters and reliance on third-party contractors. As a result of these and other factors described herein, no assurance can be given as to whether or when existing and planned projects will be successfully completed. Accordingly, there is no assurance that the Group will be successful in obtaining suitable land plots, identifying profitable property development projects, selling and completing such projects under the best possible market conditions as planned. There is also no assurance that a project, which may be assessed to be profitable at the initial phases, will not turn out to be a loss-making asset or investment of the Group due to changes in circumstances which are not within the Group's control. Should the Group fail to obtain suitable land plots, identify profitable property development projects and tender for launch and complete them profitably or within a reasonable time, this may have an adverse effect on its business, financial condition, prospects and results of operations.

The Group faces risks before realising any benefits, if at all, from property development projects.

Property development typically requires substantial capital outlay during the land acquisition and construction phases and may take one or more years before positive cash flows may be generated through the pre-sale or sale of a completed property development. Depending on the size of the development, the time span for completing a property development usually lasts for more than a year.

Consequently, changes in the business environment during the length of the project may affect the revenue and cost of the development, which in turn have a direct impact on the profitability of the project. Factors that may affect the profitability of a project include high financing costs, the failure to complete construction according to original specifications, schedule or budget and poor sales. The sales and value of a development project may be adversely affected by a number of factors, including but not limited to the international, regional and local economic climate, local real estate conditions, perceptions of property buyers in terms of the convenience and attractiveness of the projects, competition from other available properties and changes in market rates for comparable sales. If any of the property development risks described above materialises, the Group's returns on investments may be lower than originally expected and its business, financial condition and results of operations may be adversely affected.

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

Failure or delay in completion or delivery

In the event the Group pre-sells any properties prior to completion of construction, it may be liable for potential losses that purchasers of such pre-sold properties may suffer if there is a failure or delay in the delivery of such pre-sold properties. Failure to complete a property development on time may be attributed to factors such as delays in obtaining requisite licences, permits or approvals from government agencies or authorities, shortages of labour, outbreak of infectious diseases, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents and changes in government priorities and policies.

If the delay in delivery extends beyond the contractually specified period, purchasers may also be entitled to terminate the pre-sale agreements and claim refunds of monies paid, damages and compensation for late delivery. There can be no assurance that the Group will not experience failure or significant delays in completion or delivery.

Payment default by purchasers

There may be circumstances, particularly where there is an economic downtown or where more stringent lending restrictions are imposed, in which purchasers of the Group's properties under deferred payment schemes or otherwise may find it increasingly difficult to secure financing to fund their purchases and could default on their obligations to pay for their units. The Group has granted, and may from time to time grant, purchasers of its properties (including purchasers of a substantial number of units in a development) an extension of time to pay for their units. However, there can be no assurance that any such extension or other accommodation granted by the Group to purchasers in respect of their obligations to pay for their units will subsequently result in a purchaser being able to pay for their units. In the event a purchaser defaults, and the total amount in default is substantial, this could adversely affect the Group's business, financial condition, prospects and results of operations.

The Group may be adversely affected by unsold properties.

In the event that the Group is unable to sell a significant proportion of its properties, its financial performance may be materially and adversely affected. Furthermore, the unsold properties that the Group continues to hold for sale post-completion may be relatively illiquid, and this could limit its ability to realise cash from unsold units on short notice. In such an event, the cash flow and financial performance of the Group may be adversely affected. Unsold properties in Singapore may also incur penalties if they are not sold within certain prescribed time limits.

The Group's rental rates for its investment properties will depend on market conditions.

Rental rates have experienced significant volatility in recent years due to global and regional economic instability and other factors beyond the Group's control. If rental rates decline as a result of an increase in the availability of office buildings or a decrease in the demand for office spaces (such as during the COVID-19 pandemic which saw a widespread adoption of work-from-home arrangements), or due to changes in economic conditions, the Group may be unable to lease its investment properties on commercially viable terms or at all. If the Group enters into leases when market conditions are not favourable, the Group's financial performance and results of operations may be materially and adversely affected.

The Group's future cash flow may be affected by the Group's exposure to key tenants.

Part of the Group's industrial and commercial properties are leased. The Group's ability to lease vacant units and the value of such units in the Group's industrial and commercial properties could be adversely affected by the loss of a key tenant or in the event such key tenant files for bankruptcy or insolvency or experiences a downturn in its business. In addition, the Group may face difficulties in finding suitable replacement tenants for space vacated by key tenants in a timely manner, if at all, and if found, the lease terms with such replacement tenants may be less favourable to the Group. Under certain market conditions, key tenants may receive more favourable terms, for example, lower rental rates or other incentives. Accordingly, the Group's ability to optimise its revenue and cash flow for such industrial and commercial space that has been leased to such key tenants could be adversely affected. Any of these events could materially and adversely affect the Group's business, financial condition and results of operations.

Failure to find replacement tenants may affect the Group's performance.

In the event that the Group does not find replacement tenants or the terms of replacement tenancies are less favourable to the Group than current leases, the Group faces the risk that vacancies following non-renewal of leases may lead to reduced occupancy levels or that the terms of replacement tenancies could be less favourable than current leases, which may in turn reduce the Group's revenue. If the leases are not renewed or are renewed on terms less favourable to the Group, this could affect the Group's business, financial condition and results of operations for that year. In addition, if a large number of leases expire at the same time, the Group's existing or prospective tenants have more leverage in negotiating a lower rental price, which might adversely impact the Group's revenue and business.

Risks relating to the Group's construction business

The Group is subject to government legislation, regulations and policies which affect the construction industry in the countries in which the Group operates and requires various licences and permits for its operations.

The Group is subject to government legislation, regulations and policies which affect the construction industry in the countries in which the Group operates, including those governing, amongst other things:

(i) employment of workers (including foreign workers) in the countries in which the Group operates, such as overtime limits and the MYE allocation system in Singapore;

(ii) the conditions of the work permits of foreign workers;

(iii) licensing of contractors;

(iv) approval and execution of plans of construction works;

(v) workplace safety and health; and

(vi) environmental matters such as public health and noise pollution,

the contravention of which may subject the Group, its employees and/or its directors to statutory penalties, such as fines imposed by the relevant authorities (which may be significant) or modification, suspension or discontinuance of the Group's operations. Hence, any conviction for such contravention may have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group has implemented systems and procedures to comply with such legislation, regulations and policies. However, prior to or notwithstanding the implementation of such systems and procedures, there may have been instances of non-compliance which have since been rectified through the implementation of certain systems and procedures. There is no assurance that the Group, its employees and/or its directors will not be subject to investigations in the future by the relevant authorities in respect of these past instances of non-compliance which have since been rectified, and if found guilty, held liable to statutory penalties such as fines (which may be significant).

The Group also requires various licences and permits for its operations. For example, in Singapore, under the Building Control Act, Chapter 29 of Singapore, no person shall commence or carry out, or permit or authorise the commencement or carrying out of, any building works unless the plans of the building works have been approved by the Commissioner of Building Control and in the case of structural works, there is in force a permit granted by the Commissioner of Building Control to carry out the structural works. In the event that such approvals or permits are not obtained, the Group will not be able to undertake the relevant projects, and its business, financial condition, prospects and results of operations may be adversely affected.

The Group's licences and permits may also be granted for fixed periods of time. These will need to be renewed from time to time. There is no assurance that upon expiration of such licences and permits, the Group will be able to successfully renew them in a timely manner or at all, or that the renewal of such licences and permits will not be attached with conditions which the Group may find difficult to comply with, or that if the relevant authorities enact new laws and regulations, the Group will be able to successfully meet their requirements. Failure by the Group to obtain, renew or maintain the required licences and permits, or the cancellation, suspension or revocation of any of its licences and permits may result in the interruption of its operations and have a material adverse effect on its business.

Government legislation, regulations and policies affecting the construction industry in the countries in which the Group operates are also subject to amendments from time to time. Any such changes could adversely affect the Group's business operations and/or have a negative effect on the demand for its construction services. The compliance with such changes may also increase the Group's costs and any significant increase in compliance costs arising from such changes may adversely affect its financial performance. There is no assurance that any changes in government legislation, regulations and policies will not have an adverse effect on the Group's business, financial condition, prospects and results of operations.

Cost overruns could adversely affect the Group's profitability.

In preparation for its projects, the Group carries out internal costing and budgetary estimates, which are based on quotations from its suppliers and sub-contractors, and its own estimation of costs. However, unforeseen circumstances such as adverse soil conditions, unfavourable weather conditions, unanticipated construction constraints at the worksite arising during the course of construction, fluctuations in the cost of labour, raw materials, equipment and subcontracted services, unanticipated variations in labour and equipment productivity over the term of a contract and corrective works for poor workmanship or, more recently, compliance with safe distancing measures and the maintenance of work sites due to COVID-19 regulations may result in project delays and may lead to additional costs not previously factored into the Group's contract value. In addition, some of the Group's contracts do not allow for adjustments to the contract value consequent upon a rise in the cost of, amongst others, labour, raw materials, equipment and subcontracted services. Under such circumstances, the cost overruns would have to be absorbed by the Group. In such an event, the Group's business, financial condition, prospects and results of operations may be adversely affected.

In particular, raw materials are a key component of cost of sales. Commodity prices are volatile, cyclical, market-driven and are largely determined by changes in the supply and demand of industrial commodities and raw materials that are caused by market fluctuations outside the Group's control. As such, there is no certainty that the Group will be able to purchase the raw materials necessary for its business at commercially reasonable prices. In addition, if there is any supply crisis for the necessary raw materials, this may result in delays in the completion of construction of the Group's projects or in the Group having to acquire whatever supply is available at higher prices. Accordingly, the Group's profit margin may be reduced or eroded, which may in turn affect the profitability of the Group's operations if the Group is not able to pass on the cost overruns to its customers, contractors or sub-contractors, find alternative cheaper sources on a timely basis or obtain extensions for the completion of its construction projects. Furthermore, delay in project completion beyond the scheduled dates may expose the Group to liquidated damages payable to the owners of the project.

In addition, the Group's projects require heavy use of construction equipment and machinery. Where the Group's own equipment is not sufficient to handle its projects and/or new equipment is required for its projects, it may acquire or lease additional equipment from suppliers. In the event of unforeseen delays, to ensure that the project schedule can be met, the Group may rent additional equipment and machinery, thereby driving up its project costs. In the event that the Group is unable to continue to acquire or lease construction equipment and machinery at prices or rental rates that are within its projected budget, its business, financial condition, prospects and results of operations may be adversely affected.

The Group is reliant on foreign labour.

The construction industry is highly labour-intensive. As at the Latest Practicable Date, approximately 46 per cent. of the Group's total labour force employed with its construction business are foreign workers mainly from India and Bangladesh.

Changes in the labour policies of the countries in which the Group operates and/or those of the foreign workers' countries of origin may affect the supply and/or cost of foreign labour and cause disruption to the Group's operations, delays in the completion of projects and/or increase in project costs. For instance, the availability of the foreign workers to the construction industry in Singapore is regulated by MOM through policy instruments such as the imposition of levies and quotas based on the MYE allocation system in Singapore. The Group is susceptible to any increases in such levies and any sudden withdrawal in the supply of foreign workers which may negatively impact the Group's business, financial condition, prospects and results of operations.

An increase in levies may increase the Group's payroll costs, which may negatively affect its profitability. Similarly, an increase in levies may increase the payroll costs of the Group's suppliers and sub-contractors and this may affect their ability to supply the products or carry out the works for which they were contracted, thus delaying the completion of, or causing the failure to reach completion of, the Group's construction projects, resulting in additional costs for the Group or exposing the Group to the risk of liquidated damages.

Restrictions on the supply of foreign labour may result in the Group having to explore alternative and more costly sources of labour for its projects. For example, in a bid to curb the spread of COVID-19, the Singapore government has imposed tighter border controls leading to a shortage of supply of foreign labour in Singapore. In such event, the Group's payroll costs may increase and its business, financial condition, prospects and results of operations may be materially and adversely affected. Similarly, in the event that the foreign worker entitlement of the Group's suppliers and sub-contractors are reduced, an inability to seek alternative sources of labour at the same or lower cost may affect their ability to supply the products or carry out the works for which they were contracted, thus delaying the completion of, or causing the failure to reach completion of, the Group's construction projects, resulting in additional costs for the Group or exposing the Group to the risk of liquidated damages.

The Group is required to maintain its BCA gradings for its business in Singapore.

Although business entities which are not registered with the BCA are not precluded from conducting business as contractors or suppliers outside the public sector, registration in the Contractors Registration System maintained by the BCA is a pre-requisite to tendering for projects in the Singapore public sector. CES Contractors and CESE are currently registered with the BCA under the A1 classification for general building. This is the highest classification tier awarded by the BCA that permits a contractor to tender for public sector projects of unlimited contract value. Similarly, both CES Contractors and CESP currently hold the L6 classification from the BCA, permitting them to bid for public sector precast concrete production contracts of unlimited value. Separately, CES Contractors and CESE are registered with BCA under the A2 classification and the B2 classification for civil engineering respectively. The A2 classification allows CES Contractors to tender for public sector projects with a contract value of up to S$95 million while the B2 classification allows CESE to tender for public sector projects with a contract value of up to S$15 million. CES_SDC is currently registered with the BCA as an A1 general building (CW01) and civil engineering (CW02) contracting firm and is qualified to tender for public sector contracts with unlimited tender sums. The Group's recently acquired company, CES_Salcon is registered with the BCA under the L6 classification for mechanical engineering (ME11) and is qualified to tender for public sector contracts with unlimited tender sums. To maintain the Group's existing BCA gradings, the Group is required to comply with certain prescribed requirements.

In the event that the Group does not maintain any of its gradings because it fails to comply with any of the requirements laid out by the BCA in respect thereof, such BCA grading may be downgraded. This may in turn reduce the Group's tendering capacity in the public sector. In addition, as private sector projects may sometimes also adopt the same minimum grading requirements for their tenders, any downgrade in any of the Group's BCA gradings could also affect its tendering capacity in the private sector. In such event, the Group's market reputation, business, financial condition, prospects and results of operations may be adversely affected.

The ability of the Group to secure new projects may depend on the Group being able to secure performance bond guarantees and other bank facilities.

In line with the industry practice, certain construction projects in which the Group acts as the main contractor require a performance bond to be furnished by a bank or an acceptable financial institution to guarantee the Group's contractual performance in the project. Generally, the performance bond for each of such projects covers up to approximately five per cent. of the contract value of the project. In the event that the Group defaults in its contractual obligations, the project owner is entitled to call on the bond with the bank or financial institution and the Group's liquidity and financial position may be adversely affected.

CES has provided corporate guarantees to secure performance bonds from banks or other financial institutions in respect of the Group's ongoing projects. There is no assurance that the Group can continue to secure performance bonds for its new projects in the future or that the performance bonds may be secured on terms that are acceptable to it or on terms as favourable as those previously obtained. If the Group is unable to secure performance bond guarantees from its banks or acceptable financial institutions, it may be unable to secure new projects, and this could have a material adverse effect on its business, financial condition, prospects and results of operations.

The Group's business is vulnerable to keen competition and its performance will depend on its ability to compete effectively against its competitors and adapt to changing market conditions and trends.

The Group may have to submit competitive bid prices in order to secure tenders in the face of keen competition. If the Group has to lower bid prices to compete effectively and yet face high operating costs from providing competitive and high standards of service quality, this may have an adverse impact on its profit margins.

There is no assurance that the Group will be able to compete effectively with its existing and future competitors and adapt quickly to changing market conditions and trends. Any failure by the Group to remain competitive may adversely affect its business, financial condition, prospects and results of operations.

The Group's financial performance is dependent on its successful bidding for new projects and the non-cancellation of secured projects.

As most of the Group's projects are undertaken on a non-recurring basis, it is critical that the Group is able to continuously and consistently secure new projects of similar value and volume. There is no assurance that the Group will be able to do so. In the event that it is not able to continually and consistently secure new projects of similar or higher value and on terms and conditions that are favourable to it, this may have an adverse impact on its business, financial condition, prospects and results of operations. In addition, the scope of work in a project, which is dependent on its scale and complexity, may affect the profit margin of the project. In the event that the Group has to subcontract a material portion of the project work to a third-party sub-contractor, its profit margins from such projects may be reduced.

Cancellation or delay in the commencement of secured projects due to factors such as changes in the businesses of the Group's customers, poor market conditions and lack of funds on the part of the project owners may adversely affect the Group. In addition, there may be a lapse of time between the completion of the Group's projects and the commencement of its subsequent projects. Any cancellation or delay of projects could lead to idle or excess capacity, and in the event that the Group is unable to secure replacement projects on a timely basis, this may adversely affect its business, financial condition, prospects and results of operations.

The Group is liable for defects or failure in the architectural, structural and mechanical and electrical ("M&E") design for the "Design and Build" projects that it undertakes as the main contractor.

For "Design and Build" projects, a single contract is awarded by the developer to the main contractor who is responsible for the architectural, structural and M&E design and construction works of the entire project. External consultants, such as architects and engineers, are always engaged to work on such projects and they will be liable for any defect or failure in the architectural, structural and M&E design of the building arising from their default, as the case may be. However, in the event that such defaults are not sufficiently covered by the professional indemnity insurance taken up by the respective consultants, the Group may be liable to the developer for the residual amount of such defaults. Where sub-contractors are engaged to work on such projects, such sub-contractors will be liable for any defect arising from their default. In the event of any loss or damage which arises from the default of the sub-contractors engaged by the Group, the Group, being the main contractor, will nevertheless be liable for its sub-contractors' default.

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

The Group is subject to credit risk arising from its customers and defaulting counterparties.

The nature of the Group's construction business is that work is often performed before payment is made, even when progress payments are provided for. For the Group's construction business, there is generally a time lag between expenditure incurred and actual payment by customers. This gives rise to credit risk as the financial position of its customers or counterparties may deteriorate over time, and there may be financial losses to the Group should there be significant default in payment by customers. From time to time, the Group may also encounter customers or counterparties who may have cash flow problems and are unable to pay the Group on time or at all. Although the Group adopts a policy of only dealing with creditworthy counterparties and the Group regularly reviews its credit exposure to its customers, credit risks may nevertheless arise from events or circumstances that are difficult to anticipate or detect, including but not limited to political, social, legal, economic and foreign exchange risks that may have an impact on its customers' ability to make timely payment and render the Group's enforcement of payments ineffective.

The Group's financial performance may be adversely affected in the event of any disputes with its customers or sub-contractors.

Disputes may arise between the Group and its customers for various reasons, such as differences in the assessment of acceptable quality standards of workmanship and materials used, disagreements over the value of work done and disputes over contract specifications. Consequently, it is an industry practice for customers to withhold an agreed percentage of the contract sum, typically five per cent., as retention monies to defray the costs of instituting any work of repair, reconstruction or rectification of any imperfection or other faults or defects which may surface or be identified only during the defects liability period of typically 12 to 24 months after the official hand-over of a construction project. The Group may therefore encounter difficulties in collecting the full sum or any part of the retention monies due and may run the risk of incurring additional costs to make good the repair, rectification or reconstruction works under dispute, which may cause its profit margin to be eroded or losses to be incurred for the construction project. In such event, the Group's business, financial condition, prospects and results of operations may be adversely affected.

Disputes may also arise from disagreements over the cost of variation orders requested by the Group's customers. This is because, in accordance with industry practice, the variation orders are normally carried out before the additional charges are agreed upon in order for the construction project to be completed on schedule. However, as the cost of variation orders is not determined beforehand, their basis of valuation may become a source of dispute after the construction project has been completed. In such an event, the Group could be required to bear the costs of rejected variation orders or lower agreed variation costs, thereby adversely affecting its business, financial condition, prospects and results of operations.

In the course of the Group's construction business, disputes may also arise between the Group and its sub-contractors for various reasons including defective works, delays in the completion of a project and disputes over contract specifications and the final amount payable for work done on a project. It is not uncommon for claims to be made against the Group from time to time by its sub-contractors and customers arising from such disputes in connection with its construction business. In the event that any such claims are successfully made against the Group, its results of operations and financial performance may be materially and adversely affected. Any legal proceedings relating to such claims may also have an adverse effect on the Group's market reputation.

The Group may be affected by accidents and/or violations of workplace safety and health regulatory requirements, and/or violations of environmental regulatory requirements at its worksites.

Accidents or mishaps may occur at the worksites for the Group's projects. As such, the Group is subject to personal injury claims by workers who are involved in accidents at the Group's worksites during the course of their work from time to time.

Such accidents or mishaps may severely disrupt the Group's operations and lead to a delay in the completion of a project, and in the event of such delay, the Group may be liable to pay liquidated damages under the construction contract with its customers. In addition, the Group may incur fines and penalties imposed by the relevant government authorities, including by MOM in relation to any breaches of workplace safety and health regulations on worksites in Singapore. Such accidents or mishaps may also subject the Group to claims from workers or other persons involved in such accidents or mishaps for damages suffered by them, and there may be significant claims which are not covered by the Group's insurance policies. There may also be significant damage to the Group's premises, machinery or equipment as a result of such accidents or mishaps. These may have a significant adverse effect on the Group's business, financial condition, prospects and results of operations.

Furthermore, in Singapore, MOM has implemented a demerit points system for the construction sector. All main contractors and sub-contractors in the construction sector will be issued with demerit points for breaches under the Workplace Safety and Health Act, Chapter 354A of Singapore, and relevant subsidiary legislation. The number of demerit points awarded depends on the severity of the infringement. An accumulation of a minimum of 25 demerit points would immediately trigger debarment of the contractor and applications from the contractor for all types of work passes for foreign employees will be rejected by MOM. The accumulation of more demerit points will result in longer periods of debarment. Each demerit point is valid for 18 months.

The Group's worksites may also be subject to penalties including stop-work orders, fines or prosecution in the event that it is found to be in violation of prevailing COVID-19 safe management measures.

In addition, violation of environmental regulatory requirements may occur at the Group's worksites. The Group may incur fines and penalties imposed by the relevant government authorities, including the National Environment Agency in relation to any breaches of environmental regulations on worksites in Singapore. In such an event, the Group's business, financial condition, prospects and results of operations may be materially and adversely affected. In the event that the Group is issued stop-work orders, this may severely disrupt its operations and lead to a delay in the completion of a project. These circumstances may generate negative publicity and adversely affect the Group's market reputation, and may also have a material adverse impact on its business, financial condition, prospects and results of operations.

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

The Group purchases its raw materials and/or acquires or leases equipment from its suppliers for its construction projects. The Group also engages sub-contractors to provide various services for its construction projects, including piling and foundation works, structural works, architectural works, M&E installation, utilities installation, interior decoration and any other specialist work. These suppliers and sub-contractors are selected based on, amongst other things, the Group's past working experience with them, their competitiveness in terms of their pricing and their past performance. The Group cannot be assured that the products and services rendered by suppliers and sub-contractors will be satisfactory to it or that they will meet the quality requirements or the project requirements. In the event of any loss or damage which arises from the default of the suppliers or sub-contractors engaged by the Group, the Group, being the main contractor, will nevertheless be liable for its suppliers' or sub-contractors' default if it is not able to pass on such loss or damage to its suppliers or sub-contractors. Furthermore, these suppliers or sub-contractors may experience financial or other difficulties that may affect their ability to supply the products or carry out the work for which they were contracted, thus delaying the completion of or failing to complete the Group's construction projects, resulting in additional costs for the Group or exposing the Group to the risk of liquidated damages. Any of these factors could result in a material adverse effect on the Group's business, financial condition, prospects and results of operations.

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

The Group provides limited warranties for some of its construction projects for a standard period of up to 10 years on certain items of the works. The limited warranty covers defects and any premature wear and tear of the materials and workmanship used in the projects. Rectification and repair works to be carried out by the Group that are covered under the limited warranty will not be chargeable to the customers. Excessive warranty claims for rectification and repair works may have an adverse effect on the Group's business, financial condition, prospects and results of operations.

Risks relating to the Group's hospitality business

The Group's hospitality business is subject to all of the risks common in the hospitality industry.

A number of factors, many of which are common to the hospitality industry and beyond the Group's control, could materially and adversely affect the Group's hospitality business, including but not limited to the following:

(i) dependence on business and commercial travel, leisure travel and tourism, all of which may fluctuate, tend to be seasonal and are subject to the adverse effects of national and international market conditions, including but not limited to political landscapes, viral epidemics (such as COVID-19), threats of terrorism, aviation accidents, natural disasters and foreign exchange fluctuations;

(ii) oversupply of, and/or reduction in demand for, rooms due to increased competition from other hotels or resorts and/or other alternative accommodation options such as Airbnb which may offer more attractive rates for guests;

(iii) increases in operating costs due to inflation, labour costs, workers' compensation, health-care related costs, utility costs, property tax, advertising and promotion expenses, insurance, environmental damage and unanticipated costs such as acts of nature and their consequences;

(iv) changes in governmental laws and regulations and the related costs of compliance;

(v) increases in costs associated with maintenance or capital improvements;

(vi) changes in economic conditions;

(vii) changes in travel and lifestyle patterns and preferences; and

(viii) difficulties in identifying hospitality assets to acquire and completing and integrating acquisitions.

All of these factors could materially and adversely affect the Group's business, financial condition, prospects and results of operations.

The growth of third-party online and other hotel reservation intermediaries and travel consolidators may adversely affect the margins and profitability of the Group's hospitality business.

Some of the Group's hotel rooms are booked through third-party online and other hotel reservation intermediaries and consolidators to whom the Group pays commissions for such services. They may be able to negotiate higher commissions, reduced room rates, or other significant concessions from the Group. The Group believes that such intermediaries and consolidators are likely to develop and increase customer loyalty toward their reservation systems rather than the Group's services. As a result, the growth and increasing importance of these travel intermediaries and consolidators may adversely affect the Group's ability to control the supply and price of its room inventory, which could in turn adversely affect its margins and profitability.

The Group faces risks associated with adverse global economic conditions and other factors that depress the level of disposable income of consumers.

The Group's hospitality business is subject to prevailing economic conditions in markets or countries from which the Group's customers originate. The Group believes that it is, and will continue to be, substantially dependent on the ability and willingness of consumers to spend money on leisure and entertainment activities, including vacations, in the countries which the Group operates in. A deterioration in global economic conditions may reduce the level of disposable income available for leisure and entertainment activities, which may reduce patronage of the Group's hotels or resorts, and in turn have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The hospitality industry is highly competitive.

The hospitality industry is highly competitive. The level of competition in the hospitality industry is affected by various factors, including changes in economic conditions, both locally and worldwide, changes in local and regional populations, the supply of and demand for hotel rooms or villas, changes in travel patterns and preferences and new supply of hotels or resorts or other alternative forms of accommodation in the locations which the Group operates in. Any change in these conditions could negatively affect the occupancy rates of the Group's hotels or resorts. The Group's competitors may also offer lower rates or more facilities at similar or more competitive prices to attract more guests. If their efforts are successful, this could also negatively affect the occupancy rates of the Group's hotels or resorts. As a result, the Group's business, financial condition, prospects and results of operations may be adversely affected.

The Group's hotel and resort operations are subject to changes in the laws, rules and regulations of the countries in which it operates.

The hotel and resort operations of the Group are subject to the laws, rules and regulations of the countries in which it operates, including the obtaining of licences in order to carry out such operations. The withdrawal, suspension or non-renewal of any of the Group's certificates of registration and/or licences may have an adverse impact on the Group's hospitality business and consequently, its profitability. Furthermore, any changes in such laws, rules and regulations may also impact the business at the Group's hotels or resorts and may result in higher costs of compliance. Any failure to comply with new or revised laws, rules and regulations could result in the imposition of fines or other penalties by the relevant authorities. This could have an adverse impact on the revenue and profits of the Group's hospitality business or otherwise adversely affect its hotel or resort operations.

The Group may be affected by seasonal fluctuations associated with the hospitality industry.

Certain periods in each financial year generally account for a smaller portion of the Group's annual revenue than other periods due to seasonal fluctuations in the tourism industry and in the number of overseas visitors to Singapore or other countries in which the Group operates its hotels and resorts. However, the Group's expenses do not vary significantly with changes in occupancy rates and revenue because a significant portion of operating costs in its hospitality business, including employee base salaries, rental costs, information management system vendor fees, and telephone expenses, is fixed. Accordingly, a decrease in revenue could result in a disproportionately higher decrease in the Group's profits because its operating costs and expenses are unlikely to decrease proportionately. The Group's costs and expenses may remain constant or increase even if its revenues decline, which may adversely affect the Group's profitability.

The Group relies on hotel operators in the operation, management, maintenance, branding and marketing of its hotels.

The Group relies on hotel operators in the operation, management, maintenance, branding and marketing of its hotels and resorts. In the event that any agreement for the operation and management of any of the Group's hotels and resorts are terminated prematurely or not renewed upon expiry on mutually agreeable terms, or the Group is unable to engage the services of a competent hotel operator as a replacement, the Group's business, financial condition, prospects and results of operations may be adversely affected.

There is also no assurance that the Group's hotels and resorts will be operated, managed, maintained, branded or marketed well in the future. Failure of the hotel operators to properly operate, manage or maintain the Group's hotels and resorts under management agreements may result in customers choosing alternative hotels and/or resorts. Insufficient cash flow caused by lower occupancy may adversely impact the operations and profitability of the Group's hotels and resorts, thereby affecting the ability of its hotels and resorts to generate income. Consequently, the financial performance of the Group could be adversely affected.

The Group is subject to risks associated with developing new hotels and/or resorts.

New hotel and resort developments are subject to a number of risks, many of which are outside the Group's control, including:

(i) market or site deterioration after acquisition;

(ii) the possibility of discovering previously undetected defects or problems at a site; and

(iii) the possibility of construction delays or cost overruns due to delayed regulatory approvals, labour or material shortages, work stoppages and the unavailability of construction and/or long-term financing.

Between the acquisition of the site and the project's completion, travel preferences, political or social conditions of the location or other conditions critical to the success of the hotel or resort may change, such that the Group is unable to achieve its projected returns after the completion of the project and/or repay its debt financing. In such an event, the Group's business, financial condition and results of operations could be adversely affected.

The Group usually finances the development of hotels and resorts by way of loans from financial institutions in addition to internally-generated funds. As a significant amount of funds is required in hotel and resort development projects, the Group would typically seek financing for a substantial proportion of the cost of the hotel and resort developments. The Group's ability to engage in new developments would depend on its ability to secure such financing at favourable terms.

In planning for the financing of its hotel and resort development projects, the Group takes into consideration various factors, including potential operating yield, operating cash flows, the timing of the completion, the expected interest charges to be incurred for the entire duration of the project and the possibility that financial institutions may require that the Group provide additional security for its loans. A change in any of the factors may cause the Group's business, financial condition and results of operations to be adversely affected.

Furthermore, there can be no assurance that the Group will be able to obtain approval and/or planning permission from the relevant authorities to develop hotels or resorts on sites that the Group may acquire. This may cause the Group to suffer additional costs and delays in the construction or development of its projects. If the relevant approval and/or planning permission cannot be obtained, the Group may choose to dispose of the site. The price realised on such disposal will depend on, amongst other things, market conditions prevailing at the time of the sale, and may be lower than the price the Group paid to acquire the site. In such an event, the Group's business, financial condition and results of operations could be adversely affected.

Risks relating to the Group's education business

Profitability of the Group's education business is dependent on the Group's ability to price its fees competitively for the educational programmes, products and services.

The profitability of the Group's education business is dependent on the fees for the educational programmes, products and services that the Group provides. Fee rates are, in turn, based on factors such as the demand for educational programmes, products and services, costs of the Group's operations including fees paid to the Group's teachers and school personnel, marketing and advertising fees, fees charged by the Group's competitors, the Group's pricing strategy to gain market share and general economic conditions in Singapore and in the countries in which the Group operates. If the Group is unable to price its fees competitively to attract prospective students and at the same time cover its operational costs and salary inflation, its business, financial position and results of operations may be materially and adversely affected.

The Group's education business is dependent on market recognition of the Group's brand and reputation.

The Group's ability to maintain its reputation depends on a number of factors, some of which are beyond its control. As the Group's education business grows in size and the Group expands its programmes, products and services, it may become difficult to maintain the quality and consistency of the programmes, products and services that the Group offers, which may lead to diminishing confidence in the Group's brand. Such factors include levels of student and parent satisfaction with the Group's pedagogy and curricula, teachers and teaching quality, grades achieved by and overall development of the Group's students, employee misconduct, marketing and advertising, disruptions to the Group's educational services, failure by the Group's schools to pass inspections by the relevant government authorities and loss of certifications, approvals and accreditations. In the event that the Group's reputation is damaged, students' and parents' confidence and interest in its programmes, products and services may decrease and its business could be materially and adversely affected. Further, in the event that the Group licenses or franchises a brand from a third-party, an isolated incident occurring with respect to such third-party or other licensee or franchisee of such third-party which is beyond the Group's control or which may not be related to the Group may impact the reputation of the Group's programmes, products and services.

The Group's education brands and programmes may be licensed or franchised from third parties and if so, the continued growth of its programmes may be dependent on such third parties.

In certain instances, the Group may license or franchise its education brands and/or programmes from third parties. If so, the Group's business may develop a dependency on such third parties, including the level of responsiveness in updating the brand strategy or product offerings to meet changing market demands. There is no assurance that these third parties will adequately improve their product offerings from time to time or, even if these third parties endeavour to do so, that such product offerings will complement the education system in Singapore or in the countries in which the Group provides its programmes, products and services. Further, such third parties may, for various reasons including reasons which may be beyond the Group's control, terminate such license or franchise agreements or increase the license or franchise fees payable for the license or franchise of such pedagogy or curricula, which may materially and adversely affect the Group's profitability and financial position. The brand and reputation of the Group's licensed or franchised pedagogy and curricula may also be affected by the brand and reputation associated with such third parties.

The development of students enrolled in schools operated by the Group may not meet parents' expectations and satisfaction with the Group's educational services may decline.

The success of the Group's education business depends on the Group's ability to maintain the quality of education it provides. A key performance indicator of such quality is the development of its students, both academically and holistically. However, there is no guarantee that the Group's students will experience expected academic improvement or exhibit the skills and aspects of character which the Group strives to nurture. There is therefore no assurance that the Group will be able to provide learning experiences that are satisfactory to all of its students and their parents, or that student and parent satisfaction with the Group's core and enrichment programmes will be achieved. Any negative developments in the Group's schools could result in students' withdrawal from or unwillingness to apply for the Group's schools, and therefore have an adverse impact on the Group's reputation. The Group may also experience negative publicity as a result. If the Group's targeted student retention rates are not met or if the Group otherwise fails to attract and enrol students of a suitable standard or at all, its business, financial condition and results of operations may be materially and adversely affected.

The Group's education business relies on the Group's ability to recruit and retain dedicated and qualified teachers and school personnel.

The Group's education business relies substantially on the quality of the teachers and school personnel hired for the provision of educational programmes, products and services. There is, however, no assurance that the Group will be able to hire teachers and school personnel with the necessary expertise, experience and proficiency to conduct its courses. This is because the Group is competing with other international schools and educational centres for the same pool of qualified teachers and school personnel, such as principals, vice-principals and other school administrators. Further, the Group faces stiff competition from other educational centres which seek to provide similar educational programmes, products and services. There is therefore no guarantee that the Group will be able to recruit and retain quality teachers and school personnel. If the Group is unable to recruit and retain an appropriate number of teachers and school personnel, the quality of the Group's educational programmes, products and services may decline or be perceived to decline, which may have a material and adverse effect on the Group's brand and reputation. In the case of highly-qualified teachers and school personnel, such persons may demand higher compensation packages, which may materially and adversely affect the Group's profitability and financial position.

The Group's education business may be affected by changes in economic conditions and government policies affecting expatriates and immigration.

The Group's educational programmes, such as kindergartens, may be catered to both locals as well as expatriates in the countries in which the Group operates. Changes in economic conditions, government strategies, policies or regulations concerning the influx of expatriates and immigration may reduce the inflow of expatriates. For example, while Singapore has a relatively open immigration policy towards expatriates, due to the increased inflow of foreigners working in Singapore over the past few years, the immigration framework has been tightened, so as to raise the quality of the workforce and to calibrate the influx of expatriates. Such initiatives may reduce the number of expatriate parents looking to enrol their children in the Group's educational programmes. Further, such initiatives may impose additional compliance and operational costs, which may have a material and adverse effect on the Group's revenue and profitability.

Due to border restrictions implemented by countries in which the Group's education business operates as a result of the ongoing COVID-19 pandemic, the inflow of expatriates has significantly reduced. In addition, the outflow of expatriates has also increased as expatriates may prefer to return to their home country as a result of the COVID-19 pandemic or have to leave the country which they were posted to as a result of job loss.

The Group's education business may be subject to seasonal fluctuations, which may cause the Group's operation results to fluctuate from quarter to quarter.

Where the Group's education business offers educational programmes which are structured to have school terms with periodic school holidays (as opposed to childcare services, which may be offered throughout the year without providing for holidays), the Group may experience seasonal fluctuations in its results of operations. For example, if the Group's educational programme is modelled after the British school system, it may not have revenues for the months of June and December when its schools are closed for the school holidays. Further, the number of students in the Group's schools may be lower in the start of each calendar year, due to the graduation of students at the end of the preceding school year, before gradually being replaced over the course of the year by new enrolments. Given that the Group's revenue from its education business will be directly affected by the headcount of students, such seasonal fluctuations may give rise to a corresponding seasonal fluctuation in its revenue over the course of a year.

The Group's education business may be dependent on the Group's ability to identify suitable properties for the operations of its programmes.

The Group requires suitable properties for the operation of its programmes. There are certain factors in this process which are beyond the Group's control, such as the general availability of property in Singapore and the countries in which the Group operates, market conditions including property and rental prices which are, in turn, dependent on the general supply and demand of properties, government policies on the ownership and rental of property and prevailing tax rates on the purchase and rental of property. In the event that there is a lack of suitable properties, or if property or rental prices are high, the Group's profitability may be materially and adversely affected.

The Group's education business may be dependent on the Group's ability to obtain regulatory licences under the regulatory framework of the country in which the Group operates.

The Group's education business may be dependent on the Group's ability to obtain regulatory licences under the regulatory framework of the country in which the Group operates. For instance, the education industry in Singapore is regulated by MOE and MOE provides for certain requisite certifications, approvals and accreditation to be obtained or complied with in order for a school to be established and registered with MOE. Accordingly, the Group's ability to operate schools in Singapore or overseas may be affected by its ability to obtain and comply with the requisite certifications, approvals and accreditation.

Given that the Group is new to the education industry, there is no assurance that it will be able to obtain and comply with the relevant certifications, approvals and accreditation. In addition, in the event that the standards and conditions imposed by the relevant authorities from time to time become more stringent, the Group may have to increase its compliance standards and procedures, which may result in increased costs and management having to devote time and resources to ensure compliance with such standards and procedures.

Accidents, injuries or illnesses sustained by the Group's students, employees or other personnel may adversely affect its reputation and subject the Group to liabilities.

The Group may be held liable for the accidents, injuries or illnesses or other harm to students, employees or school personnel at its schools, learning centres and enrichment centres, notwithstanding that these may have been beyond the Group's control. The Group may also face claims alleging that it was negligent, provided inadequate maintenance to its facilities or failed to adequately supervise its employees and school personnel, and may therefore be held liable for such accidents, injuries or illnesses or other harm sustained on its premises. In addition, if any of the Group's teachers or school personnel commits acts of violence or indecent acts, the Group may face allegations that it failed to provide adequate security and should be responsible for his or her actions.

Although the Group will maintain insurance for its education business, its insurance coverage may not be adequate to cover all claims such as those described in the foregoing paragraph. In addition, in the event that accidents, injuries or illnesses or other harm are sustained on the Group's premises, it may not be able to obtain liability insurance in the future at reasonable prices, or at all. If claims are made against the Group, whether successfully or not, the Group may suffer reputational harm and may incur increased costs, and management may have to devote time and resources to defend such claims.

There may be an initial gestation period before the Group recovers its initial start-up costs and its education business becomes profitable.

As the Group started its education business only in 2018, there may be costs for the initial start-up and establishment of the education business which have to be expended before revenue from the education business is received. Accordingly, there may be an initial gestation period before the Group recovers its initial start-up costs and its education business becomes profitable. The length of the initial gestation period depends on various factors, including the initial start-up costs, fees paid to its teachers and school personnel, marketing and advertising fees and fees that the Group charges to its students. There is no assurance as to how long the initial gestation period will be and whether and when its education business will become profitable.

The Group has less experience in the education business compared to its other businesses.

As the Group is relatively new to the education business, there is no assurance that the education business embarked upon by the Group will be commercially successful. If the Group fails to manage costs effectively or the Group is not able to derive sufficient revenue to offset the initial start-up costs as well as ongoing operating costs arising from the education business, the overall financial position and profitability of the Group may be adversely affected. The education business may also expose the Group to unforeseen liabilities or risks associated with the entry into a new market and new business.

The Group may not be able to find partners to work with for future collaborations or joint ventures or be successful in working with such partners.

From time to time, depending on available opportunities, feasibility and market conditions, the Group may enter into collaborations or joint ventures with third parties in Singapore or overseas in connection with its education business. There is, however, no guarantee as to whether the Group will be able to find partners to work with at such time or, even if the Group is able to find partners to work with, whether it will be successful in working with such partners. Accordingly, even if the Group identifies strategic business opportunities with potential for growth that, in its view, would complement its business, there is no assurance that these opportunities would be successfully executed and the Group may from time to time have to forgo potential business opportunities.

The Group may not be able to successfully integrate future collaborations or acquisitions with its existing business.

The Group may, from time to time, enter into collaborations or make acquisitions in connection with its education business. The success and profitability of such collaborations and acquisitions may depend on the Group's ability to successfully integrate such collaborations or acquisitions with its existing business, including its ability to employ cost-cutting measures and to derive synergies. There is, however, no assurance that the Group will be able to successfully integrate such collaborations or acquisitions with its existing business. In the event that the Group is not able to successfully integrate such collaborations or acquisitions effectively, the overall financial position and profitability of the Group may be materially and adversely affected.

The Group may face competition from existing competitors and new market entrants in the education business.

The education business is highly competitive, with strong competition from established industry participants who may have larger financial resources or a stronger track record in the education sector. Further, new competitors may enter the industry, resulting in increased competition or saturation. The Group may therefore not be able to provide comparable services at lower prices or respond more quickly to market trends than potential or existing competitors. There is no assurance that the Group will be able to compete successfully against its existing or potential competitors now or in the future. To compete effectively, the Group will have to offer more competitive pricing or differentiate itself by adopting creative marketing strategies. In the event that the Group is unable to do so, its business, financial condition, results of operations and prospects may be materially and adversely affected.

The Group's intellectual property rights (if any) may be exposed to the risks of infringement or the Group may be subject to claims for infringement of third parties' intellectual property rights.

The Group may develop and own intellectual property rights in relation its education business. In such an event, the Group may face the risk of third parties infringing upon the Group's intellectual property rights by, amongst other things, unlawfully passing off their products as products of the Group or imitating or using the Group's trademarks without its authorisation. The Group may face considerable difficulties and costly litigation in trying to protect such intellectual property rights.

Further, the Group, while taking care not to, may in the course of business inadvertently infringe upon registered trademarks or other intellectual property rights belonging to third parties. In such an event, the Group may be subject to legal proceedings and claims relating to such infringement. Any claims or litigation involving infringement of intellectual property rights of third parties, whether with or without merit, could result in a diversion of management time and resources and the Group's business operations may be materially and adversely affected. In addition, any successful claim against the Group arising out of such proceedings could result in substantial monetary liability and may materially affect the Group's reputation and the continued sale of the affected products, and consequently, the Group's business, financial condition, prospects and results of operations.

RISKS RELATING TO THE SECURITIES GENERALLY

The Securities may not be a suitable investment for all investors.

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

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

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

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

(iv) understand thoroughly the terms of the relevant Securities and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

Laws and regulations applicable to investors may restrict certain investments.

The investment activities of certain investors may be subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Securities are legal investments for it, (ii) the Securities can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any of the Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Securities under any applicable risk-based capital or similar rules.

Provisions in the Trust Deed and the terms and conditions of the Security may be modified.

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

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

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

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

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

Securities issued under the Programme may be represented by one or more Global Securities or Global Certificates. Such Global Securities or Global Certificates will be deposited with or registered in the name of, or in the name of a nominee of, a common depositary for Euroclear and/or Clearstream, Luxembourg, or lodged with CDP (each of Euroclear, Clearstream, Luxembourg and CDP, a "**Clearing System**"). Except in the circumstances described in the relevant Global Security or Global Certificate, investors will not be entitled to receive Definitive Securities or Certificates. While the Securities are represented by one or more Global Securities or Global Certificates, investors will be able to trade their beneficial interests only through the relevant Clearing System. The relevant Clearing System will maintain records of their direct account holders in relation to the Global Securities and Global Certificates. While the Securities are represented by one or more Global Securities or Global Certificates, investors will be able to trade their beneficial interests only through the relevant Clearing System.

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

Holders of beneficial interests in the Global Securities and Global Certificates will not have a direct right to vote in respect of the relevant Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Securities and the Global Certificates will not have a direct right under the Global Securities and the Global Certificates to take enforcement action against the Relevant Issuer in the event of a default under the relevant Securities but will have to rely upon their rights under the Trust Deed.

The Securities may not be liquid and an active market for the Securities may not develop.

There can be no assurance regarding the future development of the market for the Securities issued under the Programme or the ability of the Securityholders, or the price at which the Securityholders may be able, to sell their Securities. The Securities may have no established trading market when issued, and one may never develop. Even if a market for the Securities does develop, there can be no assurance as to the liquidity or sustainability of such market. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This may particularly be the case for Securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Securities generally may have a more limited secondary market and more price volatility than conventional debt securities. If the Securities are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar Securities, general economic conditions and the financial condition of the Relevant Issuer or (where the Relevant Issuer is CTPL) the Guarantor. If the Securities are trading at a discount, investors may not be able to receive a favourable price for their Securities, and in some circumstances investors may not be able to sell their Securities at their fair market value or at all.

The lack of liquidity may have an adverse effect on the market value of the Securities. Although the issue of additional Securities may increase the liquidity of the Securities, there can be no assurance that the price of such Securities will not be adversely affected by the issuance of such additional Securities.

Although an application will be made for the listing and quotation of any Securities to be issued under the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST, there is no assurance that such application will be accepted, that any particular Series or Tranche of Securities will be so listed or that an active trading market will develop. In addition, the market for investment grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Securities to be issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Series or Tranche of Securities.

There may be fluctuations in the market value of the Securities issued under the Programme.

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

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

The Securities are subject to interest rate risk.

Investment in fixed rate Securities involves the risk that subsequent changes in interest rates may adversely affect the value of the fixed rate Securities and Securityholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in debt security prices, which may result in a capital loss for the Securityholders. However, the Securityholders may reinvest the interest or distribution payments at higher prevailing interest rates. Conversely, when interest rates fall, debt security prices may rise. The Securityholders may enjoy capital gains but interest or distribution payments received may be reinvested at lower prevailing interest rates.

The Securities are subject to inflation risk.

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

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

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

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

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

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

CES' ability to comply with its payment obligations under the Securities issued by it and (where the Relevant Issuer is CTPL) the Guarantee may be dependent upon the ability of its subsidiaries and associated companies (if any) to pay dividends and other distributions.

CES is a holding company incorporated for the purpose of holding investments both in Singapore and abroad. CES will rely on its investment income, including dividends and distributions from its subsidiaries and associated companies (if any) and proceeds from divestments, to meet its obligations, including obligations under the Securities issued by it and (where the Relevant Issuer is CTPL) the Guarantee. The ability of CES' subsidiaries and associated companies (if any) to pay dividends and other distributions and, to the extent that CES relies on dividends and distributions to meet its obligations, the ability of CES to make payments, are subject to applicable laws and regulations on the payment of dividends and distributions contained in relevant financing or other agreements of such companies.

The Securities contain no covenants that prohibit the CES' subsidiaries and associated companies (if any) from entering into agreements which may restrict their ability to pay dividends and distributions to CES.

The Securities issued by CES are unsecured obligations of CES and the rights of Securityholders may be structurally subordinated to other creditors of CES' subsidiaries and associated companies (if any).

The Securities issued by CES would rank below existing secured borrowings of CES' subsidiaries and associated companies (if any). As a result of the holding company structure of the Group, the Securities are also structurally subordinated to any and all existing and future liabilities and obligations of CES' subsidiaries and associated companies (if any) since these subsidiaries and associated companies (if any) own the vast majority of the Group's assets. Generally, claims of creditors and claims of preferred shareholders (if any) of any such subsidiaries and associated companies (if any) will have priority with respect to the assets and earnings of such subsidiaries and associated companies over the claims of CES and its creditors, including Securityholders.

The Securities and the Guarantee are not secured.

The Securities and the Coupons relating to them constitute direct, unconditional, unsubordinated (except in the case of Subordinated Perpetual Securities) and unsecured obligations of the Relevant Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves. The obligations of the Guarantor under the Senior Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

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

Performance of contractual obligations by the Relevant Issuer and (where the Relevant Issuer is CTPL) the Guarantor may be dependent on other parties.

The ability of the Relevant Issuer and (where the Relevant Issuer is CTPL) the Guarantor to make payments in respect of the relevant Securities or, as the case may be, the Guarantee may depend upon the due performance by the other parties to the documents relating to the Programme or an issue of Securities of their obligations thereunder including the performance by the Trustee and the Agents (as defined in the Trust Deed) of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Relevant Issuer or (where the Relevant Issuer is CTPL) the Guarantor of its obligations to make payments in respect of the Securities or, as the case may be, the Guarantee, the Relevant Issuer or (where the Relevant Issuer is CTPL) the Guarantor may not, in such circumstances, be able to fulfil its obligations to the Securityholders and/or the Couponholders.

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

In certain circumstances (including pursuant to Condition 11 of the Notes or, as the case may be, Condition 9 of the Perpetual Securities), the Trustee may (at its sole discretion) request Securityholders to provide an indemnity, security and/or pre-funding to its satisfaction before it takes action on behalf of Securityholders. The Trustee shall not be obliged to take any such action if not indemnified, secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity, security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken.

The Trustee may not be able to take action, notwithstanding the provision of an indemnity or security and/or pre-funding to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Securityholders to take such action directly.

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

Reference rates and indices which are deemed to be "benchmarks" (including LIBOR, SOR or SIBOR) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented.

These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Securities linked to or referencing such a benchmark.

Regulation (EU) 2016/1011 (the "**EU Benchmarks Regulation**") applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the European Union ("**EU**"). Among other things, it (a) requires benchmark administrators to be authorised or registered (or, if non-EU based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (b) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). The EU Benchmarks Regulation, as it forms part of domestic law by virtue of the EUWA (the "**UK Benchmarks Regulation**") among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the UK Financial Conduct Authority (the "**FCA**") or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Securities linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the national or international reforms or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. The FCA has indicated through a series of announcements that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

On 5 March 2021, the FCA announced, inter alia, the dates on which the various LIBOR rates in respect of various currencies will either cease to be provided or cease to be representative of their underlying market, with such end-date falling either on 31 December 2021 or by 30 June 2023.

Separately, the euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rate.

As the SOR methodology relies on USD LIBOR in its computation, the likely discontinuation of LIBOR after June 2023 will impact the future sustainability of SOR. On 30 August 2019, the MAS announced that it had established an industry-led steering committee, the Steering Committee for SOR Transition to SORA (the "**SC-STS**") to oversee an industry-wide interest rate benchmark transition from the SOR to SORA. On 5 August 2020, MAS announced several initiatives to support the adoption of SORA, including prescribing SORA as a financial benchmark under the SFA. The initiatives aim to catalyse greater activity in SORA markets, safeguard the benchmark's integrity and enhance market confidence in SORA. Similarly, the Association of Banks in

Singapore has also proposed to discontinue certain tenors for SIBOR and to amend the methodology for determining SIBOR. On 27 October 2020, the SC-STS announced industry timelines to support a coordinated shift away from the use of SOR in financial products, and to concurrently accelerate usage of SORA. SOR is set to be discontinued alongside LIBOR discontinuation after June 2023 and more specifically, all lenders and borrowers are to cease the issuance of SOR-linked loans and securities that mature after end-2021. On 29 July 2021, the SC-STS published a report setting out updated timelines and key recommendations for the industry-wide transition of financial contracts away from the legacy use of SOR. The recommendations cover a wide spectrum of financial products across wholesale and retail markets, and aim to facilitate a smooth transition out of SOR contracts.

Such factors may have (without limitation) the following effects on certain benchmarks: (a) discouraging market participants from continuing to administer or contribute to a benchmark, (b) triggering changes in the rules or methodologies used in the benchmark and/or (c) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Securities linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmark Regulations, as applicable, or any of the national or international reforms and the possible application of the benchmark replacement provisions of the Securities in making any investment decision with respect to any Securities linked to or referencing a benchmark.

The use of a benchmark replacement, successor rate or alternative rate (including with the application of an adjustment spread) may result in any Securities linked to or referencing the relevant benchmark replacement, successor rate or alternative rate performing differently (which may include payment of a lower rate of interest than they would if the relevant reference rate were to continue to apply in its current form).

Investors should be aware that, if SOR or SIBOR were discontinued or otherwise unavailable, the rate of interest on Floating Rate Securities which reference SOR or SIBOR will be determined for the relevant period by the fallback provisions applicable to such Securities. Depending on the manner in which SOR or SIBOR is to be determined under the Conditions, this may in certain circumstances (a) be reliant upon the provision by reference banks of offered quotations for SOR or SIBOR which, depending on market circumstances, may not be available at the relevant time or (b) result in the effective application of a fixed rate for Floating Rate Securities based on the rate which was last observed on the relevant Screen Page. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Securities which reference SOR or SIBOR.

Application of applicable Singapore insolvency and related laws to the Issuer may result in a material adverse effect on the Securityholders

There can be no assurance that the Issuer will not become bankrupt or insolvent, or be the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency-related proceedings or procedures. In the event of an insolvency or near insolvency of the Issuer, the application of certain provisions of Singapore insolvency and related laws may have a material adverse effect on the Securityholders. Without being exhaustive, below are some matters that could have a material adverse effect on the Securityholders.

Where the Issuer is insolvent or close to insolvent and the Issuer undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to the Issuer.

It may also be possible that if a company related to the Issuer proposes a creditor scheme of arrangement and obtains an order for a moratorium, the Issuer may also seek a moratorium even if the Issuer is not in itself proposing a scheme of arrangement. These moratoriums can be lifted with court permission and in the case of judicial management, additionally with the permission of the judicial manager. Accordingly, if for instance there is any need for the Trustee to bring an action against the Issuer, the need to obtain court permission and (in the case of judicial management) the judicial manager's consent may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

Further, Securityholders may be made subject to a binding scheme of arrangement where the majority in number representing 75% in value of creditors and the court approve such scheme. In respect of company-initiated creditor schemes of arrangement, there are cram-down provisions that may apply to a dissenting class of creditors. The court may notwithstanding a single class of dissenting creditors approve a scheme provided an overall majority in number representing 75% in value of the creditors meant to be bound by the scheme have agreed to it and provided that the scheme does not unfairly discriminate and is fair and equitable to each dissenting class and the court is of the view that it is appropriate to approve the scheme. In such scenarios, Securityholders may be bound by a scheme of arrangement to which they may have dissented.

The Insolvency, Restructuring and Dissolution Act 2018 (Act 40 of 2018) (the "**IRD Act**") was passed in Parliament on 1 October 2018 and has come into force on 30 July 2020. The IRD Act includes a prohibition against terminating, amending or claiming an accelerated payment or forfeiture of the term under, any agreement (including a security agreement) with a company that commences certain insolvency or rescue proceedings (and before the conclusion of such proceedings), by reason only that the proceedings are commenced or that the company is insolvent. This prohibition is not expected to apply to any contract or agreement that is, or that is directly connected with a debenture. However, it may apply to related contracts that are not found to be directly connected with the Securities.

Certain Securityholder(s) who are controlling shareholder(s), interested persons (as defined in the Listing Manual of the SGX-ST) and/or director(s) of CES may subscribe to a substantial portion of the aggregate principal amount of any Series of Securities to be issued from time to time under the Programme and may therefore be able to control the outcome of votes which will be binding on all Securityholders. Additionally, this may reduce the liquidity of such Securities in the secondary trading market

Certain Securityholder(s) who are controlling shareholder(s), interested persons and/or director(s) of CES may subscribe to, or be holders of, a substantial portion of the aggregate principal amount of any Series of Securities. The Trust Deed and terms and conditions of the Securities contain provisions for convening meetings of Securityholders to consider matters affecting their interests, including modification by Extraordinary Resolution of the terms and conditions of such Securities. As an Extraordinary Resolution needs to be passed by a majority of not less than 75 per cent. of the aggregate principal amount of a Series of Securities then outstanding, any Securityholder holding 25 per cent. or more of the aggregate principal amount of a Series of Securities outstanding (as defined in the Trust Deed) will be able to prevent the passing of an Extraordinary Resolution and accordingly control the outcome of votes on such matters which will be binding on all Securityholders. In addition, the existence of any such Securityholder holding a substantial portion of the such Securities may reduce the liquidity of such Securities in the secondary trading market. If such Securityholder sells a material amount of the aggregate principal amount of such Securities at any one time, it may materially and adversely affect the trading price of such Securities.

RISKS RELATING TO THE NOTES

A change in Singapore tax laws may adversely affect the Noteholders.

The Notes to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2023 are intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section "Singapore Taxation".

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

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

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

Notes subject to optional redemption by the Relevant Issuer may have a lower market value than Notes that cannot be redeemed.

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

The Relevant Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At such times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

RISKS RELATING TO THE PERPETUAL SECURITIES

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

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

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

If Optional Payment is specified in the relevant Pricing Supplement, the Relevant Issuer may, at its sole discretion, elect not to pay any scheduled distribution on the Perpetual Securities in whole or in part for any period of time. The Relevant Issuer or, as the case may be, the Guarantor is subject to certain restrictions in relation to the declaration or payment of distributions on the Relevant Issuer's or the Guarantor's Junior Obligations, (in the case of Senior Perpetual Securities) Senior Parity Obligations and (in the case of Subordinated Perpetual Securities) Parity Obligations in the event that the Relevant Issuer does not pay a distribution in whole or in part.

The Relevant Issuer is not subject to any limit as to the number of times or the amount with respect to which the Relevant Issuer can elect not to pay distributions under the Perpetual Securities. While the Relevant Issuer may, at its sole discretion, and at any time, elect to pay an Optional Distribution, being an optional amount equal to the amount of distribution which is unpaid in whole or in part, there is no assurance that the Relevant Issuer will do so, and distributions which are not paid in whole or in part may remain unpaid for an indefinite period of time. Any non-payment of a distribution in whole or in part shall not constitute a default for any purpose. Any election by the Relevant Issuer not to pay a distribution, whether in whole or in part, will likely have an adverse effect on the market price of the Perpetual Securities. In addition, as a result of the potential non-cumulative distribution feature of the Perpetual Securities and the Relevant Issuer's ability to elect not to pay a distribution in whole or in part, the market price of the Perpetual Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such election not to pay and may be more sensitive generally to adverse changes in the Group's financial condition.

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

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

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

There are limited remedies for default under the Perpetual Securities and the Guarantee.

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

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

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

The Subordinated Perpetual Securities and the Subordinated Guarantee are subordinated obligations.

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

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

Tax treatment of the Perpetual Securities is unclear.

It is not clear whether any particular tranche of the Perpetual Securities (the "**Relevant Tranche of the Perpetual Securities**") will be regarded as "debt securities" by the IRAS for the purposes of the ITA, or whether distribution payments made under each tranche of Perpetual Securities will be regarded by the IRAS as interest payable on indebtedness, and whether the tax concessions and exemptions available for qualifying debt securities under the Qualifying Debt Securities Scheme (as set out in the section on "Singapore Taxation") would apply to the Relevant Tranche of the Perpetual Securities.

If the Relevant Tranche of the Perpetual Securities is not regarded as "debt securities" for the purposes of the ITA, or the distribution payments made under each tranche of the Perpetual Securities are not regarded by the IRAS as interest payable on indebtedness, and/or holders thereof are not eligible for the tax concessions or exemptions under the Qualifying Debt Securities Scheme, the tax treatment to holders may differ. Investors and holders of the Relevant Tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Relevant Tranche of the Perpetual Securities.

USE OF PROCEEDS

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

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

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

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

In respect of Securities which are accepted for clearance by CDP, the entire issue of the Securities is to be held by CDP in the form of a Global Security or a Global Certificate for persons holding the Securities in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Securities between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors.

Settlement of over-the-counter trades in the Securities through the Depository System may only be effected through certain securities sub-accounts held with corporate depositors ("**Depository Agents**"). Depositors holding the Securities in direct securities accounts with CDP, and who wish to trade Securities through the Depository System, must transfer the Securities to a securities sub-account with a Depository Agent for trade settlement.

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

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

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

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

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

Clearance and Settlement under Other Clearing System(s)

For Securities to be cleared in a clearing system other than Euroclear, Clearstream, Luxembourg and/or CDP, the clearance and settlement of such Securities will be effected in accordance with the relevant clearing system's documentary requirements and procedures.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the IRAS and MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Securities or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Holders or prospective holders of the Securities are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership 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 Issuers, the Guarantor, 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, provided that the other conditions for the Qualifying Debt Securities Scheme are satisfied. If any tranche of the Perpetual Securities is not regarded as "debt securities" for the purposes of the ITA or any distribution payment under any tranche of the Perpetual Securities is not regarded as interest payable on indebtedness or holders thereof are not eligible for the tax concessions or exemptions under the Qualifying Debt Securities Scheme, the tax treatment to holders may differ. Investors and holders of any tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any tranche of the Perpetual Securities.

1. Interest and Other Payments

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

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

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

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

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

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

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

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

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

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

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Relevant 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 Relevant Issuer in all offering documents relating to the Relevant Securities of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Securities is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Securities using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Securities, paid by the Relevant Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant 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 Relevant 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 paid by the Relevant Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10.0 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(iii) subject to:

(aa) the Relevant 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 Relevant 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 Relevant 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 Relevant 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 Relevant Issuer, Qualifying Income derived from such Relevant Securities held by:

(I) any related party of the Relevant 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 Relevant 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.

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 Singapore Financial Reporting Standard ("**FRS**") 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 ("**SFRS(I) 9**") (as the case may be), may for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Securities, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on "Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes".

3. Adoption of FRS 39, FRS 109 or SFRS(I) 9 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 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued 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.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

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

The Arranger, the Dealers or any of their respective affiliates may have performed certain banking and advisory services for each of the Issuers, the Guarantor and/or their respective 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 each of the Issuers, the Guarantor and/or their respective affiliates in the ordinary course of such Issuer's, the Guarantor's or affiliates' business. Each of the Issuers or the Guarantor may from time to time agree with the relevant Dealer(s) that such Issuer or Guarantor may pay certain third party commissions (including, without limitation, rebates to private banks as specified in the applicable Pricing Supplement).

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 that Dealer or its affiliate on behalf of the Relevant Issuer in such jurisdiction.

In connection with the issue of any Tranche of Securities, such Securities, when issued, may not have a market. The Dealer or Dealers (if any) may advise the Relevant Issuer that they intend to make a market in such Securities as permitted by applicable law. They are not obligated, however, to make a market in the Securities and any market-making may be discontinued at any time at their sole discretion. Accordingly, no assurance can be given as to the development or liquidity of any market for such Securities.

The Arranger, the Dealers or any of their respective affiliates may purchase Securities for its own account or enter into secondary market transactions or derivative transactions relating to the Securities, including, without limitation, purchase, sale (or facilitation thereof), stock borrowing or credit or equity-linked derivatives such as asset swaps, repackaging and credit default swaps, at the same time as the offering of the Securities. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Securities to which this Information Memorandum relates (notwithstanding that such selected counterparties may also be a purchaser of the Securities). As a result of such transactions, the Arranger, the Dealers or any of their respective affiliates may hold long or short positions relating to the Securities.

The Arranger, Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuers, the Guarantor and/or their respective subsidiaries, jointly controlled entities or associated companies from time to time. The Arranger, the Dealers or any of their respective affiliates have received, or may in the future receive, customary fees and/or commissions for these transactions. In the ordinary course of their various business activities, the Dealers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuers, the Guarantor or their respective subsidiaries, jointly controlled entities or associated companies, including Securities issued under the Programme, may be entered into at the same time or proximate to offers and sales of Securities or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Securities. Securities issued under the Programme may be purchased by or be allocated to any Dealer or an affiliate for asset management and/or proprietary purposes but not with a view to distribution.

Accordingly, references herein to the 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.

While the Arranger, the Dealers and/or any of their respective affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause the Arranger, the Dealers or any of their respective affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Notes. The Arranger, the Dealers or any of their respective affiliates may receive returns on such transactions and have no obligations to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Notes.

United States

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

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

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

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

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

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Securities specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(i) the expression "**retail investor**" means a person who is one (or more) of the following:

  (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended or superseded, "**MiFID II**");

  (b) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (c) not a qualified investor as defined in the Prospectus Regulation (as defined below); and

(ii) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities.

If the Pricing Supplement in respect of any Securities specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area, each Dealer will be required to represent and agree, that it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Member State, except that it may, make an offer of such Securities to the public in that Relevant Member State:

(i) if the Pricing Supplement in relation to the Securities specifies that an offer of those Securities may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Relevant Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Relevant Issuer for any such offer; or

(iv) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Securities referred to in (ii) to (iv) above shall require the Relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Securities to the public**" in relation to any Securities in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities, and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129 (as amended or superseded).

United Kingdom

Unless the Pricing Supplement in respect of any Securities specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer will be required to represent and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

    (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**");

    (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

    (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities.

If the applicable Pricing Supplement in respect of any Securities specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer will be required to represent and agree, that it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in the United Kingdom, except that it may make an offer of such Securities to the public in the United Kingdom:

(a) if the Pricing Supplement in relation to the Securities specify that an offer of those Securities may be made other than pursuant to section 86 of the FSMA (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Securities which either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by final terms contemplating such Public

Offer, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;

(b) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(c) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Securities referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA, or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "an offer of Securities to the public" in relation to any Securities means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

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

(i) in relation to any Securities which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of section 19 of the FSMA by the Relevant Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which section 21(1) of the FSMA does not apply to the Relevant Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

Hong Kong

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

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

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

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been and will not be registered as a prospectus with the MAS. Accordingly, each Dealer has represented and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Any reference to the "**SFA**" is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

General

The selling restrictions herein contained may be modified, varied or amended from time to time by notification from the Relevant Issuer to the Dealer(s).

Each Dealer has agreed that it will comply with all applicable security laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Securities or any interest therein or rights in respect thereof or has in its possession or distributes this Information Memorandum, any Pricing Supplement or any other document in connection with the offer or sale, or invitation for subscription or purchase, of the Securities.

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

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

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

Name	Position
Chen Huaidan @ Celine Tang	Non-Executive Chairman and Non-Independent and Non-Executive Director
Chia Lee Meng Raymond	Executive Director and Group Chief Executive Officer
Tan Tee How	Executive Director
Yam Ah Mee	Non-Independent and Non-Executive Director
Abdul Jabbar Bin Karam Din	Lead Independent Director
Lock Wai Han	Independent Director
Neo Boon Siong	Independent Director
Low Teck Seng	Independent Director
Yaacob Bin Ibrahim	Independent Director

2. The name and position of each of the directors of CTPL are set out below:

Name	Position
Chia Lee Meng Raymond	Director
Tan Tee How	Director
Law Cheong Yan	Director

3. No director of any of the Issuers is or was involved in any of the following events:

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

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

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

4. Save as disclosed below, the directors of the Issuers are not related by blood or marriage to one another nor are they related to any substantial shareholder of CES:

Chen Huaidan @ Celine Tang, who is the Non-Executive Chairman and Non-Independent and Non-Executive Director of CES, is the spouse of Tang Yigang @ Gordon Tang, a substantial shareholder of CES.

SHARE CAPITAL

5. As at the Latest Practicable Date, there is only one class of ordinary shares in CES. The rights and privileges attached to the Shares are stated in the Constitution of CES.

6. As at the Latest Practicable Date, there is only one class of ordinary shares in CTPL. The rights and privileges attached to the Shares are stated in the Constitution of CTPL.

7. The issued share capital of CES as at the Latest Practicable Date is as follows:

Share Designation	Issued Share Capital	
	Number of Shares	Amount (S$'000)
Ordinary Shares	824,018,676	175,978
Treasury Shares	(40,593,900)	(29,357)
Ordinary Shares (excluding Treasury Shares)	783,424,776	146,621

8. The issued share capital of CTPL as at the Latest Practicable Date is as follows:

Share Designation	Issued Share Capital	
	Number of Shares	Amount (S$)
Ordinary Shares	400,000	400,000

9. The substantial shareholders of CES in the Shares as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Chen Huaidan @ Celine Tang(1)	290,684,903	37.10	1,400,000	0.18
Tang Yigang @ Gordon Tang(1)	292,084,903	37.28	–	–

Note:

(1) Chen Huaidan @ Celine Tang and her spouse, Tang Yigang @ Gordon Tang jointly hold 290,684,903 Shares, representing approximately 37.1% of the Shares in the capital of CES. Tang Yigang @ Gordon Tang holds in his own name, 1,400,000 Shares, representing approximately 0.18% of the Shares in the capital of CES. Chen Huaidan @ Celine Tang's deemed interest comprises the 1,400,000 Shares held by Tang Yigang @ Gordon Tang in his own name.

BORROWINGS

10. Save as disclosed in Appendix V, the Group had as at 30 June 2021 no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

11. After taking into account the present banking facilities and the net proceeds of the issue of the Securities, the Issuers will have adequate working capital for its present requirements.

CHANGES IN ACCOUNTING POLICIES

12. There has been no significant change in the accounting policies of CES since its audited consolidated financial statements for FY 2020.

LITIGATION

13. There are no legal or arbitration proceedings pending or (as far as the Issuers and the Guarantor are aware) threatened against the Issuers, the Guarantor or any of their respective subsidiaries (if any) the outcome of which may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Group.

MATERIAL ADVERSE CHANGE

14. Save as disclosed in this Information Memorandum, there has been no material adverse change in the financial condition or business of CTPL since its incorporation, or in the financial condition or business of CES or the Group since 31 December 2020.

CONSENT

15. Ernst & Young LLP has given and has not withdrawn its written consent to the issue of this Information Memorandum with the references herein to its name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

DOCUMENTS AVAILABLE FOR INSPECTION

16. Copies of the following documents may be inspected at the registered office of CES at 171 Chin Swee Road, #12-01 CES Centre, Singapore 169877 during normal business hours for a period of six months from the date of this Information Memorandum:

    (a) the Constitution of CES;

    (b) the Constitution of CTPL;

    (c) the Trust Deed; and

    (d) the audited consolidated financial statements of the Group for FY 2019 and FY 2020.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

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

AUDITED FINANCIAL STATEMENTS OF CES TREASURY PTE. LTD. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The information in this Appendix II has been reproduced from the audited financial statements of CES Treasury Pte. Ltd. for the financial year ended 31 December 2020 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the financial data in conjunction with the related notes.

Company Registration No. 201840683G

CES Treasury Pte. Ltd.

Annual Financial Statements
For the financial year ended 31 December 2020

Building a better
working world

CES Treasury Pte. Ltd.

General Information

Directors

Chia Lee Meng Raymond
Tan Tee How
Law Cheong Yan

Company Secretary

Toh Li Ping, Angela (Appointed on 30 January 2020)

Registered Office

171 Chin Swee Road
#12-01 CES Centre
Singapore 169877

Auditor

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Banker

DBS Bank Ltd

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The directors present their statement to the member together with the audited financial statements of CES Treasury Pte. Ltd. (the "Company") for the financial year ended 31 December 2020.

1. Opinion of the directors

In the opinion of the directors,

(i) the accompanying balance sheet, statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes thereto are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Company for the financial year ended that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The directors of the Company in office at the date of this statement are:

Chia Lee Meng Raymond
Tan Tee How
Law Cheong Yan

3. Arrangements to enable directors to acquire shares or debentures

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

4. Directors' interests in shares or debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares, shares options and debentures of the Company and immediate holding company, Chip Eng Seng Corporation Ltd. as stated below:

	Direct interest		**Deemed interest**	
Name of directors	**At the beginning of the financial year**	**At the end of the financial year**	**At the beginning of the financial year**	**At the end of the financial year**
Immediate holding company (No. of ordinary shares)				
Chia Lee Meng Raymond	13,906,250	14,406,250	12,127,500	12,127,500
Law Cheong Yan	4,000	4,000	–	–

4. Directors' interests in shares or debentures (cont'd)

	Direct interest		Deemed interest	
Name of directors	**At the beginning of the financial year**	**At the end of the financial year**	**At the beginning of the financial year**	**At the end of the financial year**
Options to acquire ordinary shares of the immediate holding company under the Chip Eng Seng Employee Share Option Scheme				
Chia Lee Meng Raymond	45,000,000	45,000,000	–	–
Tan Tee How	5,000,000	5,000,000	–	–
Unsecured term notes issued by immediate holding company				
4.75% fixed rate notes due 14 June 2021 pursuant to the Multicurrency Debt Issuance Programme established on 18 October 2013				
Chia Lee Meng Raymond [1]	$2,000,000	$2,000,000	–	–
4.90% fixed rate notes due **19 May 2022** ***pursuant to the Multicurrency Debt Issuance Programme established on 18 October 2013***				
Chia Lee Meng Raymond [1]	$3,000,000	$3,000,000	–	–
The Company				
6.00% fixed rate notes due **15 March 2022** ***pursuant to the Multicurrency Debt Issuance Programme established on 18 October 2013***				
Chia Lee Meng Raymond	–	–	$1,000,000	$1,000,000
Tan Tee How	$1,000,000	$1,000,000	–	–

(1) held jointly with spouse

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options or debentures of the Company, or of related corporations, either at the beginning or end of the financial year.

5. Options

No options were issued by the Company during the financial year. As at 31 December 2020, there are no options on the unissued shares of the Company or any other body corporate which were outstanding.

6. Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

Law Cheong Yan Director	Tan Tee How Director

Singapore

23 April 2021

Independent Auditor's Report to the member of CES Treasury Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of CES Treasury Pte. Ltd. (the "Company"), which comprise the balance sheet of the Company as at 31 December 2020, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) (the "SFRS(I)") so as to give a true and fair view of the financial position of the Company as at 31 December 2020 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (the "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 Company in accordance with the Accounting and Corporate Regulatory Authority (the "ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (the "ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for other information. The other information comprises of general information and directors' statement.

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 SFRS(I), 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company'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 the SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the 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 Company'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 Company'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 Company to cease to continue as a going concern.

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

- 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.

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.

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 have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

23 April 2021

CES Treasury Pte. Ltd.

Statement of Comprehensive Income
For the financial year ended 31 December 2020

	Note	2020 $'000	3 December 2018 (date of incorporation) to 31 December 2019 $'000
Interest income from immediate holding company		6,347	5,035
Interest expenses on borrowings		(6,016)	(4,800)
Administrative expenses		(314)	(283)
Profit/(loss) before tax	4	17	(48)
Income tax expense	5	(21)	–
Loss for the year/period, representing total comprehensive income for the year/period		(4)	(48)

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

CES Treasury Pte. Ltd.

Balance Sheet
As at 31 December 2020

	Note	2020 $'000	2019 $'000
Non-current asset			
Receivables	6	99,000	99,000
Current assets			
Receivables	6	1,928	2,014
Prepayment		337	562
Cash at bank		965	601
		3,230	3,177
Current liabilities			
Trade and other payables	7	81	345
Other liabilities	8	1,780	1,780
Income tax payable		21	–
		1,882	2,125
Net current assets		1,348	1,052
Non-current liability			
Borrowings	9	100,000	100,000
Net assets		348	52
Equity attributable to owner of the Company			
Share capital	10	400	100
Accumulated losses		(52)	(48)
Total equity		348	52

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

CES Treasury Pte. Ltd.

Statement of Changes in Equity
For the financial year ended 31 December 2020

	Total $'000	**Share capital (Note 10)** $'000	**Accumulated losses** $'000
2020			
Opening balance at 1 January 2020	52	100	(48)
Loss for the year, representing total comprehensive income for the year	(4)	–	(4)
Contribution by owner			
Issuance of shares	300	300	–
Total transactions with owner in its capacity as owner	300	300	–
Closing balance at 31 December 2020	348	400	(52)
2019			
As at 3 December 2018 (date of incorporation)	–	–	–
Loss for the period, representing total comprehensive income for the period	(48)	–	(48)
Contribution by owner			
Issuance of shares	100	100	–
Total transactions with owner in its capacity as owner	100	100	–
Closing balance at 31 December 2019	52	100	(48)

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

CES Treasury Pte. Ltd.

Statement of Cash Flows
For the financial year ended 31 December 2020

	Note	2020 $'000	3 December 2018 (date of incorporation) to 31 December 2019 $'000
Operating activities			
Profit/(loss) before tax		17	(48)
Changes in working capital			
Receivables		86	(101,014)
Prepayment		225	(562)
Other liabilities		–	1,780
Trade and other payables		(264)	345
Net cash flows generated from/(used in) operating activities		64	(99,499)
Financing activities			
Proceeds from issuance of notes	9	–	100,000
Proceeds from issuance of new shares	10	300	100
Net cash flows generated from financing activities		300	100,100
Net increase in cash and cash equivalents		364	601
Cash and cash equivalents at beginning of the year		601	–
Cash and cash equivalents at end of the year		965	601

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

1. Corporate information

CES Treasury Pte. Ltd. (the "Company") is a private limited company incorporated and domiciled in Singapore. The immediate and ultimate holding company is Chip Eng Seng Corporation Ltd., which is incorporated in Singapore.

The registered office and principal place of business of the Company is located at 171 Chin Swee Road, #12-01 CES Centre, Singapore 169877.

The principal activity of the Company is provision of financial and treasury services to its ultimate holding company and the subsidiaries of the ultimate holding company.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

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 ("SGD" or "$") and all values are rounded to the nearest thousand ("$'000"), except when otherwise indicated.

2.2 *Changes in accounting policies and procedures*

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The adoption of these amendments did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current financial year.

2.3 *Standards issued but not yet effective*

The Company has not adopted the following standard applicable to the Company that have been issued but not yet effective:

Description	*Effective for annual periods beginning on or after*
Amendments to SFRS(I) 9 *Financial Instruments*, SFRS(I) 1-39 *Financial Instruments: Recognition and Measurement*, SFRS (I) 7 *Financial Instruments: Disclosures*, SFRS(I) 4 *Insurance Contracts*, SFRS(I) 16 *Leases: Interest Rate Benchmark Reform – Phase 2*	1 January 2021
Annual Improvements to SFRS(I) 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*	1 January 2023

The Company expects that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2. Summary of significant accounting policies (cont'd)

2.4 *Financial instruments*

(a) Financial assets

Initial recognition and measurement

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

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income and fair value through profit or loss. The Company only has debt instruments at amortised cost.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are de-recognised or impaired, and through amortisation process.

De-recognition

A financial asset is de-recognised 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.

2. Summary of significant accounting policies (cont'd)

2.4 *Financial instruments (cont'd)*

(b) Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised 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 de-recognition 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.

Current/Non-current classification of loans and borrowings

Loans and borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the reporting date. When an entity breaches an undertaking under a long-term loan agreement on or before the reporting date with the effect that the liability becomes payable on demand, the liability is classified as current, even if the lender has agreed, after the reporting date and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. The liability is classified as current because, at the reporting date, the entity does not have an unconditional right to defer its settlement for at least twelve months after that date.

Where the entity expects, and has the discretion, to re-finance or roll over an obligation for at least 12 months after the reporting period under an existing loan facility with the same lender, the liability is classified as non-current.

2. Summary of significant accounting policies (cont'd)

2.5 *Impairment of financial assets*

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For receivables, the Company applies a general approach in calculating ECLs.

The Company considers the financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.6 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank.

2.7 *Interest income*

Interest income is recognised using the effective interest method.

2.8 *Provisions*

Provisions are recognised when the Company 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. Summary of significant accounting policies (cont'd)

2.9 *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 country where the Company 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.

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 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.

2.10 *Share capital and share issuance 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.

3. Significant accounting judgements and estimates

The preparation of the Company'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 end of each reporting period. 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.

Management is of the opinion that there is no significant judgement made in applying accounting policies and no estimation uncertainty that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Profit/(loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	2020 $'000	**3 December 2018 (date of incorporation) to 31 December 2019** $'000
Legal and professional fee	301	208

5. Income tax expense

Major components of income tax expense

The major components of income tax expense for the year/period ended 31 December 2020 and 2019 are:

	2020 $'000	**3 December 2018 (date of incorporation) to 31 December 2019** $'000
Statement of comprehensive income:		
Current income tax		
- current income taxation	21	–
Income tax expense recognised in profit or loss	21	–

5. Income tax expense (cont'd)

Relationship between tax expense and profit/(loss) before tax

A reconciliation between the tax expense and the product of profit/(loss) before tax multiplied by the applicable corporate tax rate for the year ended 31 December 2020 and the period from 3 December 2018 (date of incorporation) to 31 December 2019 is as follows:

	2020 $'000	**3 December 2018 (date of incorporation) to 31 December 2019** $'000
Profit/(loss) before tax	17	(48)
Tax at Singapore statutory income tax rate of 17% (2019: 17%)	3	(8)
Adjustments:		
Non-deductible expenses	35	9
Effect of partial tax exemption and tax relief	(17)	(1)
	21	–

6. Receivables

	2020 $'000	**2019** $'000
Current		
Amounts due from immediate holding company, trade	1,928	2,014
Non-current		
Amounts due from immediate holding company, trade	99,000	99,000
Total receivables	100,928	101,014
Add:		
Cash at bank	965	601
Total financial assets carried at amortised cost	101,893	101,615

Amounts due from immediate holding company, current

The amounts are unsecured, non-interest bearing and are expected to be repaid on semi-annual basis. The amounts are to be settled in cash.

Amounts due from immediate holding company, non-current

The amounts are unsecured, bearing interest at 6.3% (2019: 6.3%) per annum and are repayable on 15 March 2022. The amounts are to be settled in cash.

7. Trade and other payables

	2020 $'000	2019 $'000
Current		
Trade payables	–	5
Amounts due to immediate holding company, non-trade	81	340
Amounts due to related company, non-trade	–*	–*
Total trade and other payables	81	345
Add: Other liabilities (Note 8)	1,780	1,780
Total financial liabilities carried at amortised cost	1,861	2,125

* Less than $1,000

8. Other liabilities

	2020 $'000	2019 $'000
Current		
Accrued interest payable	1,775	1,775
Other accrued operating expenses	5	5
	1,780	1,780

9. Borrowings

	2020 $'000	2019 $'000
Non-current		
Borrowings (Maturity: March 2022)	100,000	100,000

Unsecured term notes

On 15 March 2019, the Company issued $100,000,000 of notes under the immediate holding company's $750,000,000 Multicurrency Debt Issuance Programme. These notes are unsecured, bear interest at a fixed rate of 6.00% per annum and the interest is payable semi-annually in arrears. The term notes mature in March 2022.

9. Borrowings (cont'd)

A reconciliation of liabilities arising from financing activities is as follows:

	Borrowings	
	2020	**2019**
	$'000	$'000
At 1 January or date of incorporation	100,000	–
Cash flows	–	100,000
At 31 December	100,000	100,000

10. Share capital

	2020		2019	
	No. of shares		**No. of shares**	
	'000	$'000	'000	$'000
Issued and fully paid ordinary shares				
At 1 January or date of incorporation	100	100	–	–
Issued during the year/period	300	300	100	100
At 31 December	400	400	100	100

The holder of ordinary shares is 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.

11. Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Current receivables, cash and cash equivalents, current trade and other payables, and other liabilities

The carrying amounts of current receivables, cash and cash equivalents, current trade and other payables, and other liabilities are reasonable approximation of their fair values due to their short-term nature.

11. Fair value of financial instruments (cont'd)

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value (cont'd)

Non-current receivables

The carrying amount of non-current receivables is a reasonable approximation of fair value as it is repriced to market interest rate.

Borrowings

The carrying amount of borrowings is a reasonable approximation of fair value as it is repriced to market interest rate.

12. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the current and previous financial year/period, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Company does not apply hedge accounting.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and procedures for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from immediate holding company receivables and cash and bank balances.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. Receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Cash and bank balances are placed with reputable financial institutions or companies with high credit ratings and no history of default. They are neither past due nor impaired.

12. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial 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
31 December 2020			
Trade and other payables	81	–	81
Other liabilities	1,780	–	1,780
Interest-bearing loans and borrowings	6,016	102,992	109,008
Total undiscounted financial liabilities	7,877	102,992	110,869
31 December 2019			
Trade and other payables	345	–	345
Other liabilities	1,780	–	1,780
Interest-bearing loans and borrowings	6,000	107,233	113,233
Total undiscounted financial liabilities	8,125	107,233	115,358

13. Capital management

The primary objective of the Company'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 Company's capital is managed by the immediate holding company on a group basis.

14. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 23 April 2021.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The information in this Appendix III has been reproduced from the audited consolidated financial statements of the Group for the financial year ended 31 December 2019 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Chip Eng Seng Corporation Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2019.

1. Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet, and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The directors of the Company in office at the date of this statement are:

Celine Tang	(Non-Executive and Non-Independent Chairman)
Chia Lee Meng Raymond	(Executive Director and Group Chief Executive Officer)
Tan Tee How	(Executive Director)
Yam Ah Mee	(Non-Executive and Non-Independent Director) (Appointed on 12 December 2019)
Ang Mong Seng	(Independent Director)
Abdul Jabbar Bin Karam Din	(Independent Director)
Lock Wai Han	(Independent Director)
Low Teck Seng	(Independent Director) (Appointed on 12 December 2019)
Neo Boon Siong	(Independent Director) (Appointed on 12 December 2019)
Yaacob Bin Ibrahim	(Independent Director) (Appointed on 20 February 2020)

3. Arrangements to enable directors to acquire shares and debentures

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

4. **Directors' interests in shares and debentures**

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares, share options and debentures of the Company as stated below:

	Direct interest			Deemed interest		
Name of Director	**At 01.01.2019 or date of appointment**	**At 31.12.2019**	**At 21.01.2020**	**At 01.01.2019 or date of appointment**	**At 31.12.2019**	**At 21.01.2020**
The Company						
(No. of ordinary shares)						
Celine Tang [1]	168,907,000	284,454,903	284,454,903	17,198,000	21,497,500	21,497,500[2]
Chia Lee Meng Raymond	11,125,000	13,906,250	14,406,250	9,702,000	12,127,500	12,127,500
Ang Mong Seng	146,000	182,500	182,500	–	–	–
Lock Wai Han	90,000	–	–	–	–	–
Yam Ah Mee [1]	20,000	20,000	20,000	–	–	–
Options to acquire ordinary shares of the Company at 1 share for each option under the Chip Eng Seng Employee Share Option Scheme						
Chia Lee Meng Raymond	35,000,000	45,000,000	45,000,000	–	–	–
Tan Tee How	–	5,000,000	5,000,000	–	–	–
4.75% fixed rate notes due 14 June 2021 pursuant to the Multicurrency Debt Issuance Programme established on 18 Oct 2013						
Chia Lee Meng Raymond [1]	$2,000,000	$2,000,000	$2,000,000	–	–	–
Ang Mong Seng	$250,000	–	–	–	–	–
4.90% fixed rate notes due 19 May 2022 pursuant to the Multicurrency Debt Issuance Programme established on 18 Oct 2013						
Chia Lee Meng Raymond [1]	$3,000,000	$3,000,000	$3,000,000	–	–	–
Ang Mong Seng	$250,000	–	–	–	–	–

[1] held jointly with spouse

[2] deemed interest at date of this Directors' Statement is Nil.

DIRECTORS' STATEMENT

4. Directors' interests in shares and debentures (cont'd)

	Direct interest			Deemed interest		
Name of Director	**At 01.01.2019 or date of appointment**	**At 31.12.2019**	**At 21.01.2020**	**At 01.01.2019 or date of appointment**	**At 31.12.2019**	**At 21.01.2020**
Subsidiary - CES Treasury Pte. Ltd.						
6.00% fixed rate notes due 15 March 2022 pursuant to the Multicurrency Debt Issuance Programme established on 18 Oct 2013						
Celine Tang [1]	–	$26,500,000	$26,500,000	–	–	–
Chia Lee Meng Raymond	–	–	–	–	$1,000,000	$1,000,000
Tan Tee How	–	$1,000,000	$1,000,000	–	–	–
Ang Mong Seng	–	$500,000	$500,000	–	–	–

(1) held jointly with spouse

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, at the end of the financial year, or on 21 January 2020.

5. Share Plans

The Company has a Chip Eng Seng Employee Share Option Scheme 2013 (the "ESOS") and Chip Eng Seng Performance Share Plan (the "CES Share Plan") which are administered by the Remuneration Committee comprising three directors namely Ang Mong Seng (Chairman), Abdul Jabbar Bin Karam Din (Member) and Low Teck Seng (Member) (collectively, the "Scheme Committee"). Details of the ESOS and CES Share Plan are as follows:

(a) ESOS

The ESOS was approved at an Extraordinary General Meeting held on 25 April 2013. The following persons are eligible to participate in the ESOS at the discretion of the Remuneration Committee:

(i) Confirmed employees who have attained the age of 21 years and hold such rank as may be designated by the Scheme Committee from time to time and who, in the opinion of the Scheme Committee, have contributed or will contribute to the success of the Group and/or associated companies;

(ii) Executive directors;

(iii) Non-executive directors; and

(iv) Persons who are Controlling Shareholders or their Associates are permitted to participate in the ESOS (subject to them meeting the eligibility criteria set out above).

DIRECTORS' STATEMENT

5. **Share Plans (cont'd)**

(a) **ESOS (cont'd)**

On 9 April 2019 ("date of grant"), the Company has granted 15,000,000 share options at the exercise price of S$0.7619 per ordinary share under the ESOS. The options were offered at a 5% discount to the market price of the Company's shares based on the average of the last dealt prices for the shares on the Singapore Exchange Securities Trading Limited over the five (5) consecutive market days immediately preceding the date of grant of the options. These options are exercisable only after 2 years from date of grant and expire in stages before the eighth anniversary from the date of grant and in accordance with the following validity period:

Validity period	Number of options granted to:	
	Chia Lee Meng Raymond	Tan Tee How
Expire on 4th anniversary from the date of grant of option	1,000,000	1,000,000
Expire on 5th anniversary from the date of grant of option	1,000,000	1,000,000
Expire on 6th anniversary from the date of grant of option	2,000,000	1,000,000
Expire on 7th anniversary from the date of grant of option	3,000,000	1,000,000
Expire on 8th anniversary from the date of grant of option	3,000,000	1,000,000

Details of options granted in previous financial years were set out in the Directors' Statement for the respective years.

The details of options granted to the Executive Directors of the Company under the ESOS are as follows:

Name of participant	Options granted during financial year under review (including terms)	Aggregate options granted since commencement of scheme to end of financial year under review	Aggregate options exercised since commencement of scheme to end of financial year under review	Aggregate options outstanding as at end of financial year under review
Chia Lee Meng Raymond	10,000,000	50,000,000	5,000,000	45,000,000
Tan Tee How	5,000,000	5,000,000	–	5,000,000

The persons to whom the options have been granted do not have the right to participate by virtue of the options in any share issue of any other company in the Group.

Save as disclosed above, no options have been granted to controlling shareholders or their associates, and no employee has received 5% or more of the total options available under the ESOS.

DIRECTORS' STATEMENT

5. **Share Plans (cont'd)**

(a) ESOS (cont'd)

The number of unissued ordinary shares of the Company under option in relation to ESOS at the end of financial year was as follows:

	No. of options	Exercise price	Option period
2016 Options	35,000,000	$0.5542	03.06.2016-02.06.2024
2019 Options	15,000,000	$0.7619	09.04.2019-08.04.2027

(b) CES Share Plan

Objectives

The CES Share Plan was approved at an Extraordinary General Meeting held on 26 April 2017. The CES Share Plan is to motivate participants to maintain a high level of performance and contribution and to attract and maintain a group of key executives and directors whose contributions are important to the long-term growth and profitability of the Group. In addition, it is to give recognition to the contribution made or to be made by the non-executive directors to the success of the Group.

Eligibility

The following persons shall be eligible to participate in the CES Share Plan subject to the absolute discretion of the Remuneration Committee:

(i) All full-time employees of the Group, including a director of the Company and/or its subsidiaries who perform an executive function and have attained the age of 21 years;

(ii) Non-executive directors of the Company;

(iii) Any employee who have attained the age of 21 years of an associated company (a company which at least 20% but not more than 50% of its shares are held by the Company and/or its subsidiaries and over whose management the Company has control); and

(iv) Controlling Shareholders of the Company and their Associates within the above categories are eligible to participate in the CES Share Plan. Specific approval of Independent Shareholders is required for the participation of Controlling Shareholders of the Company and their associates as well as the actual number of shares to be awarded under the CES Share Plan.

DIRECTORS' STATEMENT

5. **Share Plans (cont'd)**

(b) **CES Share Plan (cont'd)**

Awards

Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets and/or service conditions or otherwise having performed well and/or had a significant contribution to the Group.

Size of the CES Share Plan

The total number of shares available to eligible Controlling Shareholders and their Associates under the CES Share Plan shall not exceed twenty-five per cent. (25%) of the shares in respect of which the Company may grant under the CES Share Plan. In addition, the total number of shares available to each Controlling Shareholder or his Associate shall not exceed ten per cent. (10%) of the number of shares in respect of which the Company may grant under the CES Share Plan.

The total number of shares to be awarded pursuant to the CES Share Plan when added to the number of shares issued and issuable under such other share-based incentive schemes of the Company, shall not exceed fifteen per cent. (15%) of the total number of shares of the Company on the day preceding the relevant Award Date.

Grant of the CES Share Plan

The grant of Awards under the CES Share Plan may be made from time to time during the year when the CES Share Plan is in force.

No performance shares were granted conditionally under the CES Share Plan during the year.

6. **Audit and Risk Committee**

The Audit and Risk Committee (the "ARC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- reviewed the quarterly and full year financial statements and engaged Management, the Chief Financial Officer and the external auditor in discussions on the significant accounting policies, judgement and estimate applied by Management in preparing these financial statements; and recommended to the Board for approval of the financial statements on satisfaction with its review;
- reviewed all announcements relating to the Group's financial performance; and recommended to the Board for approval of these announcements on satisfaction with its review;
- reviewed the audit plan and audit report of the internal auditor and external auditor and assessed the adequacy of the Internal Control and Risk Management Systems as well as the level of the co-operation given by Management to the internal auditor and external auditor;
- recommended to the Board for re-appointment of Ernst & Young LLP as the external auditor for the ensuing year;
- undertook a review of the independence and objectivity of the external auditor through discussions with the external auditor as well as reviewing the non-audit fees awarded to them;

DIRECTORS' STATEMENT

6. Audit and Risk Committee (cont'd)

- reviewed the nature and extent of non-audit services provided by the external auditor;
- reviewed the reports and findings from the internal auditor in respect of the adequacy of the Internal Control and Risk Management Systems;
- reviewed the Group's interested person transactions to ensure that the transactions were carried out on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders; and
- reviewed the adequacy of the Group's whistle blowing policy.

The ARC convened four meetings during the year with full attendance from all members. The ARC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the ARC are disclosed in the Corporate Governance Report.

7. Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Chia Lee Meng Raymond Executive Director and Group Chief Executive Officer	Tan Tee How Executive Director

Singapore
20 March 2020

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2019

Independent Auditor's Report to the Members of Chip Eng Seng Corporation Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Chip Eng Seng Corporation Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2019, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement 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, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") 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 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current 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 our 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.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2019

Independent Auditor's Report to the Members of Chip Eng Seng Corporation Ltd.

Key Audit Matters (cont'd)

Accounting for construction contracts and development properties under construction

The Group is involved in both construction and property development projects. The Group recognises revenue over time for its construction and residential property development projects in Singapore using the input method based on actual costs incurred to-date to the total budgeted costs for each project. If the unavoidable costs of meeting the obligations under a contract exceeds the economic benefits expected to be received under it, a provision for onerous contract is recognised. The uncertainty and subjectivity involved in determining the budgeted cost and progress towards completion may have a significant impact on the results of the Group, including the provision for onerous contracts. As such, we determined this to be key audit matter.

As part of our audit procedures, we reviewed contract terms and conditions and the contractual sums, and substantiated project revenues and costs incurred against the underlying documents. We assessed management's assumptions in determining the percentage of completion, total transaction price and total budgeted cost estimated for significant projects. We assessed the appropriateness of inputs, amongst others, materials, subcontractor and labour costs used by management in their estimation of the total costs to complete and obtained supporting documentation on the major inputs. We also checked the arithmetic accuracy of the revenue and profit recognised during the year based on the percentage of completion computation for individually significant projects. We also perused customers and subcontractor correspondences and discussed the progress of the projects with the Group's various project management personnel for signs of any potential disputes, variation order claims, known technical issues or significant events that could impact the total estimated costs. We evaluated the adequacy of the disclosures of significant accounting policies for construction contracts, development properties under construction, provision for onerous contracts and contract balances and their related disclosures in Notes 4, 18 and 23.

Valuation of investment properties

The Group owns a portfolio of investment properties, comprising commercial properties located in Singapore and Australia. The Group records its investment properties at their fair values based on independent external valuations using the following approaches:

- Market comparable approach where significant management judgements are required on transacted price of comparable properties adjusted for location, size, tenure, age and condition of the investment properties

- Capitalisation approach which involved estimation uncertainties on capitalisation rate and net rental income used

The valuation is significant to our audit due to their magnitude, complexity and is highly sensitive to changes in the key assumptions applied. Accordingly, we determined this as a key audit matter.

As part of our audit procedures, we considered the objectivity, independence and expertise of the external valuation specialists. We assessed the appropriateness of the valuation models, property-related data, including estimates and key assumptions used by the external valuation specialists. In addition, we assessed the appropriateness of the data used by the management and the external specialists in the estimation process, and the movements in fair value of the investment properties. We also evaluated the adequacy of the related disclosures in Notes 12 and 31 relating to the investment properties and the assumptions used, given the estimation uncertainty and sensitivity of the valuations.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2019

Independent Auditor's Report to the Members of Chip Eng Seng Corporation Ltd.

Key Audit Matters (cont'd)

Carrying value of hotel assets

The Group is the owner of several hotels in Australia, Maldives and Singapore which are classified as property, plant and equipment in the financial statements. The Group's policy is to carry these hotel assets at cost less accumulated depreciation and any accumulated impairment losses. Management reviews the carrying value of the hotel assets and assesses if there is any indication of impairment in its hotel assets by considering individual hotel asset's operating performance and the fair values of the hotels based on independent external valuations. Management then applies its judgement in the assessment of the recoverability of the amounts invested in the hotel assets. Such judgement focuses predominantly on future hotel operating performance, which is, amongst others, dependent on the expected occupancy rates, revenue growth rates and the competitive landscape in local markets. Management assesses, on an annual basis, whether there are triggering events indicating potential impairment.

The impairment assessment was significant to our audit due to the carrying amounts of the hotel assets (representing 37.2% of the total non-current assets as at 31 December 2019) and the judgement involved in making various assumptions to the underlying valuation used in the impairment assessment. Accordingly, we determined this as a key audit matter.

As part of our audit procedures, we evaluated the Group's policies and procedures to identify triggering events for potential impairment and any material changes in the carrying value of hotel assets. We validated the main cash flow assumptions used in the external valuations and corroborated them by comparing them to internal forecasts and long term and strategic plans that were approved by management as well as historical trend analyses. We also involved our valuation specialist to evaluate the reasonableness of the capitalisation and discount rates utilised in the forecasts. We also evaluated the adequacy of the related disclosures in Note 11 relating to the hotel assets within property, plant and equipment.

Accounting for business combination

We refer to Note 14 of the financial statements, the Group acquired a subsidiary, Invictus International School Pte. Ltd. for a total purchase consideration of $13,024,000 during the financial year ended 31 December 2019. We have determined this to be a key audit matter based on the quantitative materiality of the acquisition and the significant management judgement required in the purchase price allocations (PPA) exercise, particularly on the valuation of the intangible assets such as student population. In our audit of the accounting for the acquisition, we reviewed the purchase agreements to obtain an understanding of the transactions. An important element of our audit relates to the identification and measurement of the acquired assets (e.g. student population), and liabilities (provisions, other liabilities). We tested this identification based on our discussion with management and board and understanding of the acquired company's business. Management prepared the PPA assisted by an external valuation expert. We assessed the competence, capabilities and objectivity of the external expert engaged by management. Our internal valuation specialist was engaged to support us in assessing the reasonableness of management's valuation methodology and assessing the reasonableness of key assumptions and inputs used in measuring the fair value of acquired assets. We have also assessed the reasonableness of the closing balances as at the date of acquisition.

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.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2019

Independent Auditor's Report to the Members of Chip Eng Seng Corporation Ltd.

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 SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional 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.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2019
Independent Auditor's Report to the Members of Chip Eng Seng Corporation Ltd.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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 Nelson Chen.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
20 March 2020

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2019

	Note	2019	2018
		$'000	$'000
Revenue	4	1,055,639	1,080,234
Cost of sales		(860,766)	(837,786)
Gross profit		194,873	242,448
Other items of income			
Interest income	5	6,920	5,613
Other income	6	6,916	3,758
Other items of expense			
Marketing and distribution		(13,900)	(14,106)
Administrative expenses		(96,471)	(94,224)
Finance costs	7	(58,890)	(50,373)
Share of results of associates and joint venture		4,609	4,928
Profit before tax	8	44,057	98,044
Income tax expense	9	(11,500)	(17,794)
Profit for the year		32,557	80,250
Attributable to:			
Owners of the Company		33,320	63,121
Non-controlling interests		(763)	17,129
		32,557	80,250
Earnings per share attributable to owners of the Company (cents per share)			
Basic	10	5.06	10.13
Diluted	10	5.02	9.93

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	2019 $'000	2018 $'000
Profit for the year	32,557	80,250
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Share of loss on property revaluation of associates	–	(44)
	–	(44)
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	(2,126)	(13,509)
Share of foreign currency translation of associates and joint venture	(91)	(39)
	(2,217)	(13,548)
Other comprehensive income for the year, net of tax	(2,217)	(13,592)
Total comprehensive income for the year	30,340	66,658
Attributable to:		
Owners of the Company	30,882	50,094
Non-controlling interests	(542)	16,564
Total comprehensive income for the year	30,340	66,658

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

BALANCE SHEETS

As at 31 December 2019

	Note	Group		Company	
		2019	2018	2019	2018
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	11	467,065	364,221	4,306	1,438
Investment properties	12	305,528	250,617	–	–
Intangible assets	13	42,719	16,677	447	509
Investments in subsidiaries	14	–	–	81,642	3,342
Investment in joint venture	15(a)	6,538	3,392	–	–
Investments in associates	16	26,233	6,105	650	650
Deferred tax assets	24	7,761	5,956	–	–
Trade and other receivables	17	32,606	40,411	346,605	275,045
		888,450	687,379	433,650	280,984
Current assets					
Development properties	18	1,373,224	1,410,329	–	–
Inventories	19	2,838	2,152	–	–
Prepayments		4,817	2,708	150	252
Trade and other receivables	17	176,336	123,444	16,391	8,096
Contract assets	4	415,278	501,307	–	–
Capitalised contract costs	4	14,416	16,663	–	–
Cash and short-term deposits	20	378,487	342,558	57,729	41,428
		2,365,396	2,399,161	74,270	49,776
Total assets		3,253,846	3,086,540	507,920	330,760

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

BALANCE SHEETS

As at 31 December 2019

	Note	Group		Company	
		2019	2018	2019	2018
		$'000	$'000	$'000	$'000
Current liabilities					
Loans and borrowings	21	231,880	129,773	–	–
Trade and other payables	22	87,725	64,814	14,252	671
Contract liabilities	4	26,256	99,488	–	–
Other liabilities	23	102,896	48,430	5,507	7,414
Income tax payable		25,574	9,716	186	600
		474,331	352,221	19,945	8,685
Net current assets		1,891,065	2,046,940	54,325	41,091
Non-current liabilities					
Loans and borrowings	21	1,566,464	1,681,360	38,250	38,250
Trade and other payables	22	166,282	140,696	252,140	191,017
Other liabilities	23	64,809	36	667	–
Deferred tax liabilities	24	34,689	38,172	–	36
		1,832,244	1,860,264	291,057	229,303
Total liabilities		2,306,575	2,212,485	311,002	237,988
Net assets		947,271	874,055	196,918	92,772
Equity attributable to owners of the Company					
Share capital	25(a)	175,978	79,691	175,978	79,691
Treasury shares	25(b)	(30,034)	(30,034)	(30,034)	(30,034)
Retained earnings		781,745	773,466	46,869	39,722
Other reserves	26	(9,420)	(5,775)	4,105	3,393
		918,269	817,348	196,918	92,772
Non-controlling interests		29,002	56,707	–	–
Total equity		947,271	874,055	196,918	92,772

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

2019 Group	Equity, total	Equity attributable to owners of the Company, total	Share capital (Note 25(a))	Treasury shares (Note 25(b))	Retained earnings	Other reserves (Note 26)	Non-controlling interests
		Attributable to owners of the Company					
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 January 2019	874,055	817,348	79,691	(30,034)	773,466	(5,775)	56,707
Profit for the year	32,557	33,320	–	–	33,320	–	(763)
Other comprehensive income							
Foreign currency translation	(2,126)	(2,347)	–	–	–	(2,347)	221
Share of other comprehensive income of associates and joint venture	(91)	(91)	–	–	–	(91)	–
Other comprehensive income for the year, net of tax	(2,217)	(2,438)	–	–	–	(2,438)	221
Total comprehensive income for the year	30,340	30,882	–	–	33,320	(2,438)	(542)
Contributions by and distributions to owners							
Share-based compensation expenses (Note 26)	712	712	–	–	–	712	–
Issue of ordinary shares, net of issuance costs (Note 25)	96,287	96,287	96,287	–	–	–	–
Dividends paid on ordinary shares (Note 35)	(25,041)	(25,041)	–	–	(25,041)	–	–
Dividends paid to non-controlling interest of subsidiary	(29,200)	–	–	–	–	–	(29,200)
Acquisition of subsidiary (Note 14)	2,658	–	–	–	–	–	2,658
Total contributions by and distributions to owners	45,416	71,958	96,287	–	(25,041)	712	(26,542)
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interest (Note 14)	(2,540)	(1,919)	–	–	–	(1,919)	(621)
Total changes in ownership interest in subsidiaries	(2,540)	(1,919)	–	–	–	(1,919)	(621)
Total transactions with owners in their capacity as owners	42,876	70,039	96,287	–	(25,041)	(1,207)	(27,163)
Closing balance at 31 December 2019	947,271	918,269	175,978	(30,034)	781,745	(9,420)	29,002

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

2018	Equity, total	Attributable to owners of the Company: Equity attributable to owners of the Company, total	Share capital (Note 25(a))	Treasury shares (Note 25(b))	Retained earnings	Other reserves (Note 26)	Non-controlling interests
Group	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 January 2018	824,715	788,329	79,691	(33,653)	735,186	7,105	36,386
Profit for the year	80,250	63,121	–	–	63,121	–	17,129
Other comprehensive income							
Foreign currency translation	(13,509)	(12,944)	–	–	–	(12,944)	(565)
Share of other comprehensive income of associates and joint venture	(83)	(83)	–	–	–	(83)	–
Other comprehensive income for the year, net of tax	(13,592)	(13,027)	–	–	–	(13,027)	(565)
Total comprehensive income for the year	66,658	50,094	–	–	63,121	(13,027)	16,564
Contributions by and distributions to owners							
Share-based compensation expenses (Note 26)	995	995	–	–	–	995	–
Treasury shares reissued pursuant to employee share option plans (Note 25)	2,771	2,771	–	3,619	–	(848)	–
Dividends paid (Note 35)	(24,841)	(24,841)	–	–	(24,841)	–	–
Acquisition of subsidiary (Note 14)	2,137	–	–	–	–	–	2,137
Total contributions by and distributions to owners	(18,938)	(21,075)	–	3,619	(24,841)	147	2,137
Changes in ownership interests in subsidiaries							
Incorporation of a subsidiary with non-controlling interest	1,620	–	–	–	–	–	1,620
Total changes in ownership interest in subsidiaries	1,620	–	–	–	–	–	1,620
Total transactions with owners in their capacity as owners	(17,318)	(21,075)	–	3,619	(24,841)	147	3,757
Closing balance at 31 December 2018	874,055	817,348	79,691	(30,034)	773,466	(5,775)	56,707

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

2019 Company	Total $'000	Share capital (Note 25(a)) $'000	Treasury shares (Note 25(b)) $'000	Retained earnings $'000	Other reserves (Note 26) $'000
Opening balance at 1 January 2019	92,772	79,691	(30,034)	39,722	3,393
Profit for the year, representing total comprehensive income for the year	32,188	–	–	32,188	–
Contributions by and distributions to owners					
Share-based compensation expenses (Note 26)	712	–	–	–	712
Issue of ordinary shares, net of issuance costs (Note 25)	96,287	96,287	–	–	–
Dividends paid (Note 35)	(25,041)	–	–	(25,041)	–
Total contributions by and distributions to owners	71,958	96,287	–	(25,041)	712
Closing balance at 31 December 2019	196,918	175,978	(30,034)	46,869	4,105

2018 Company	Total $'000	Share capital (Note 25(a)) $'000	Treasury shares (Note 25(b)) $'000	Retained earnings $'000	Other reserves (Note 26) $'000
Opening balance at 1 January 2018	116,943	79,691	(33,653)	67,659	3,246
Loss for the year, representing total comprehensive income for the year	(3,096)	–	–	(3,096)	–
Contributions by and distributions to owners					
Share-based compensation expenses (Note 26)	995	–	–	–	995
Treasury shares reissued pursuant to employee share option plans (Note 25)	2,771	–	3,619	–	(848)
Dividends paid (Note 35)	(24,841)	–	–	(24,841)	–
Total contributions by and distributions to owners	(21,075)	–	3,619	(24,841)	147
Closing balance at 31 December 2018	92,772	79,691	(30,034)	39,722	3,393

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Operating activities			
Profit before tax		44,057	98,044
Adjustments for:			
Interest income	5	(6,920)	(5,613)
Gain on disposal of property, plant and equipment	6	(375)	(231)
Gain on disposal of intangible assets	6	–	(20)
Finance costs	7	58,890	50,373
Property, plant and equipment written off	8	95	1
Provision for onerous contract	8	1,000	7,500
Depreciation of property, plant and equipment	11	25,115	18,810
Impairment of property, plant and equipment	11	4,123	3,922
Fair value (gain)/loss on investment properties	12	(2,766)	1,042
Amortisation of intangible assets	13	511	161
Amortisation of capitalised contract cost	4	14,378	12,752
Impairment of intangible assets	13	460	2,013
Impairment loss on trade receivables, net		–	338
Share-based compensation expenses	26(e)	712	995
Share of results of associates and joint venture		(4,609)	(4,928)
Loss on liquidation of an associate	8	3	17
Unrealised exchange loss		3,526	5,292
Operating cash flows before changes in working capital		138,200	190,468
Changes in working capital:			
Development properties		(7,825)	159,913
Capitalised contract cost	4	(12,137)	(15,343)
Inventories		(698)	165
Prepayments		(2,122)	2,380
Trade and other receivables and contract assets		72,281	(303,432)
Trade and other payables and contract liabilities		(53,081)	(59,444)
Other liabilities		1,273	(12,385)
Cash flows generated from/(used in) operations		135,891	(37,678)
Interest paid		(66,449)	(60,539)
Interest received		7,084	5,613
Income taxes paid		(7,403)	(5,809)
Net cash flows generated from/(used in) operating activities		69,123	(98,413)

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2019

	Note	2019	2018
		$'000	$'000
Investing activities			
Net cash outflow on acquisition of subsidiaries	14	(5,440)	(10,377)
Net cash outflow on acquisition of business assets	14	–	(29,690)
Purchase of property, plant and equipment	11	(20,116)	(21,889)
Proceeds from disposal of property, plant and equipment		466	606
Proceeds from liquidation of an associate		27	829
Proceeds from disposal of intangible assets		–	20
Investments in associates		(19,317)	–
Dividend income from associates		534	1,350
(Advances to)/Repayment from associates		(197)	1,058
Additions to intangible assets	13	–	(195)
Additions to investment properties	12	–	(12,819)
Net cash flows used in investing activities		(44,043)	(71,107)
Financing activities			
Repayment of loans and borrowings		(484,890)	(217,347)
Proceeds from loans and borrowings		363,000	701,202
Redemption of term notes		–	(206,750)
Proceeds from issuance of term notes		100,000	–
Proceeds from issuance of shares		96,287	–
Acquisition of non-controlling interest		(2,540)	–
Dividends paid on ordinary shares	35	(25,041)	(24,841)
Dividends paid to non-controlling interest	35	(29,200)	–
Proceeds from exercise of employee share options	25(b)	–	2,771
Proceeds from issuance of new shares by subsidiary to non-controlling interest		–	1,620
Increase in short-term deposits pledged	20	(4,256)	–
Payment of principal portion of lease liabilities		(5,749)	–
Net cash flows generated from financing activities		7,611	256,655
Net increase in cash and cash equivalents		32,691	87,135
Effect of exchange rate changes on cash and cash equivalents		(1,018)	(2,423)
Cash and cash equivalents at beginning of the year		342,558	257,846
Cash and cash equivalents at end of the year	20	374,231	342,558

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

1. Corporate information

Chip Eng Seng Corporation Ltd. is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange.

The registered office and principal place of business of the Company is located at 171 Chin Swee Road, #12-01 CES Centre, Singapore 169877.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as disclosed below.

Details of the subsidiaries, associates, joint venture and joint operations as at 31 December 2019 are:

	Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2019	2018
	Subsidiaries				
	Held by the Company				
^	CEL Development Pte. Ltd.	Singapore	Property developer and property investor	100	100
^	Chip Eng Seng Construction Pte. Ltd.	Singapore	Investment holding	100	100
^	CES Capital Holdings Pte. Ltd.	Singapore	Investment holding	100	100
^	CES Hospitality Pte. Ltd.	Singapore	Investment holding	100	100
^	CES Education Pte. Ltd.	Singapore	Investment holding	100	100
^	CES Treasury Pte. Ltd.	Singapore	Provision of financial and treasury services to members of the Chip Eng Seng group of companies	100	100
	Held by subsidiaries				
^	Chip Eng Seng Contractors (1988) Pte Ltd	Singapore	General building contractor	100	100
^	CES Engineering & Construction Pte. Ltd.	Singapore	General building contractor	100	100
^	CES-Precast Pte. Ltd.	Singapore	Manufacturing and trading of precast products	100	100
^	CES Building and Construction Pte. Ltd.	Singapore	General building and related services	100	100
^	SPP System Pte. Ltd.	Singapore	Modular building construction	100	100
+	Sembcorp Design and Construction Pte. Ltd.	Singapore	Building construction and construction project management	100	–

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2019

1. Corporate information (cont'd)

	Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2019	2018
	Subsidiaries (cont'd)				
	Held by subsidiaries (cont'd)				
+	CES_Lodge Pte. Ltd.	Singapore	Acquisition of portable containers/structure to rent out as workers' dormitory and provision of related services	100	–
+++	SDCI (Myanmar) Company Limited	Myanmar	General building contractor and project management	100	–
^	CEL-Changi Pte. Ltd.	Singapore	Property developer	100	100
^	Fernvale Development Pte. Ltd.	Singapore	Property developer	60	60
ß	CEL-Bedok Pte. Ltd.	Singapore	Liquidated	–	100
^	CEL Property Pte. Ltd.	Singapore	Property developer and investment holding	100	100
^	CEL-Yishun (Residential) Pte. Ltd.	Singapore	Property developer	100	100
^	CEL-Yishun (Commercial) Pte. Ltd.	Singapore	Property developer	100	100
^	CEL Real Estate Development Pte. Ltd.	Singapore	Property developer and investment holding	100	100
	CEL-Simei Pte. Ltd.	Singapore	In the process of liquidation	100	100
^	CEL-Fort Pte. Ltd.	Singapore	Property developer	100	100
^	CEL Property Development Pte. Ltd.	Singapore	Property developer	100	100
~	CEL Technology Development (Taicang) Co., Ltd	China	Investment holding	100	–
^	CEL Newton Pte. Ltd.	Singapore	Property developer	100	100
ß	PH Properties Pte. Ltd.	Singapore	Liquidated	–	100
^	CEL Unique Pte. Ltd.	Singapore	Investment holding	60	60
^	CEL Unique Holdings Pte. Ltd.	Singapore	Investment holding	60	60
^	CEL Unique Development Pte. Ltd.	Singapore	Property developer	60	60

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

1. Corporate information (cont'd)

Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest	
			2019	2018
Subsidiaries (cont'd)				
Held by subsidiaries (cont'd)				
^ CEL Property Investment (Australia) Pte. Ltd.	Singapore	Investment holding	100	100
^ CEL Property Investment Pte. Ltd.	Singapore	Property investor	100	100
^ Evervit Development Pte Ltd	Singapore	Property investor	100	100
^ CES Property Investment (New Zealand) Pte. Ltd.	Singapore	Investment holding	100	100
^ CEL Property (M) Pte. Ltd.	Singapore	Investment holding	100	100
^ CES-Vietnam Holdings Pte. Ltd.	Singapore	Investment holding	100	100
^ CES-NB Pte. Ltd.	Singapore	Investment holding	100	100
^ CES-VH Holdings Pte. Ltd.	Singapore	Investment holding	100	100
# CES Investment (Vietnam) Pte. Ltd.	Singapore	Investment holding	100	100
# CES Management (Vietnam) Pte. Ltd.	Singapore	Investment holding	100	100
^ CES Hotels (Australia) Pte. Ltd.	Singapore	Investment holding	100	100
^ CEL-Alexandra Pte. Ltd.	Singapore	Hotel owner and property investor	100	100
^ CES Park (Maldives) Pte. Ltd.	Singapore	Investment holding	70	70
### CES Hotels (Maldives) Pte. Ltd.	Singapore	Investment holding	100	–
### CES Tropical (Maldives) Pte. Ltd.	Singapore	Investment holding	70	–
### Samarafushi Pvt Ltd	Maldives	Resort owner	70	–
^^ CEL Australia Pty Ltd	Australia	Investment holding	100	100
^^ CES Glenelg Pty Ltd	Australia	Property developer	100	100
^^ 242 West Coast Highway Scarborough Pty Ltd	Australia	Property developer	100	100
^^ CES-Queen (VIC) Pty Ltd	Australia	Property developer	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

1. **Corporate information (cont'd)**

Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2019	2018
Subsidiaries (cont'd)				
Held by subsidiaries (cont'd)				
^^ CES Properties (AUS) Pty Ltd	Australia	Property investor	100	100
^^ CES-Northcote (VIC) Pty Ltd	Australia	Property developer	100	100
^^ CES-Gladstone (VIC) Pty Ltd	Australia	Property developer	100	100
^^ CES South Perth (WA) Pty Ltd	Australia	Investment holding	100	100
^^ CES Sirona Lyall (WA) Pty Ltd	Australia	Property developer	70	70
# CEL Real Estate Pty Ltd	Australia	Property developer	100	100
^^ CES Grosvenor (SA) Pty Ltd	Australia	Property investor	100	100
^^ CES Grosvenor Hotel (SA) Pty Ltd	Australia	Hotel owner	100	100
^^ CES Mandurah Hotel (WA) Pty Ltd	Australia	Hotel owner	100	100
^^ CES Pirie Hotel (SA) Pty Ltd	Australia	Hotel owner	100	100
# CES Hotel Investment Pty Ltd	Australia	Investment holding	100	100
++ CES Properties (NZ) Pty Limited	New Zealand	Investment holding	100	100
^^ CES-Precast Sdn. Bhd.	Malaysia	Manufacturing of precast concrete components	100	100
* CEL Malacca Sdn. Bhd.	Malaysia	Property developer and investment holding	100	100
^^ CES Park Kodhipparu Private Limited	Maldives	Resort owner	70	70
^^ Viet Investment Link Joint Stock Company	Vietnam	Provision of management services	99	99
^^ CES MAIC Management (Vietnam) Co., Ltd	Vietnam	Provision of real estate management and consultancy services	70	70

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

1. Corporate information (cont'd)

	Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2019	2018
	Subsidiaries (cont'd)				
	Held by subsidiaries (cont'd)				
^	CES ASG Pte. Ltd.	Singapore	Investment holding	100	100
^	CES Repton Asia Pte. Ltd.	Singapore	Investment holding	100	100
^	CES Repton SG Pte. Ltd.	Singapore	Childcare and related services	100	100
^	Penn Junior Academy Pte. Ltd. (f.k.a. CES R Lab Pte. Ltd.)	Singapore	Provision of early childhood enrichment education	100	100
^	CES Greenville Pte. Ltd.	Singapore	Investment holding	100	100
~	Greenville Consultancy & Management (Shanghai) Co., Ltd.	China	Provision of early childhood enrichment education	100	–
#	Magna Education Pte. Ltd.	Singapore	Investment holding	100	100
^	The Perse School (Singapore) Pte. Ltd. (f.k.a. CES Cambridge Pte. Ltd.)	Singapore	Investment holding	100	100
^	CES WL Pte. Ltd.	Singapore	Investment holding	100	100
^	CES Edutech Pte. Ltd.	Singapore	Investment holding	100	–
###	CES Education (China) Pte. Ltd.	Singapore	Investment holding	100	–
^	White Lodge Education Group Services Pte. Ltd.	Singapore	Investment holding	70	70
^	White Lodge, Bukit Timah Pte. Ltd.	Singapore	Kindergarten and related services	70	70
^	White Lodge, Upper Bukit Timah Pte. Ltd.	Singapore	Kindergarten and related services	70	70
^	White Lodge Kindergarten, East Coast Pte. Ltd.	Singapore	Kindergarten and related services	70	70
^	White Lodge, Upper East Coast Pte. Ltd.	Singapore	Kindergarten and related services	70	70
^	White Lodge Kindergarten, Phoenix Park Pte. Ltd.	Singapore	Kindergarten and related services	70	70
^	White Lodge, West Coast Pte. Ltd.	Singapore	Kindergarten and related services	70	70
^	White Lodge School of Arts, Loewen Gardens Pte. Ltd.	Singapore	Kindergarten and related services	70	70

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

1. Corporate information (cont'd)

Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest	
			2019	**2018**
Subsidiaries (cont'd)				
Held by subsidiaries (cont'd)				
^ White Lodge Preschool River Valley Pte. Ltd.	Singapore	Childcare and related services	70	70
@ White Lodge Education Services (Malaysia) Sdn. Bhd.	Malaysia	Investment holding	70	70
@ White Lodge Bangsar South Childcare Centre Sdn. Bhd.	Malaysia	Childcare and related services	70	70
@ White Lodge Mont Kiara Childcare Centre Sdn. Bhd.	Malaysia	Childcare and related services	70	70
^ Invictus International School Pte. Ltd.	Singapore	International school education provider	55	–
^ Sugar Education Pte. Ltd.	Singapore	Investment holding	55	–
^ Swallows and Amazons Pte. Ltd.	Singapore	Nursery, kindergarten and related services	55	–
### Invictus (Cambodia) Co., Ltd.	Cambodia	International school education provider	55	–
@@ Invictus International School (Hong Kong) Limited	Hong Kong	International school education provider	55	–
@@ Invictus Kindergarten (Hong Kong) Limited	Hong Kong	International kindergarten service provider	55	–
@@ Invictus School (Chai Wan) Limited	Hong Kong	International school education provider	55	–
### Penn Junior (Aus) Pty Ltd	Australia	Investment holding	100	–
### Penn Junior Tarneit West (Vic) Pty Ltd	Australia	Childcare and related services	100	–
^^^ CES Education (Malaysia) Pte. Ltd.	Singapore	Investment holding and the provision of education, consultancy and training management services	100	–
*** CES Eduset Sdn. Bhd.	Malaysia	Investment holding and the provision of education, consultancy and training management services	100	–
*** Excelsior Education Management Sdn Bhd	Malaysia	International school education provider	100	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

1. Corporate information (cont'd)

Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2019	2018
<u>Associates</u>				
Held by the Company				
** Ardille Pte Ltd	Singapore	Investment holding	38	38
Held by subsidiaries				
ß Punggol Field EC Pte. Ltd.	Singapore	Liquidated	–	40
+ Pasir Ris EC Pte. Ltd.	Singapore	Property developer	40	40
~~ Amdon Consulting Pte. Ltd.	Singapore	Science education and digital teaching resources	38	–
# Zeus Edutech Group (Cayman)	Cayman Islands	Investment holding	35	–
^^ Phu An Sinh Real Estate Investment Co., Ltd	Vietnam	Investment holding	50	–
Held by associates				
** ACP Metal Finishing Pte Ltd	Singapore	Provision of custom electro-plating and surface treatment services	38	38
## ACP Poland Spolka Z Ograniczona Odpowiedzialnoscia	Poland	Provision of custom electro-plating and surface treatment services	38	38
## Zeus Edutech Group Limited (BVI)	British Virgin Islands	Investment holding	35	–
!! Zeus Edutech Group Limited (HK)	Hong Kong	Investment holding	35	–
! Guangzhou Zhou Zi Si Co., Ltd (PRC)	China	Investment holding	35	–
! Guangzhou Yuanda Information Development Co., Ltd	China	Education provider	35	–
~~ Werkz Asia Pte Ltd	Singapore	Development of interactive digital media	38	–
~~ Werkz Technologies Co., Ltd.	Myanmar	Development of educational software	38	–
## Werkz Publishing, Inc.	USA	Marketing of educational products	38	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

1. Corporate information (cont'd)

Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2019	2018
Joint venture				
Held by subsidiary				
++ Roxy-CES (NZ) Limited	New Zealand	Property investor	50	50
Joint operations				
Held by subsidiary				
+ Sinohydro-Sembcorp Joint Venture	Singapore	Building construction and construction project management	50	–
^ Hock Lian Seng Infrastructure-Sembcorp Design and Construction Joint Venture	Singapore	Provision of civil engineering works	40	–

#	Not required to be audited as these companies are considered dormant and exempted from audit under the Singapore Companies Act or relevant statutory laws in the respective country of incorporation.
##	Not required to be audited by law in country of incorporation.
###	Not required to be audited as these companies are incorporated during the year.
^	Audited by Ernst & Young LLP, Singapore.
^^	Audited by member firms of EY Global.
^^^	Audited by KBH Integra PAC.
*	Audited by KTP & Company PLT, Malaysia.
**	Audited by RSM Chio Lim LLP, Singapore.
***	Audited by YL Chee & Co.
+	Audited by KPMG LLP, Singapore.
++	Audited by HLB Mann Judd, Auckland.
+++	Audited by member firms of KPMG Global.
@	Audited by BDO, Malaysia.
@@	Audited by Fung, Yu & Co CPA.
~	Audited by EunaCon Perfect Alliance CPA.
~~	Audited by Ken Wong & Co.
~~	Audited by Thaung Aye & Associates.
!	Audited by Guangzhou Haocheng Certified Public Accountants Co., Ltd.
!!	Audited by ST Lo & Co. Certified Public Accounting.
ß	Liquidated during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

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 ("SGD" or "$") and all values in the tables are rounded to the nearest thousand ("$'000"), except when otherwise indicated.

2.2 Changes in accounting policies and disclosures

The Group applied SFRS(I) 16 *Leases* for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

<u>SFRS(I) 16 *Leases*</u>

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases,* SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases - Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets up the principles for the recognition, measurement, presentation and disclosures of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under SFRS(I) 16 is substantially unchanged from SFRS(I) 1-17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in SFRS(I) 1-17. Therefore, SFRS(I) 16 did not have an impact for leases where the Group is the lessor.

The Group adopted SFRS(I) 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying SFRS(I) 1-17 and SFRS(I) INT 4 at the date of initial application.

The effect of adopting SFRS(I) 16 as at 1 January 2019 is as follows:

	Increase
	$'000
<u>Asset</u>	
Right-of-use assets (included in 'Property, plant and equipment')	15,296
<u>Liability</u>	
Lease liabilities (included in 'Other liabilities')	15,296

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies and disclosures (cont'd)

SFRS(I) 16 *Leases* (cont'd)

The Group has entered into industrial property lease on a pre-cast yard, land lease on a Maldivian lagoon, and various commercial property leases. Before the adoption of SFRS(I) 16, the Group classified each of its leases (as lessee) at the inception date as operating lease. Refer to Note 2.24 for the accounting policy prior to 1 January 2019.

Upon adoption of SFRS(I) 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.24 for the accounting policy beginning 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously classified as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at 1 January 2019:

- Right-of-use assets of $15,296,000 were recognised and presented under 'Property, plant and equipment'
- Additional lease liabilities of $15,296,000 (included in 'Other liabilities') were recognised

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	$'000
Operating lease commitment as at 31 December 2018	28,801
Less: Commitments relating to short term leases	(89)
	28,712
Weighted average incremental borrowing rate as at 1 January 2019	4.15%
Lease liabilities as at 1 January 2019	15,296

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The Group has not adopted the following standard applicable to the Group that have been issued but not yet effective:

Description	*Effective for annual periods beginning on or after*
Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
Amendments to SFRS(I) 3 *Definition of a Business*	1 January 2020
Amendments to SFRS(I) 1-1 and 1-8 *Definition of Material*	1 January 2020
Amendments to SFRS(I)9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform*	1 January 2020
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

The Group expects that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.4 Basis of consolidation and business combinations

(a) 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.

(b) 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 an asset or liability are recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations and goodwill (cont'd)

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. 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.

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.

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. Goodwill is recorded within "Intangible assets" line of the Group's balance sheet.

2.5 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.

2.6 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Summary of significant accounting policies (cont'd)

2.6 Foreign currency (cont'd)

(b) Consolidated financial statements

For consolidated 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.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	-	23 to 99 years
Freehold and leasehold buildings	-	5 to 50 years
Container office, building and construction equipment	-	5 years
Motor vehicles	-	5 years
Computer and office equipment	-	2 to 5 years
Furniture, fixtures and fittings	-	2 to 10 years

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

The carrying values of property, plant and equipment 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.

2.8 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.

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.

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. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Summary of significant accounting policies (cont'd)

2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Club membership

Club membership was acquired separately and is amortised on a straight line basis over its finite useful life of 10 years.

Intellectual property

The cost of intellectual property is its fair value at acquisition date. Intellectual property has finite useful life of 4 to 10 years and is stated at cost less accumulated amortisation and accumulated impairment losses.

Brands

The brands were acquired in business combinations. The useful lives of the brands are estimated to be indefinite because based on the current market share of the brands, management believes there is no foreseeable limit to the period over which the brands are expected to generate net cash inflows for the Group.

2.10 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Summary of significant accounting policies (cont'd)

2.11 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.

2.12 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. Joint ventures are entities over whose activities the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

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 represents 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 is 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Summary of significant accounting policies (cont'd)

2.12 Joint ventures and associates (cont'd)

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.

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

2.13 Joint operations

A joint operation is an arrangement in which the Group has rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

The Group recognises in its financial statements, its interest in the joint operations as follows: its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the share of its output arising from the joint operations; its share of the revenue from the sale of the output by the joint operations; and its expenses, including its share of any expenses incurred jointly.

2.14 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

<u>Investments in debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) *Amortised cost*

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are de-recognised or impaired, and through amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Summary of significant accounting policies (cont'd)

2.14 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

Investments in debt instruments (cont'd)

(ii) *Fair value through other comprehensive income ("FVOCI")*

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI 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 for impairment losses, foreign exchange gains and losses 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.

(iii) *Fair value through profit or loss*

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

De-recognition

A financial asset is de-recognised 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Summary of significant accounting policies (cont'd)

2.14 Financial instruments (cont'd)

(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 plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised 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 de-recognition 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.

2.15 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Summary of significant accounting policies (cont'd)

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.17 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.

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

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date 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.

2.18 Inventories

Inventories comprise mainly hotel supplies such as food and beverages, linen, glassware and sundry supplies, and precast building materials such as reinforcement steel, welded mesh and concrete.

Hotel supplies are stated at the lower of cost (first-in-first-out method) and net realisable value.

Precast building materials are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.19 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Summary of significant accounting policies (cont'd)

2.20 Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as a credit in profit or loss as "Other income".

2.21 Financial guarantee

A financial guarantee 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 as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.15 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.22 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.

2.23 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Summary of significant accounting policies (cont'd)

2.23 Employee benefits (cont'd)

(b) Share-based payments

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The employee share option reserve is transferred to retained earnings upon expiry of the share option.

2.24 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

Accounting policy prior to 1 January 2019

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 Group 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Summary of significant accounting policies (cont'd)

2.24 Leases (cont'd)

Accounting policy after 1 January 2019

The Group applies a single recognition and measurement approach for all leases, except for short-term lease and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term ranging from 2 to 45 years.

The Group's right-of-use assets are included in 'Property, plant and equipment'.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.10.

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercise by the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (eg. Changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying assets.

The Group's lease liabilities are included in 'Other liabilities' (see Note 23).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Summary of significant accounting policies (cont'd)

2.24 Leases (cont'd)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term leases recognition exemption to its short-term leases (ie those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer 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 2.25(d). Contingent rents are recognised as revenue in the period in which they are earned.

2.25 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Construction revenue

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised over time by measuring the progress towards complete satisfaction of performance obligations. The stage of completion is typically assessed by reference to either surveys of work performed (output method), or the cost incurred to date relative to total estimated cost (input method) depending on which method commensurate with the pattern of transfer of control to the customer. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Summary of significant accounting policies (cont'd)

2.25 Revenue (cont'd)

(a) Construction revenue (cont'd)

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.

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 multiplied by the actual completion rate based on total contract costs or with reference to surveys of work performed or on a milestone payment schedule.

(b) Sale of development properties

The Group develops and sells residential and commercial properties before completion of construction of the properties. Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and the practices in the legal jurisdictions.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Summary of significant accounting policies (cont'd)

2.25 Revenue (cont'd)

(b) Sale of development properties (cont'd)

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

(c) Revenue from hotel operations

Revenue from the rental of hotel rooms and other facilities is recognised when the services are rendered. Revenue from the sale of food and beverage is recognised when the goods are delivered to the customer.

(d) Rental income

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

(e) School fees and enrolment fees

School fees and enrolment fees are recognised when the services are rendered.

(f) Interest income

Interest income is recognised using the effective interest method.

2.26 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Summary of significant accounting policies (cont'd)

2.26 Taxes (cont'd)

(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, 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 except:

- 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Summary of significant accounting policies (cont'd)

2.26 Taxes (cont'd)

(c) Sales tax

Revenue, 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.

2.27 Share capital and share issuance 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 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.29 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.

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated 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 end of each reporting period. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

3. Significant accounting judgements and estimates (cont'd)

3.1 Judgements made in applying accounting policies

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

(a) Sale of development properties

For the sale of development properties, the Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. In making the assessment, the Group considered the terms of the contracts entered into with customers and the provisions of relevant laws and regulations applicable to the contracts. The assessment of whether the Group has an enforceable right to payment for performance completed to date involves judgement made in determining the enforceability of the right to payment under the legal environment of the jurisdictions where the contracts are subject to.

(b) Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The periods covered by renewal options are included as part of the lease term only when they are reasonably certain to be exercised.

Refer to Note 29 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

3.2 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 are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were 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) Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(a) Provision for expected credit losses of trade receivables and contract assets (cont'd)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 32(a).

The carrying amount of trade receivables and contract assets as at 31 December 2019 are $123,189,000 and $415,278,000 (2018: $74,580,000 and $501,307,000) respectively.

(b) Revaluation 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 real estate valuation experts to assess fair value as at 31 December 2019.

The fair values of investment properties are determined by independent real estate valuation experts using market comparable approach and capitalisation approach.

The determination of the fair values of the investment properties requires the use of estimates on yield adjustments such as location, size, tenure, age and condition. These estimates are based on local market conditions existing at the end of each reporting date.

The key assumptions used to determine the fair value of the investment properties are further explained in Notes 12 and 31(c)(i).

(c) Contract assets and contract liabilities

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on total contract costs. Significant assumptions are required to estimate the variation works that will affect the stage of completion. In making these estimates, management has relied on past experience and knowledge of the project officials.

The carrying amounts of contract assets and contract liabilities are disclosed in Note 4 to the financial statements. If the estimated total contract cost had been 2% higher than management's estimate, contract assets and contract liabilities would have been $22,021,000 lower and $22,374,000 higher respectively (2018: $31,868,000 lower and $18,295,000 higher).

(d) Revenue recognition on development properties under construction

For the sale of development properties where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the development properties to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the development properties. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the development properties.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(d) Revenue recognition on development properties under construction (cont'd)

The carrying amounts of assets and liabilities as well as the revenue from sale of development properties (recognised on percentage of completion basis) are disclosed in Note 18 and Note 4 to the financial statements respectively. If the estimated total development cost had been 2% higher than management's estimate, the carrying amount of the development properties under construction would have been $13,966,000 (2018: $14,005,000) higher and profit before tax would have been $7,787,000 (2018: $13,957,000) lower.

(e) Impairment of intangible assets

As disclosed in Note 13 to the financial statements, the recoverable amounts of the cash generating units which goodwill, intellectual property and brands have been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate and terminal yield rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 13 to the financial statements.

The carrying amount of the intangible assets as at 31 December 2019 is $42,719,000 (2018: $16,677,000).

(f) Impairment of hotel assets

An impairment exists when the carrying value of hotel asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset.

Management assesses, on an annual basis, whether there are trigger events indicating potential impairment. Where applicable, the Group considers independent valuation reports of valuation specialists. The value in use calculation is based on a discounted cash flow model derived from the budget for the next five years or the commercial useful life of the assets. The recoverable amount is most sensitive to the discount rate and capitalisation rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Management used external specialists to support the recoverable amounts of its hotel assets.

The carrying amount of hotel assets as at 31 December 2019 are disclosed in Note 11.

(g) Accounting for business combinations

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. Significant judgement is involved in the identification and measurement of the acquired assets and liabilities. Management used external valuation expert to perform the PPA. For acquisitions during the year, the fair values of the assets and liabilities have been determined on a provisional basis as the results of the independent valuations have not been finalised.

The details of the business combinations during the year are disclosed in Note 14.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

4. Revenue

(a) Disaggregation of revenue

	Construction		Development properties	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Primary geographical markets				
Singapore	164,405	169,850	781,510	670,730
Australia	–	–	10,441	157,908
Maldives	–	–	–	–
Malaysia	–	–	–	–
	164,405	169,850	791,951	828,638
Major product or service lines				
Construction contracts	143,421	167,543	–	–
Precast components	20,984	2,307	–	–
Development properties	–	–	791,951	828,638
Hotel operations	–	–	–	–
Rental of investment properties	–	–	–	–
Management fee	–	–	–	–
School fee	–	–	–	–
	164,405	169,850	791,951	828,638
Timing of transfer of goods or services				
At a point in time	20,984	2,307	10,441	157,908
Over time	143,421	167,543	781,510	670,730
	164,405	169,850	791,951	828,638

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

Hotel		Investment properties		Corporate		Education		Total revenue	
2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
31,568	30,860	6,486	6,812	10	10	12,915	2,453	996,894	880,715
12,747	11,403	795	672	–	–	–	–	23,983	169,983
33,866	29,390	–	–	–	–	–	–	33,866	29,390
–	–	–	–	–	–	896	146	896	146
78,181	71,653	7,281	7,484	10	10	13,811	2,599	1,055,639	1,080,234
–	–	–	–	–	–	–	–	143,421	167,543
–	–	–	–	–	–	–	–	20,984	2,307
–	–	–	–	–	–	–	–	791,951	828,638
78,181	71,653	–	–	–	–	–	–	78,181	71,653
–	–	7,281	7,484	–	–	–	–	7,281	7,484
–	–	–	–	10	10	–	–	10	10
–	–	–	–	–	–	13,811	2,599	13,811	2,599
78,181	71,653	7,281	7,484	10	10	13,811	2,599	1,055,639	1,080,234
78,181	71,653	7,281	7,484	10	10	1,337	69	118,234	239,431
–	–	–	–	–	–	12,474	2,530	937,405	840,803
78,181	71,653	7,281	7,484	10	10	13,811	2,599	1,055,639	1,080,234

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

4. Revenue (cont'd)

(b) Judgement and methods used in estimating revenue

Recognition of revenue from development properties over time

For the sale of development properties where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the development properties to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the development properties. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the development properties.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in its other similar development properties, analysed by different property types and geographical areas for the past 3 to 5 years.

(c) Contract assets and contract liabilities

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Group	
	2019	**2018**
	$'000	$'000
Receivables from contracts with customers (Note 17)	123,189	74,580
Contract assets	415,278	501,307
Capitalised contract costs	14,416	16,663
Contract liabilities	26,256	99,488

There was no impairment losses on receivables arising from contracts with customers in 2019. In 2018, the Group has recognised impairment losses on receivables arising from contracts with customers amounting to $348,000.

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for the sale of development properties and revenue from construction contracts. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for sale of development properties and revenue from construction contracts. Contract liabilities are recognised as revenue as the Group fulfils its performance obligations under the contract.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

4. **Revenue (cont'd)**

(c) **Contract assets and contract liabilities (cont'd)**

(i) Significant changes in contract assets are explained as follows:

	Group	
	2019	**2018**
	$'000	$'000
Contract asset reclassified to receivables	469,755	90,952

(ii) Significant changes in contract liabilities are explained as follows:

	Group	
	2019	**2018**
	$'000	$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	97,650	87,149

(d) **Capitalised contract costs**

	Group	
	2019	**2018**
	$'000	$'000
Capitalised incremental costs of obtaining contract – commission costs paid to property agents		
At 1 January	16,663	14,161
Additions	12,137	15,343
Amortisation	(14,378)	(12,752)
Foreign exchange difference	(6)	(89)
At 31 December	14,416	16,663

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

4. **Revenue (cont'd)**

(e) **Transaction price allocated to remaining performance obligation**

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2019 is $1,153,840,000 (2018: $1,252,679,000). This amount has not included the following:

- Performance obligations for which the Group has applied the practical expedient not to disclose information about its remaining performance obligations if:
  - The performance obligation is part of a contract that has an original expected duration for one year or less, or
  - The Group recognises revenue to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date.
- Variable consideration that is constrained and therefore is not included in the transaction price.

The Group expects to recognise $809,233,000 (2019: $622,772,000) as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2019 in the financial year 2020, $216,454,000 (2020: $425,165,000) in the financial year 2021, $65,920,000 (2021: $204,742,000) in the financial year 2022 and $62,233,000 (2022: $Nil) in the financial year 2023.

5. **Interest income**

	Group	
	2019	**2018**
	$'000	$'000
Interest income from loan and receivables	6,920	5,613

6. **Other income**

	Group	
	2019	**2018**
	$'000	$'000
Gain on disposal of intangible assets	–	20
Gain on disposal of property, plant and equipment	375	231
Sales of materials	1,227	1,039
Government grants	459	481
Rental income from non-investment holding companies	1,376	434
Deposits forfeited from buyers	154	726
Net fair value gain on investment properties	2,766	–
Others	559	827
	6,916	3,758

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

7. Finance costs

	Group 2019 $'000	Group 2018 $'000
Interest expense on bank loans and borrowings	66,862	60,324
Interest expense on lease liabilities	1,507	–
Less: Interest expense capitalised in development properties (Note 18)	(9,479)	(9,951)
Total finance costs	58,890	50,373

8. Profit before tax

The following items have been included in arriving at profit before tax:

	Group 2019 $'000	Group 2018 $'000
Audit fees paid to:		
- Auditor of the Company	430	391
- Other auditors	233	177
Non-audit fees paid to:		
- Auditor of the Company	27	8
- Network of member firms of the Auditor of the Company	29	7
Depreciation of property, plant and equipment (Note 11)	25,115	18,810
Amortisation of intangible assets (Note 13)	511	161
Employee benefits expense (Note 27)	73,563	72,626
Legal and professional fees	4,738	3,649
Operating lease expense	–	1,526
Net (gain)/loss from fair value adjustment of investment properties (Note 12)	(2,766)	1,042
Provision for onerous contract (Note 23)	1,000	7,500
Inventories recognised as an expense on cost of sales (Note 19)	19,804	18,326
Foreign exchange loss, net	2,494	8,995
Impairment loss on property, plant and equipment (Note 11)	4,123	3,922
Impairment loss on intangible assets (Note 13)	460	2,013
Impairment loss on financial assets		
- Trade receivables	–	348
Property, plant and equipment written off (Note 11)	95	1
Loss on liquidation of an associate	3	17
Maintenance of properties	4,871	3,368

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

	Group	
	2019	**2018**
	$'000	$'000
Consolidated income statement:		
Current income tax		
- current income taxation	5,532	9,713
- withholding tax	3	232
- overprovision in respect of previous years	(4,947)	(8,173)
	588	1,772
Deferred income tax		
- origination and reversal of temporary differences	10,912	16,022
Income tax expense recognised in profit or loss	11,500	17,794

Relationship between tax expense and profit before tax

A reconciliation between tax expense and the product of profit before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2019 and 2018 is as follows:

	Group	
	2019	**2018**
	$'000	$'000
Profit before tax	44,057	98,044
Share of profit of associates and joint venture, net of tax	(4,609)	(4,928)
Profit before tax and share of profit of associates and joint venture	39,448	93,116

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

9. Income tax expense (cont'd)

Relationship between tax expense and profit before tax (cont'd)

	Group	
	2019	**2018**
	$'000	$'000
Tax at the domestic rates applicable to profits in the countries where the Group operates	6,525	20,616
Adjustments:		
Non-deductible expenses	12,199	14,391
Income not subject to taxation	(3,100)	(8,827)
Benefits from previously unrecognised tax losses	(367)	(4,002)
Deferred tax assets not recognised	1,466	3,044
Effect of partial tax exemption and tax relief	(350)	(186)
Overprovision in respect of previous years	(4,947)	(8,173)
Withholding tax	3	232
Others	71	699
Income tax expense recognised in profit or loss	11,500	17,794

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

10. Earnings per share

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

Diluted earnings per share are calculated by dividing profit, net of tax, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

10. Earnings per share (cont'd)

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	
	2019	2018
	'000	'000
Profit, net of tax, attributable to owners of the Company used in the computation of basic and diluted earnings per share ($)	33,320	63,121
Weighted average number of ordinary shares for basic earnings per share computation	658,172	623,370
Effects of dilution on share options	6,170	12,529
Weighted average number of ordinary shares for diluted earnings per share computation	664,342	635,899

Since the end of the financial year, 500,000 ordinary shares (2018: Nil) were granted and vested to an executive director pursuant to the Chip Eng Seng Performance Share Plan. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

11. Property, plant and equipment

Group	Freehold land	Leasehold land	Freehold and leasehold buildings	Container office, building and construction equipment	Motor vehicles	Computer and office equipment	Furniture, fixture and fittings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost								
At 1 January 2018	3,427	144,112	179,232	11,419	7,944	4,670	8,139	358,943
Additions	14,692	530	1,061	1,191	744	680	2,991	21,889
Transfers	–	(1,425)	(7,534)	–	2	20	8,937	–
Transfer from investment properties (Note 12)	–	10,110	2,410	–	–	–	–	12,520
Disposals	–	(268)	–	(25)	(1,301)	(25)	(8)	(1,627)
Written off	–	–	–	(25)	–	(29)	(16)	(70)
Arising from acquisition of a subsidiary (Note 14)	–	–	–	–	32	41	75	148
Arising from acquisition of business assets (Note 14)	5,522	–	6,382	–	–	–	17,308	29,212
Exchange differences	(914)	203	410	3	14	10	(702)	(976)
At 31 December 2018	22,727	153,262	181,961	12,563	7,435	5,367	36,724	420,039
Effect of adopting SFRS(I) 16	–	10,644	4,652	–	–	–	–	15,296
At 1 January 2019	22,727	163,906	186,613	12,563	7,435	5,367	36,724	435,335
Additions	–	–	65,167	1,405	1,600	802	11,577	80,551
Disposals	–	–	–	(706)	(1,419)	(9)	(53)	(2,187)
Written off	–	–	–	–	(715)	(357)	(1)	(1,073)
Arising from acquisition of subsidiaries (Note 14)	13,524	–	21,454	1,359	1,982	285	340	38,944
Exchange differences	(372)	(260)	(1,642)	(5)	(14)	(24)	(550)	(2,867)
At 31 December 2019	35,879	163,646	271,592	14,616	8,869	6,064	48,037	548,703

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 29(a).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

11. Property, plant and equipment (cont'd)

Group	Freehold land	Leasehold land	Freehold and leasehold buildings	Container office, building and construction equipment	Motor vehicles	Computer and office equipment	Furniture, fixture and fittings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated depreciation								
At 1 January 2018	–	8,736	7,905	7,376	4,555	2,548	3,333	34,453
Depreciation charge	–	3,363	5,462	1,805	1,120	1,177	5,883	18,810
Transfers	–	(76)	(467)	–	(177)	170	550	–
Impairment loss	–	3,227	–	–	–	–	695	3,922
Disposals	–	(268)	–	(24)	(939)	(17)	(4)	(1,252)
Written off	–	–	–	(25)	–	(29)	(15)	(69)
Exchange differences	–	4	41	(7)	3	3	(90)	(46)
At 31 December 2018 and 1 January 2019	–	14,986	12,941	9,125	4,562	3,852	10,352	55,818
Depreciation charge	–	2,568	12,178	1,507	958	1,048	6,856	25,115
Impairment loss	–	315	–	–	–	–	3,808	4,123
Disposals	–	–	–	(706)	(1,353)	(6)	(31)	(2,096)
Written off	–	–	–	–	(620)	(357)	(1)	(978)
Exchange differences	–	(10)	(127)	(3)	(7)	(18)	(179)	(344)
At 31 December 2019	–	17,859	24,992	9,923	3,540	4,519	20,805	81,638
Net carrying amount								
At 31 December 2018	22,727	138,276	169,020	3,438	2,873	1,515	26,372	364,221
At 31 December 2019	35,879	145,787	246,600	4,693	5,329	1,545	27,232	467,065

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

11. Property, plant and equipment (cont'd)

Company	**Leasehold building**	**Motor vehicles**	**Computer and office equipment**	**Furniture, fixture and fittings**	**Total**
	$'000	$'000	$'000	$'000	$'000
Cost					
At 1 January 2018	–	3,034	557	42	3,633
Additions	–	466	78	47	591
Disposals	–	(650)	(4)	–	(654)
Written off	–	–	–	(1)	(1)
At 31 December 2018	–	2,850	631	88	3,569
Effect of adopting SFRS(I) 16	4,454	–	–	–	4,454
As at 1 January 2019	4,454	2,850	631	88	8,023
Additions	–	977	39	–	1,016
Disposals	–	(642)	–	(7)	(649)
Written off	–	(715)	–	–	(715)
At 31 December 2019	4,454	2,470	670	81	7,675
Accumulated depreciation					
At 1 January 2018	–	1,485	302	17	1,804
Depreciation charge	–	608	119	16	743
Disposals	–	(415)	(1)	–	(416)
At 31 December 2018 and 1 January 2019	–	1,678	420	33	2,131
Depreciation charge	1,898	406	115	15	2,434
Disposals	–	(576)	–	–	(576)
Written off	–	(620)	–	–	(620)
At 31 December 2019	1,898	888	535	48	3,369
Net carrying amount					
At 31 December 2018	–	1,172	211	55	1,438
At 31 December 2019	2,556	1,582	135	33	4,306

Assets under construction

The Group's freehold and leasehold buildings included carrying amounts of $4,332,000 (2018: $338,000) which relates to expenditure for hotels in the course of construction.

Assets pledged as security

The Group's freehold and leasehold land and buildings with a carrying amount of $305,886,000 (2018: $283,075,000) are mortgaged to secure bank borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

11. Property, plant and equipment (cont'd)

Impairment of assets

The management undertook their annual review of the carrying value of freehold and leasehold land and buildings for indication of impairment and, where appropriate, external valuations were also undertaken. Based on this assessment, an impairment charge of $315,000 (2018: $3,227,000) was recognised in the income statement.

In addition, it was assessed that a portion of the furniture, fixture and fittings costs at certain hotels were not recoverable through use and were impaired. The impairment of $3,808,000 (2018: $695,000) was recognised in the income statement.

The external valuation as at 31 December 2019 did not take into consideration the effects of COVID-19 outbreak happened subsequent to the year end.

Valuation of completed freehold and leasehold land and buildings

As at 31 December, the completed freehold and leasehold land and buildings were appraised by professional valuers at an open market value as follows:

	Group	
	2019	2018
	$'000	$'000
At valuation		
Freehold land and buildings	57,556	40,464
Leasehold land and buildings	531,690	531,660

The valuation surplus has not been incorporated in the financial statements.

12. Investment properties

	Group	
	2019	2018
	$'000	$'000
At 1 January	250,617	251,706
Net gain/(loss) from fair value adjustments recognised in profit or loss (Note 8)	2,766	(1,042)
Additions (subsequent expenditure)	–	12,819
Transfer from development properties	52,458	–
Transfer to property, plant and equipment (Note 11)	–	(12,520)
Exchange differences	(313)	(346)
At 31 December	305,528	250,617

The following amounts are recognised in the income statement:

Rental income (Note 4)	7,281	7,484
Direct operating expenses arising from rental generating properties	2,814	2,426

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

12. Investment properties (cont'd)

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

Properties pledged as securities

Certain investment properties amounting to $288,258,000 (2018: $233,800,000) are mortgaged to secure banking facilities.

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at balance sheet date. The valuations were performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, CBRE Pte Ltd, Savills Valuation and Professional Services (S) Pte Ltd, Knight Frank Pte Ltd and Jones Lang LaSalle Advisory Services Pty Limited, independent valuers with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in Note 31(c)(i). The external valuation as at 31 December 2019 did not take into consideration the effects of COVID-19 outbreak happened subsequent to the year end.

Transfer from development properties

In 2019, the Group transferred the retail component of a development property to investment property. On that date, the Group commenced to hold the retail component to earn rental or for capital appreciation, or both.

Transfer to property, plant and equipment

In 2018, the Group transferred one retail property unit that was held as investment property to owner-occupied property. On that date, the Group commenced using the retail property unit for the purpose of operating of a pre-school under its education segment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

13. Intangible assets

	Group					Company
	Club membership	Intellectual property	Brands	Goodwill	Total	Club membership
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
At 1 January 2018	554	1,746	–	–	2,300	428
Additions	195	–	–	–	195	195
Acquisition of a subsidiary (Note 14)	–	1,324	5,602	8,878	15,804	–
Acquisition of business assets (Note 14)	–	–	–	1,001	1,001	–
Exchange differences	–	–	–	(43)	(43)	–
At 31 December 2018 and 1 January 2019	749	3,070	5,602	9,836	19,257	623
Acquisition of subsidiaries (Note 14)	–	1,123	–	25,886	27,009	–
Disposals	(126)	–	–	–	(126)	–
Exchange differences	–	–	–	(18)	(18)	–
At 31 December 2019	623	4,193	5,602	35,704	46,122	623
Accumulated amortisation and impairment						
At 1 January 2018	181	247	–	–	428	55
Amortisation for the year	59	102	–	–	161	59
Impairment loss	–	1,499	–	514	2,013	–
Exchange differences	–	–	–	(22)	(22)	–
At 31 December 2018 and 1 January 2019	240	1,848	–	492	2,580	114
Amortisation for the year	62	449	–	–	511	62
Impairment loss	–	–	–	460	460	–
Disposal	(126)	–	–	–	(126)	–
Exchange differences	–	(11)	–	(11)	(22)	–
			–			
At 31 December 2019	176	2,286	–	941	3,403	176
Net carrying amount						
At 31 December 2018	509	1,222	5,602	9,344	16,677	509
At 31 December 2019	447	1,907	5,602	34,763	42,719	447

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

13. Intangible assets (cont'd)

Brands

Brands relate to the "White Lodge" brands for the Group's education services that were acquired in business combinations. As explained in Note 2.9, the useful life of these brands is estimated to be indefinite.

Amortisation expense

The amortisation of club membership and intellectual property are included in the "Administrative expenses" line item in the income statement. The remaining amortisation period ranges from 3 to 8 years (2018: 4 to 9 years).

Goodwill and intellectual property from acquisitions of subsidiaries

Goodwill and intellectual property arising from the education and construction businesses acquired during the last quarter of the year are provisionally determined as the Group is still in the midst of assessing the fair value of identified assets acquired. The fair value exercise is expected to be finalised within 12 months from date of acquisition hence the Group has not performed any impairment assessment on these acquisitions as the initial allocation of goodwill has not been completed. Furthermore, there are no internal and external triggering events that warrant an impairment assessment, as these businesses are generating revenue and profit for the financial year ended 31 December 2019.

Impairment testing of goodwill and brands

Goodwill and brands acquired through business combinations have been allocated to three cash-generating units ("CGU"), which are also the reportable operating segments, for impairment testing as follows:

- Hospitality segment
- Construction segment
- Education segment

The carrying amounts of goodwill and brands allocated to each CGU are as follows:

	Hospitality segment		Construction segment		Education segment	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000	$'000	$'000
Goodwill	–	466	11,241	–	23,522	8,878
Brands	–	–	–	–	5,602	5,602

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

13. Intangible assets (cont'd)

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the terminal yield rate used to extrapolate cash flow projections beyond the five-year period are as follows:

	Hospitality segment		Education segment
	2019	**2018**	**2019**
	%	**%**	**%**
Discount Rate	8.50	8.25	10.2 - 14.1
Terminal Yield Rate	6.25	6.25	1.5 - 2.5

Impairment loss recognised

During the financial year, an impairment loss was recognised to write-down the carrying amount of intellectual property and goodwill which were not recoverable through use. The impairment loss of $460,000 (2018: $2,013,000) has been recognised in the "Administrative expenses" line item in the income statement.

14. Investments in subsidiaries

	Company	
	2019	**2018**
	$'000	$'000
Shares, at cost	81,642	3,342

Details regarding subsidiaries are set out in Note 1.

The Company's contingent liabilities in respect of its investments in subsidiaries are disclosed in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

14. Investments in subsidiaries (cont'd)

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

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

Name of Subsidiary	Principal place of business	Proportion of ownership interest held by NCI	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 2019					
Fernvale Development Pte. Ltd.	Singapore	40	(1,267)	28,435	29,200
CEL Unique Pte. Ltd. and its subsidiaries	Singapore	40	1,745	(3,670)	–
31 December 2018					
Fernvale Development Pte. Ltd.	Singapore	40	23,547	58,902	–
CEL Unique Pte. Ltd. and its subsidiaries	Singapore	40	(6,961)	(5,415)	–

Summarised financial information about subsidiaries with material NCI

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interest is as follows:

Summarised balance sheets	Fernvale Development Pte. Ltd.		CEL Unique Pte. Ltd. and its subsidiaries	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Current				
Assets	120,157	492,030	705,267	735,456
Liabilities	(37,240)	(86,250)	(26,297)	(14,116)
Net current assets	82,917	405,780	678,970	721,340
Non-current				
Assets	–	21,465	2,701	3,596
Liabilities	(11,830)	(279,990)	(690,846)	(738,474)
Net non-current liabilities	(11,830)	(258,525)	(688,145)	(734,878)
Net assets/(liabilities)	71,087	147,255	(9,175)	(13,538)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

14. Investments in subsidiaries (cont'd)

Summarised financial information about subsidiaries with material NCI (cont'd)

Summarised statement of comprehensive income	Fernvale Development Pte. Ltd.		CEL Unique Pte. Ltd. and its subsidiaries	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Revenue	45,011	352,785	362,962	68,277
(Loss)/Profit before tax	(3,819)	70,953	5,258	(20,999)
Income tax credit/(expense)	651	(12,085)	(895)	3,596
(Loss)/Profit after tax and total comprehensive income	(3,168)	58,868	4,363	(17,403)
Other summarised information				
Net cash flows generated from/ (used in) operating activities	414,456	(13,207)	60,773	62,763
Net cash flows used in financing activities	(391,000)	(44,000)	(72,000)	(6,026)

(a) Acquisitions of subsidiaries

Acquisitions in 2019

On 12 April 2019, the Group's 70%-owned subsidiary, White Lodge Education Group Services Pte. Ltd. ("WL") acquired a 64.64% equity interest in Invictus International School Pte. Ltd. ("Invictus"), an education service provider. Upon acquisition, Invictus became a 45.25% subsidiary of the Group.

The Group has acquired Invictus to bring synergy to the WL's operations and expansion plans. In particular, Invictus presents a ready opportunity for expansion into the international primary school education segment.

On 12 December 2019, the Group's subsidiary, CES Education Pte. Ltd. acquired a 100% equity interest in CES Education (Malaysia) Pte. Ltd. ("CEM"), an education service provider. Upon acquisition, CEM became a wholly-owned subsidiary of the Group.

The Group has acquired CEM with a view to add on to the stable of international schools owned by the Group. The acquisition presents an opportunity for the Group to acquire an operating campus with an existing student population and ready facilities and amenities, which the Group can leverage on to rebrand the school in an expedient manner into a premium international school.

On 12 December 2019, the Group's subsidiary, Chip Eng Seng Construction Pte. Ltd. acquired a 100% equity interest in Sembcorp Design and Construction Pte. Ltd. ("SDC"), which is principally engaged in the building construction and construction project management businesses. Upon acquisition, SDC became a wholly-owned subsidiary of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

14. Investments in subsidiaries (cont'd)

(a) Acquisitions of subsidiaries (cont'd)

Acquisitions in 2019 (cont'd)

The Group has acquired SDC to extend the footprint of the Group's existing construction business to among other things, building construction and construction management businesses in respect of infrastructure and civil engineering projects in Singapore.

The Group has elected to measure the above non-controlling interests at the non-controlling interest's proportionate share of net identifiable assets of the respective subsidiaries.

The provisional fair values of the identifiable assets and liabilities of subsidiaries as at their respective acquisition dates were:

	Fair value recognised on acquisition		
	Invictus and CEM	**SDC**	**Total**
	$'000	$'000	$'000
Property, plant and equipment	32,477	6,467	38,944
Intangible assets	1,123	–	1,123
Trade and other receivables	1,762	21,790	23,552
Contract assets	–	9,520	9,520
Tax recoverable	5	–	5
Inventories	3	–	3
Cash and cash equivalents	9,993	68,571	78,564
	45,363	106,348	151,711
Trade and other payables	(4,965)	(19,930)	(24,895)
Other liabilities	–	(42,026)	(42,026)
Income tax payable	–	(4,937)	(4,937)
Loans and borrowings	(9,823)	–	(9,823)
Lease liabilities	(2,543)	(586)	(3,129)
Deferred tax liabilities	(2,548)	(38)	(2,586)
	(19,879)	(67,517)	(87,396)
Total identifiable net assets at fair value	25,484	38,831	64,315
Non-controlling interest's proportionate share of subsidiaries' identifiable net assets	(2,658)	–	(2,658)
Non cash consideration	(3,539)	–	(3,539)
Goodwill arising from acquisitions	14,645	11,241	25,886
Total consideration paid in cash	33,932	50,072	84,004
Effect of the acquisitions of subsidiaries on cash flows			
Total consideration paid in cash	33,932	50,072	84,004
Less: Cash and cash equivalents of subsidiaries acquired	(9,993)	(68,571)	(78,564)
Net cash outflow/(inflow) on acquisition	23,939	(18,499)	5,440

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

14. Investments in subsidiaries (cont'd)

(a) Acquisitions of subsidiaries (cont'd)

Acquisitions in 2019 (cont'd)

Provisional goodwill arising from acquisitions

The provisional goodwill of $25,886,000 comprise the value of expected synergies and opportunities arising from the acquisitions. $14,645,000 and $11,241,000 are allocated to the education segment and construction segment respectively. None of the goodwill recognised is expected to be deductible for income tax purposes.

Impact of the acquisitions on profit or loss

From the acquisition dates of respective subsidiaries, the subsidiaries have contributed $7,378,000 of revenue and $5,302,000 of net loss to the Group's results in the year of acquisitions. If the business combinations had taken place at the beginning of the year of acquisitions, the subsidiaries would have contributed revenue of $101,469,000 and net loss of $138,000 to the Group's results.

Provisional accounting of the acquisitions of subsidiaries

Goodwill and intellectual property have been provisionally identified as intangible assets arising from these acquisitions. For the subsidiaries acquired during the year, the fair values of the assets and liabilities have been determined on a provisional basis as the final results of the independent valuations have not been received by the date the financial statements was authorised for issue. Accordingly, adjustments will be made on a retrospective basis upon finalisation of the purchase price allocation exercises.

Acquisition of additional interest in Invictus

Subsequent to the acquisition, the Group through its subsidiary, CES WL Pte. Ltd., increased another 10.15% equity interest in Invictus for a purchase consideration of $2,540,000. As a result, Invictus became a 55.4% subsidiary of the Group.

The carrying value of the net assets of Invictus (excluding goodwill on the original acquisition) was $6,118,000.

Following is a schedule of additional interest acquired in Invictus:

	$'000
Consideration paid to non-controlling shareholders	2,540
Carrying value of the additional interest in Invictus	(621)
Difference recognised in other reserves	1,919

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

14. Investments in subsidiaries (cont'd)

(a) Acquisitions of subsidiaries (cont'd)

Acquisition in 2018

On 31 August 2018, the Group's subsidiary, CES Education Pte. Ltd. acquired a 70% equity interest in White Lodge Education Group Services Pte. Ltd. ("WL"), an education service provider. Upon acquisition, WL became a subsidiary of the Group.

The Group had acquired WL in order to expand its footprint in the pre-school education segment.

The Group had elected to measure the non-controlling interest at the non-controlling interest's proportionate share of WL's net identifiable assets.

The provisional fair values of the identifiable assets and liabilities of WL as at the acquisition date were:

	Fair value recognised on acquisition
	$'000
Property, plant and equipment	148
Intangible assets	6,926
Deferred tax assets	5
Trade and other receivables	1,282
Cash and cash equivalents	3,486
	11,847
Trade and other payables	(3,548)
Deferred tax liability	(1,177)
	(4,725)
Total identifiable net assets at fair value	7,122
Non-controlling interest's proportionate share of WL's identifiable net assets	(2,137)
Goodwill arising from acquisition	8,878
Total consideration paid in cash	13,863
Effect of the acquisition of WL on cash flows	
Total consideration paid in cash	13,863
Less: Cash and cash equivalents of subsidiary acquired	(3,486)
Net cash outflow on acquisition	10,377

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

14. Investments in subsidiaries (cont'd)

(a) Acquisitions of subsidiaries (cont'd)

Acquisition in 2018 (cont'd)

Provisional goodwill arising from acquisition

The provisional goodwill of $8,878,000 comprises the value WL is expected to deliver to the Group's entrance into the education industry. Goodwill is allocated entirely to the education segment. None of the goodwill recognised is expected to be deductible for income tax purposes.

Impact of the acquisition on profit or loss

From the acquisition date, WL has contributed $2,597,000 of revenue and $524,000 to the Group's profit for the year of acquisition. If the business combination had taken place at the beginning of the year of acquisition, the revenue from continuing operations would have been $7,521,000 and the Group's profit from continuing operations, net of tax would have been $1,208,000.

Provisional accounting of the acquisition of WL

Brand and intellectual property have been provisionally identified as intangible assets arising from this acquisition. The Group has engaged an independent valuer to determine the fair values of the assets and liabilities acquired. As at 31 December 2018, the fair values of the assets and liabilities have been determined on a provisional basis as the final results of the independent valuation have not been received by the date the financial statements was authorised for issue. The fair values were subsequently finalised in 2019. As the difference between the provisional and the finalised fair values were not material, the comparative figures have not been adjusted.

(b) Acquisition of business assets

Acquisition in 2018

On 27 March 2018, the Group's subsidiary, CES Grosvenor Hotel (SA) Pty Ltd entered into a sale of business agreement with Kildair Hotels (Grosvenor) Pty Ltd to acquire business assets in Adelaide, Australia. The acquisition is in line with the Group's strategy to expand its hospitality investment portfolio and to broaden its recurring revenue streams.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

14. Investments in subsidiaries (cont'd)

(b) Acquisition of business assets (cont'd)

Acquisition in 2018 (cont'd)

Details of the consideration paid and the assets acquired at the acquisition date were as follows:

	Fair value recognised on acquisition
	$'000
Property, plant and equipment	29,212
Trade and other receivables	29
Cash and cash equivalents	6
	29,247
Trade and other payables	(552)
	(552)
Total identifiable net assets at fair value	28,695
Goodwill arising from acquisition	1,001
Total consideration paid in cash	29,696
Effect of the acquisition of CES Grosvenor Hotel (SA) Pty Ltd on cash flows	
Total consideration paid in cash	29,696
Less: Cash and cash equivalents of subsidiary acquired	(6)
Net cash outflow on acquisition	29,690

Goodwill arising from acquisition

The goodwill of $1,001,000 arising from the acquisition is attributable to the premium the Group was willing to pay to expand its presence in the Australia market. The acquisition of business assets from Kildair Hotels (Grosvenor) Pty Ltd was completed on 27 March 2018 and the purchase price allocation to identifiable assets acquired was completed on 7 December 2018. The goodwill is allocated entirely to the hospitality segment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

14. Investments in subsidiaries (cont'd)

(b) Acquisition of business assets (cont'd)

Acquisition in 2018 (cont'd)

Impact of the acquisition on profit or loss

From the acquisition date, CES Grosvenor Hotel (SA) Pty Ltd has contributed $7,413,000 of revenue and $3,648,000 of net loss for the year of acquisition. If the business assets had been acquired at the beginning of the year of acquisition, the revenue from continuing operations would have been $7,517,000 and the Group's loss from continuing operations, net of tax would have been $4,269,000.

15. Investment in jointly controlled entities

(a) Joint venture

The Group has 50% (2018: 50%) interest in the ownership and voting rights in a joint venture, Roxy-CES (NZ) Limited that is held through a subsidiary. This joint venture is incorporated in New Zealand and is a strategic venture in the business of property investment. The Group jointly controls the venture with other partner under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

Details regarding the joint venture are set out in Note 1.

Information about the Group's investment in Roxy-CES (NZ) Limited are as follows:

	Group	
	2019	**2018**
	$'000	$'000
Share of profit after tax and total comprehensive income	3,152	3,542

(b) Joint operations

The Group has a 50% and 40% equity interest in the ownership and voting rights in joint operations, Sinohydro-Sembcorp Joint Venture and Hock Lian Seng Infrastructure-Sembcorp Design and Construction Joint Venture respectively that are held through a subsidiary, Sembcorp Design and Construction Pte. Ltd.

All joint operations are incorporated in Singapore and are strategic ventures of the business. The Group controls the joint operations with the other partner under the contractual agreements which provide the Group with rights to assets and obligations for the liabilities relating to the joint operations.

Details regarding the joint operations are set out in Note 1.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

16. Investments in associates

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Investments in associates	26,233	6,105	650	650

The Group has a 35% interest in Zeus Edutech Group (Cayman) and its subsidiaries ("Zeus Group"), whose principal business is education software, online K-12 education, education training and consulting services. The following table illustrates the summarised financial information of the Group's investment in Zeus Group:

	Zeus Group
	2019
	$'000
Current assets	14,073
Non-current assets	3,723
Current liabilities	(266)
Non-current liabilities	(880)
Equity	16,650
Group's share in equity – 35%	5,828
Goodwill	9,014
Group's carrying amount of the investment	14,842
Add: Carrying value of individually immaterial associates	11,391
Carrying value of Group's interest in associates	26,233
Profit before and after income tax	3,023
Other comprehensive income	(243)
Total comprehensive income	2,780
Group's share of profit for the year	1,056

The Group did not have any material associates in 2018.

Details regarding associates are set out in Note 1.

The following table summarises in aggregate, the Group's share of profit and total comprehensive income of the Group's individually immaterial associates accounted for using the equity method:

	Group	
	2019	2018
	$'000	$'000
Profit after tax and total comprehensive income	401	1,386

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For the financial year ended 31 December 2019

17. Trade and other receivables

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Current:				
Trade receivables	34,097	9,351	–	–
Accrued receivables	89,092	65,229	–	–
Deposits	7,621	3,468	3	3
Recoverables	10,406	9,532	10	351
GST receivables	2,024	4,006	–	–
Advances for a proposed investment	21,987	31,372	–	–
Amounts due from subsidiaries, trade	–	–	16,268	7,697
Amounts due from associate, trade	9,000	–	–	–
Amounts due from related parties, trade	469	–	–	–
Others	1,640	486	110	45
	176,336	123,444	16,391	8,096
Non-current:				
Amounts due from subsidiaries, non-trade	–	–	346,605	275,045
Amount due from associate, non-trade	197	–	–	–
Amounts due from joint venture, non-trade	28,036	28,302	–	–
Amounts due from non-controlling interest, non-trade	–	8,591	–	–
Other receivables	4,373	3,518	–	–
	32,606	40,411	346,605	275,045
Total trade and other receivables (excluding GST receivables)	206,918	159,849	362,996	283,141
Add: Cash and short-term deposits (Note 20)	378,487	342,558	57,729	41,428
Total financial assets carried at amortised cost	585,405	502,407	420,725	324,569

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

17. Trade and other receivables (cont'd)

Trade and other receivables denominated in foreign currencies at 31 December are as follows:

	Group	
	2019	**2018**
	$'000	$'000
Vietnamese Dong	9,000	9,000
US Dollar	4,259	3,360
New Zealand Dollar	28,036	28,302
Renminbi	197	–

Trade receivables and amount due from subsidiaries, associate and related parties, trade (current)

These amounts are non-interest bearing and are generally on 14 to 90 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Deposits

Included in the deposits are rental deposits amounting to $4,589,000 and deposits paid for building and construction equipment amounting to $1,685,000 (2018: deposits for property purchases in Singapore and Australia amounting to $1,636,000).

Recoverables

Recoverables relate mainly to payment made on behalf of suppliers and advances to sub-contractors.

Advances for a proposed investment

Advances for a proposed investment relates to loan to Giai Loi Investment Joint Stock Company to repay its bank loan in Vietnam in order for the Group to invest in a real estate development project known as "Soai Kinh Lam Apartment – Commerce Center" located in District 5, Ho Chi Minh City, Vietnam.

Amounts due from subsidiaries, non-trade (non-current)

These amounts are unsecured and bear interest at varying rates from 2.81% to 4.84% p.a. (2018: $267,058,000 at varying rates from 4.03% to 4.59% p.a.). The amounts have no repayment terms and are repayable only when the cash flow of the subsidiaries permits.

Amounts due from joint venture and associate, non-trade (non-current)

These amounts are unsecured, non-interest bearing and are not expected to be repaid within the next twelve months. All amounts are to be settled in cash.

Amounts due from non-controlling interest, non-trade (non-current)

In 2018, these amounts were unsecured, bear interest ranging from 2.43% to 2.70% and not expected to be repaid within the next twelve months. The amounts had no repayment terms and were repayable only when the cash flow of the non-controlling interest permits. These amounts have been fully repaid by the non-controlling interest in 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

17. Trade and other receivables (cont'd)

Other receivables (non-current)

These amounts are unsecured and non-interest bearing, except for loans amounting to $3,897,000 (2018: $3,282,000) at fixed rate of 7% (2018: 7%). The amounts are not expected to be repaid within the next twelve months.

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group	
	2019	**2018**
	$'000	$'000
Movement in allowance accounts:		
At 1 January	2,571	2,250
Charge for the year	–	348
Write back	–	(10)
Written off	(2,437)	(12)
Exchange differences	(4)	(5)
At 31 December	130	2,571

18. Development properties

	Group	
	2019	**2018**
	$'000	$'000
Properties under development, units for which revenue is recognised over time		
Land and land related cost	1,164,808	1,235,961
Development costs	108,979	70,014
	1,273,787	1,305,975
Properties under development, units for which revenue is recognised at a point in time		
Land and land related cost	77,855	86,860
Development costs	21,582	17,494
	99,437	104,354
Total development properties	1,373,224	1,410,329
Development properties recognised as an expense in cost of sales	607,852	603,308

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

18. Development properties (cont'd)

Included in development properties are land costs and borrowing costs that are attributable to the sold units, which are capitalised. These costs are expected to be recoverable and are amortised to profit or loss on a systemic basis as the Group recognises the related revenue.

The amount of fulfilment costs recognised in profit or loss is disclosed in Note 4(d).

During the financial year, borrowing costs of $9,479,000 (2018: $9,951,000) arising from borrowings obtained specifically for the development properties were capitalised under "Development cost". Interest rate for borrowing costs capitalised during the year range from 2.32% to 2.92% (2018: 1.84% to 5.33%) per annum.

The development properties are subject to legal mortgages for the purpose of securing bank loans (Note 21).

19. Inventories

	Group	
	2019	2018
	$'000	$'000
Raw materials (at cost)	599	266
Finished goods (at cost or net realisable value)	1,285	986
Hotel supplies (at cost)	954	900
	2,838	2,152
Income statement:		
Inventories recognised as an expense in cost of sales	19,804	18,326

20. Cash and short-term deposits

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Cash at banks and on hand	121,537	93,779	6,726	4,063
Short-term deposits	116,156	113,554	51,003	37,365
Project account – Cash at bank	15,918	29,568	–	–
Project account – Short-term deposits	124,876	105,657	–	–
	378,487	342,558	57,729	41,428

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 1 day and 12 months, depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short term deposit rates. The interest rates for the year ended 31 December 2019 for the Group and the Company range from 0.1% to 2.25% (2018: 0.01% to 2.17%) and from 0.1% to 2.18% (2018: 0.7% to 2.17%) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

20. Cash and short-term deposits (cont'd)

As at 31 December 2019, the Group has a total balance of $140,794,000 (2018: $135,225,000) held under the Housing Developers (Project Account) Rules in Singapore and the use of which is also governed by these rules.

Cash and short-term deposits denominated in foreign currency at 31 December are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Australian Dollar	504	54,172	255	36,884
US Dollar	16,946	542	16,758	390
Malaysian Ringgit	17	–	–	–
Vietnamese Dong	55	56	51	52

The Group has pledged a part of its short-term deposits to fulfil collateral requirements.

For purposes of the consolidated cash flows statement, cash and cash equivalents comprise the following:

	Group	
	2019	**2018**
	$'000	$'000
Cash and short-term deposits (as above)	378,487	342,558
Less: short-term deposits pledged	(4,256)	–
Cash and cash equivalents per consolidated cash flows statement	374,231	342,558

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

21. Loans and borrowings

	Maturity	Group		Company	
		2019	2018	2019	2018
		$'000	$'000	$'000	$'000
Current:					
Secured bank loans	2020	231,880	129,773	–	–
		231,880	129,773	–	–
Non-current:					
Secured bank loans	2021 to 2040	1,428,214	1,643,110	–	–
Unsecured term notes	2021	13,000	13,000	13,000	13,000
Unsecured term notes	2022	25,250	25,250	25,250	25,250
Unsecured term notes	2022	100,000	–	–	–
		1,566,464	1,681,360	38,250	38,250
Total loans and borrowings		1,798,344	1,811,133	38,250	38,250

Secured bank loans

The Group's bank loans are denominated in Singapore and US Dollars. For the year ended 31 December 2019, the bank loans bear interest at varying rates from 2.32% to 5.15% (2018: 1.75% to 3.89%) per annum.

The bank loans are secured by:

(a) legal mortgage on the school campus (Note 11), hotels (Note 11), investment properties (Note 12) and development properties (Note 18);
(b) assignment of present and future tenancy and sales agreements;
(c) assignment of construction contracts, performance bonds and fire insurance policies;
(d) subordination of shareholder's loan;
(e) fixed and floating charge on all the assets of the hotel;
(f) assignment of building agreements;
(g) assignment of dividends to be received;
(h) charge of bank accounts with the banker; and
(i) corporate guarantee from the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

21. Loans and borrowings (cont'd)

Unsecured term notes

On 14 June 2016, the Company issued $120,000,000 of notes under the $500,000,000 Multicurrency Debt Issuance Programme (the "Programme"). These notes which are unsecured, bear interest at a fixed rate of 4.75% per annum, payable semi-annually in arrear and will mature in June 2021.

On 8 May 2017, the Company issued a Supplementary Deed of Covenant to increase the Programme limit from $500,000,000 to $750,000,000.

On 19 May 2017, the Company issued $125,000,000 of notes under the Programme. These notes which are unsecured, bear interest at a fixed rate of 4.90% per annum, payable semi-annually in arrear and will mature in May 2022.

On 11 December 2018, the Company redeemed $206,750,000 of the notes under the Programme.

On 15 March 2019, the Company's wholly-owned subsidiary, CES Treasury Pte. Ltd., issued $100,000,000 of notes under the Programme. These notes which are unsecured, bear interest at a fixed rate of 6.00% per annum, payable semi-annually in arrear and will mature in March 2022.

A reconciliation of liabilities arising from financing activities is as follows:

			Non-cash changes:				
	1 January 2019	**Cash flows**	**New leases**	**Accretion of interest**	**Acquisition of subsidiary**	**Foreign exchange movement**	**31 December 2019**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Loans and bonds	1,811,133	(21,890)	–	–	9,823	(722)	1,798,344
Lease liabilities (Note 29)	15,296	(5,749)	60,435	1,507	3,129	(521)	74,097
	1,826,429	(27,639)	60,435	1,507	12,952	(1,243)	1,872,441

			Non-cash changes:	
	1 January 2018	**Cash flows**	**Foreign exchange movement**	**31 December 2018**
	$'000	$'000	$'000	$'000
Loans and bonds	1,532,810	277,105	1,218	1,811,133

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

22. Trade and other payables

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Current:				
Trade payables	61,911	53,132	99	193
Other payables	21,856	10,116	–	–
Amounts due to subsidiaries, non-trade	–	–	14,000	416
Amount due to non-controlling interest, trade	1,199	467	–	–
GST payables	2,759	1,099	153	62
	87,725	64,814	14,252	671
Non-current:				
Trade payables	29,186	12,912	–	–
Amounts due to subsidiaries, non-trade	–	–	252,140	191,017
Amount due to non-controlling interest, non-trade	137,096	127,784	–	–
	166,282	140,696	252,140	191,017
Trade and other payables (excluding GST payables)	251,248	204,411	266,239	191,626
Add:				
- Other liabilities (excluding lease liabilities) (Note 23)	93,608	48,466	3,593	7,414
- Loans and borrowings (Note 21)	1,798,344	1,811,133	38,250	38,250
Total financial liabilities carried at amortised cost	2,143,200	2,064,010	308,082	237,290

Trade payables, amounts due to subsidiaries, non-trade and amount due to non-controlling interest, trade (current)

The amounts are non-interest bearing, except for an amount of $14,000,000 in 2019 which bears interest from 1.63% to 1.75% per annum. These amounts are normally settled on 30 to 90 days terms.

Amounts due to subsidiaries, non-trade and amount due to non-controlling interest, non-trade (non-current)

The amounts are unsecured, bear interest from 1.63% to 6.30% (2018: 1.44% to 5.33%) per annum. The amounts are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

23. Other liabilities

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Current:				
Accrued project costs and operating expenses	87,530	36,635	3,593	7,414
Provision for onerous contracts	6,022	11,795	–	–
Lease liabilities	9,344	–	1,914	–
	102,896	48,430	5,507	7,414
Non-current:				
Accrued project costs and operating expenses	56	36	–	–
Lease liabilities	64,753	–	667	–
	64,809	36	667	–
Total other liabilities	167,705	48,466	6,174	7,414

	Group	
	2019	2018
	$'000	$'000
Movement in provision for onerous contracts:		
At 1 January	11,795	9,500
Arose during the financial year	1,000	7,500
Utilised	(6,773)	(5,205)
At 31 December	6,022	11,795

Provision for onerous contracts is made when it is assessed that the costs to fulfil the performance obligation is unavoidable for loss-making contracts. It is expected that these costs will be incurred in the next financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

24. Deferred tax assets and liabilities

Deferred tax assets and liabilities as at 31 December relate to the following:

	Group				Company	
	Consolidated Balance Sheet		Consolidated Income Statement		Balance Sheet	
	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax assets						
Unutilised tax losses	7,761	5,956	(1,805)	13	–	–
	7,761	5,956			–	–
Deferred tax liabilities						
Differences in depreciation for tax purpose	(5,490)	(2,946)	1,367	(161)	–	(36)
Fair value adjustments on acquisition of subsidiary	(2,362)	(1,177)	–	–	–	–
Deferred tax liabilities on development properties	(26,837)	(34,049)	11,350	16,170	–	–
	(34,689)	(38,172)			–	(36)
Deferred tax expenses			10,912	16,022		

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

24. Deferred tax assets and liabilities (cont'd)

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses and allowances of approximately $60,560,000 (2018: $31,673,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses do not expire under current tax legislation.

Unrecognised temporary differences relating to investments in subsidiaries, associates and joint venture

At the end of the reporting period, no deferred tax liability (2018: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries, associates and joint venture as there are no overseas subsidiaries, associates and joint venture with distributable earnings that will be subjected to tax.

Tax consequence of proposed dividends

There are no income tax consequences (2018: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 35).

25. Share capital and treasury shares

(a) Share capital

	Group and Company			
	2019		2018	
	No. of shares		No. of shares	
	'000	$'000	'000	$'000
Issued and fully paid ordinary shares				
At 1 January	667,515	79,691	667,515	79,691
Issuance of shares	156,504	98,597	–	–
Transaction costs on issuance of shares	–	(2,310)	–	–
At 31 December	824,019	175,978	667,515	79,691

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For the financial year ended 31 December 2019

25. Share capital and treasury shares (cont'd)

(a) Share capital (cont'd)

The holders of ordinary shares (except treasury 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 18 October 2019, the Company issued 156,503,515 ordinary shares pursuant to the Rights Issue approved by the Shareholders on 13 September 2019 at an exercise price of $0.63 per share.

(b) Treasury shares

	Group and Company			
	2019		2018	
	No. of shares		No. of shares	
	'000	$'000	'000	$'000
At 1 January	(41,501)	(30,034)	(46,501)	(33,653)
Reissued pursuant to employee share option plans				
- For cash on exercise of employee share options	–	–	5,000	2,771
- Transferred from share-based compensation reserve (Note 26(e))	–	–	–	513
- Transferred from treasury shares reserve (Note 26(d))	–	–	–	335
At 31 December	(41,501)	(30,034)	(41,501)	(30,034)

Treasury shares relate to ordinary shares of the Company that are held by the Company.

In 2018, the Company reissued 5,000,000 treasury shares pursuant to the ESOS at an exercise price of $0.55 each.

26. Other reserves

	Note	Group		Company	
		2019	2018	2019	2018
		$'000	$'000	$'000	$'000
Foreign currency translation reserve	(a)	(14,891)	(12,453)	–	–
Capital reserve	(b)	674	674	–	–
Asset revaluation reserve	(c)	2,611	2,611	–	–
Treasury shares reserve	(d)	(868)	(868)	(868)	(868)
Share-based compensation reserve	(e)	4,973	4,261	4,973	4,261
Other reserve	(f)	(1,919)	–	–	–
		(9,420)	(5,775)	4,105	3,393

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

26. Other reserves (cont'd)

(a) Foreign currency translation reserve

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.

	Group	
	2019	**2018**
	$'000	$'000
At 1 January	(12,453)	530
Net effect of exchange difference arising from translation of financial statements of foreign operations	(2,347)	(12,944)
Share of other comprehensive income of associates and joint venture	(91)	(39)
At 31 December	(14,891)	(12,453)

(b) Capital reserve

	Group	
	2019	**2018**
	$'000	$'000
At beginning and end of the year	674	674

(c) Asset revaluation reserve

This represents the Group's share in fair value reserve of leasehold land and building of an associate.

	Group	
	2019	**2018**
	$'000	$'000
At 1 January	2,611	2,655
Share of other comprehensive income of an associate	–	(44)
At 31 December	2,611	2,611

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For the financial year ended 31 December 2019

26. Other reserves (cont'd)

(d) Treasury shares reserve

This represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

	Group and Company	
	2019	**2018**
	$'000	$'000
At 1 January	(868)	(533)
Treasury shares reissued pursuant to employee share option scheme	–	(335)
At 31 December	(868)	(868)

(e) Share-based compensation reserve

Share-based compensation reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative fair value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

	Group and Company	
	2019	**2018**
	$'000	$'000
At 1 January	4,261	3,779
Fair value of employee services rendered during the year	712	995
Treasury shares reissued pursuant to employee share option scheme	–	(513)
At 31 December	4,973	4,261

(f) Other reserve

Other reserve represents the difference between the change in carrying amount of non-controlling interest acquired and the fair value of the consideration paid.

	Group	
	2019	**2018**
	$'000	$'000
At 1 January	–	–
Acquisition of non-controlling interest	(1,919)	–
At 31 December	(1,919)	–

NOTES TO THE FINANCIAL STATEMENTS

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27. Employee benefits expense

	Group	
	2019	2018
	$'000	$'000
Employee benefits expense (including directors):		
Salaries and bonuses	60,190	59,895
Central Provident Fund contributions	7,406	8,095
Share-based compensation expenses	712	995
Other short term benefits	5,255	3,641
	73,563	72,626

Chip Eng Seng Employee Share Option Scheme 2013

The Chip Eng Seng Employee Share Option Scheme 2013 ("ESOS") was approved by the shareholders at the Extraordinary General Meeting of the Company held on 25 April 2013. Under the terms of the ESOS, options to subscribe for the Company's ordinary shares may be granted to employees (including executive directors) and non-executive directors of the Group and the associated companies over which the Company has control. The schemes are administered by the Remuneration Committee.

Options granted shall not exceed 15% of the total issued shares (excluding treasury shares) on the day immediately preceding the offer date of the ESOS. The exercise price of the granted options was determined based on the average of the last business done prices of the Company for five market days immediately preceding the date of grant of the option. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. The vesting period is 2 years for options granted at a discounted exercise price, and 1 year for options granted without discount. The share options expire in stages before the eighth anniversary from the date of grant.

On 3 June 2016, options were granted pursuant to the ESOS to an executive director of the Company to subscribe for 40,000,000 ordinary shares in the Company at the discounted exercise price of $0.55 per ordinary share.

On 9 April 2019, options were granted pursuant to the ESOS to two executive directors of the Company to subscribe for 15,000,000 ordinary shares in the Company at the discounted exercise price of $0.76 per ordinary share.

Movements in the number of unissued ordinary shares under the ESOS and their exercise prices are as follows:

	2019		2018	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		$		$
Outstanding at 1 January	35,000,000	0.55	40,000,000	0.55
Granted during the year	15,000,000	0.76	–	–
Exercised during the year	–	–	(5,000,000)	0.55
Outstanding at 31 December	50,000,000	0.61	35,000,000	0.55

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

27. Employee benefits expense (cont'd)

The weighted average share price at the date of exercise of the options exercised in 2018 was $0.80.

The range of exercise prices for the options outstanding at the end of the year was $0.55 to $0.76 (2018: $0.55). The weighted average remaining contractual life of these options is 4.2 years (2018: 4.3 years).

Fair value of share options granted

The fair value of share options granted during the year was $0.123, estimated at date of grant using the binomial option pricing model, taking into account the terms and conditions upon which the share options were granted. The significant inputs into the model were share price of $0.80 at the date of grant, exercise price of $0.76, expected dividend yield of 5.00%, the expected weighted average life of 4 years and annual weighted average risk-free interest rate of 1.91%. The expected weighted average volatility of 23.87% based on historical volatility of the Company's share price over a period similar to the expected life of the options is indicative of future trends, which may not necessarily be the actual outcome.

There were no share options granted in 2018.

28. 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 significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2019	**2018**
	$'000	$'000
Management and other fees from associates	10	10
Sale of development properties to directors of the Company and family members of directors of the Company	–	1,250
Rental of premise from director of a subsidiary	98	33

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

28. Related party transactions (cont'd)

(b) Compensation of key management personnel

	Group	
	2019	2018
	$'000	$'000
Short-term employee benefits	7,070	12,307
Central Provident Fund contributions	103	205
Share-based compensation expenses	712	995
Other short-term benefits	116	538
	8,001	14,045
Comprise amounts paid to:		
- Directors of the Company	4,733	9,972
- Other key management personnel	3,268	4,073
	8,001	14,045

(c) Others

	Group	
	2019	2018
	$'000	$'000
Interests on fixed rate notes paid/payable to directors/key management personnel of the Company	1,523	482

29. Leases

(a) Group as a lessee

The Group has entered into industrial property lease on a pre-cast yard, land lease for a Maldivian lagoon and various commercial property leases. The leases generally have lease terms between 3 and 5 years except for the lease for the lagoon which has a lease term of 45 years. Generally, the Group is restricted from subleasing the leased assets.

The Group also has certain leases with lease terms of 12 months or less and lease of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

29. Leases (cont'd)

(a) Group as a lessee (cont'd)

Set out below are the carrying amounts of right-of-use assets recognised and the movement during the period:

	Leasehold land	Leasehold buildings	Total
	$'000	$'000	$'000
Group			
As at 1 January 2019	10,644	4,652	15,296
Acquisition of subsidiary	–	3,071	3,071
Additions	–	60,435	60,435
Exchange differences	(131)	(382)	(513)
Depreciation expense	(238)	(6,444)	(6,682)
As at 31 December 2019	10,275	61,332	71,607

Set out below are the carrying amounts of liabilities (included under other liabilities) and the movement during the period:

	Group
	$'000
As at 1 January 2019	15,296
Acquisition of subsidiary	3,129
Additions	60,435
Exchange differences	(521)
Accretion of interest	1,507
Payments	(5,749)
As at 31 December 2019	74,097
Current (Note 23)	9,344
Non-current (Note 23)	64,753

The maturity analysis of lease liabilities are disclosed in Note 32(b).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

29. Leases (cont'd)

(a) Group as a lessee (cont'd)

The following are the amounts recognised in income statement:

	Group 2019 $'000
Depreciation expense of right-of-use assets	6,682
Interest expenses on lease liabilities	1,507
Expenses relating to short-term leases (included in administrative expenses)	132
Expenses relating to leases of low-value assets (included in administrative expenses)	21
Variable lease payments (included in administrative expenses)	84
Total amount recognised in income statement	8,402

The Group had total cash outflows for leases of $6,077,000 in 2019. The Group also had non-cash additions to right-of-use assets and lease liabilities of $60,435,000 in 2019. The future cash outflows relating to leases that have not yet commenced are disclosed in Note 36.

The Group has lease contract that contains variable payments pertaining to the reimbursement of operating costs incurred by the lessor. The Group's variable lease payments constituted less than 2% of the Group's fixed rent payments.

The Group has several lease contracts that include termination and extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercise significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3.1).

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Group		
	Within five years $'000	Over five years $'000	Total $'000
Extension options expected not to be exercised	7,888	50,543	58,431
Termination options expected to be exercised	319	–	319
	8,207	50,543	58,750

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

29. Leases (cont'd)

(a) Group as a lessee (cont'd)

Prior to adoption of SFRS(I) 16, the future minimum rental payable under non-cancellable operating leases at the end of 31 December 2018 were as follows:

	Group
	2018
	$'000
Not later than one year	2,621
Later than one year but not later than five years	4,968
Later than five years	21,212
	28,801

(b) Group as a lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 5 years. Most leases have fixed rental with annual upward adjustments agreed upfront or determined by consumer price index. Certain longer term leases provide for market rent adjustments.

Future minimum rentals receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2019	**2018**
	$'000	$'000
Not later than one year	5,853	6,924
Later than one year but not later than five years	7,137	5,752
Later than five years	131	444
	13,121	13,120

30. Contingent liabilities

Guarantees

The Company has guaranteed the banking facilities and performance bonds of $2,608,347,000 (2018: $2,823,735,000) and $51,240,000 (2018: $51,725,000) granted to its subsidiaries and joint venture respectively. At 31 December 2019, the amounts utilised by subsidiaries and joint venture were $1,624,022,000 (2018: $1,927,680,000) and $51,240,000 (2018: $51,725,000) respectively.

Based on information currently available, the Company does not expect any liabilities to arise from the guarantees.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

31. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorises 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) Assets and liabilities measured at fair value

No financial assets were measured at fair value as at 31 December 2019 and 31 December 2018.

	Fair value measurements at the end of the reporting period using			
Group	**Quoted prices in active markets for identical instruments (Level 1)**	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
31 December 2019	$'000	$'000	$'000	$'000
Non-financial assets:				
Investment properties (Note 12)				
Commercial properties	–	–	305,528	305,528

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

31. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value (cont'd)

Group	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
31 December 2018	$'000	$'000	$'000	$'000
Non-financial assets:				
Investment properties (Note 12)				
Commercial properties	–	–	250,617	250,617

(c) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

Description	Fair value at 31 December 2019 $'000	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements				
Investment properties:				
Commercial properties in Singapore and Australia	305,528	Market comparable approach	Transacted price of comparable properties (psf)	$255 - $6,923
		Capitalisation approach	Capitalisation rate	7.25%
		Discounted cash flow approach	Discount rate Terminal yield rate	7.50% 7.25%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

31. Fair value of assets and liabilities (cont'd)

(c) Level 3 fair value measurements (cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

Description	Fair value at 31 December 2018	Valuation techniques	Unobservable inputs	Range
	$'000			
Recurring fair value measurements				
Investment properties:				
Commercial properties in Singapore and Australia	250,617	Market comparable approach	Transacted price of comparable properties (psf)	$93 - $3,871
		Capitalisation approach	Capitalisation rate	7.00% - 8.00%
		Discounted cash flow approach	Discount rate	8.25%
			Terminal yield rate	6.25%

For commercial investment properties, a significant increase/(decrease) in yield adjustments based on management's assumptions would result in a significantly lower/(higher) fair value measurement.

(ii) Movements in Level 3 assets measured at fair value

A reconciliation of the movements in Level 3 assets measured at fair value is presented in Note 12.

(iii) Valuation policies and procedures

The Group revalues its investment property portfolio on an annual basis. The fair values of investment properties are determined by external independent valuers who have appropriate recognised professional qualifications and experience in the location and category of property being valued. Management reviews the appropriateness of the valuation methodologies and assumptions adopted, and the reliability of the inputs used in the valuations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

32. 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. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

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 exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on 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 investment securities, cash and short-term deposits), 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 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.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

32. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due.

Summarised below is the information about the credit risk exposure on the Group's trade receivables using provision matrix:

31 December 2019	**Current**	**1 to 30 days past due**	**31 to 60 days past due**	**61 to 90 days past due**	**More than 90 days past due**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000
Gross carrying amount	27,989	2,575	1,779	523	1,361	34,227
Loss allowance provision	–	–	(1)	–	(129)	(130)

31 December 2018	**Current**	**1 to 30 days past due**	**31 to 60 days past due**	**61 to 90 days past due**	**More than 90 days past due**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000
Gross carrying amount	8,741	–	554	255	2,372	11,922
Loss allowance provision	(359)	–	–	–	(2,212)	(2,571)

Information regarding loss allowance movement of trade receivables are disclosed in Note 17.

During the financial year, the Group written-off $2,437,000 (2018: $12,000) of trade receivables which are more than 120 days past due as the Group does not expect to receive future cash flows from and there are no recoveries from collection of cash flows previously written off.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

32. 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
- corporate guarantee provided by the Company for banking facilities granted to subsidiaries and joint venture (Note 30).

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2019		2018	
	$'000	% of total	$'000	% of total
By country:				
Singapore	122,558	100	74,040	99
Other countries	631	#	540	1
	123,189	100	74,580	100
By industry sector:				
Construction	37,376	30	14,400	19
Property development	82,563	67	58,673	79
Hospitality	1,470	1	692	1
Education	1,751	2	336	#
Property investment and others	29	#	479	1
	123,189	100	74,580	100

Less than 1%

At the end of the reporting period, approximately 22% (2018: 17%) of the Group's trade receivables were due from 3 major customers who are located in Singapore.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

32. Financial risk management objectives and policies (cont'd)

(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 standby credit facilities.

At the end of the reporting period, approximately 13% (2018: 7%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturity within twelve months can be rolled over with existing lenders.

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted payments:

	Group			
	One year or less	One to five years	Over five years	Total
31 December 2019	$'000	$'000	$'000	$'000
Trade and other payables	90,959	177,587	–	268,546
Lease liabilities	12,273	40,110	43,497	95,880
Other liabilities (excluding lease liabilities)	93,552	56	–	93,608
Loans and borrowings	283,326	1,479,989	234,511	1,997,826
Total undiscounted financial liabilities	480,110	1,697,742	278,008	2,455,860
31 December 2018				
Trade and other payables	63,867	165,301	–	229,168
Other liabilities	48,430	36	–	48,466
Loans and borrowings	180,984	1,596,658	240,420	2,018,062
Total undiscounted financial liabilities	293,281	1,761,995	240,420	2,295,696

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

32. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

	Company			
	One year or less	**One to five years**	**Over five years**	**Total**
31 December 2019	$'000	$'000	$'000	$'000
Trade and other payables	25,024	265,529	–	290,553
Lease liabilities	1,968	594	–	2,562
Other liabilities (excluding lease liabilities)	3,593	–	–	3,593
Loans and borrowings	1,855	40,243	–	42,098
Total undiscounted financial liabilities	32,440	306,366	–	338,806
31 December 2018				
Trade and other payables	5,605	203,793	–	209,398
Other liabilities	7,414	–	–	7,414
Loans and borrowings	1,855	42,089	–	43,944
Total undiscounted financial liabilities	14,874	245,882	–	260,756

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Company			
	One year or less	**One to five years**	**Over five years**	**Total**
31 December 2019	$'000	$'000	$'000	$'000
Financial guarantees	320,165	1,173,565	181,532	1,675,262
31 December 2018				
Financial guarantees	203,153	1,767,849	8,403	1,979,405

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

32. Financial risk management objectives and policies (cont'd)

(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 subsidiaries (Note 17).

The interest rate for loan and borrowings are based on floating rate except for an amount of $138 million term notes which was on a fixed rate (Note 21).

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 75 basis points ('bps') (2018: 75 bps) lower/higher with all other variables held constant, the Group's profit before tax would have been $12,451,000 (2018: $13,297,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

(d) Foreign currency risk

The functional currencies of the Group entities primarily comprise the Singapore Dollar ("SGD"), US Dollar ("USD"), Australian Dollar ("AUD"), Vietnamese Dong ("VND") and Malaysian Ringgit ("MYR"). All the sales and cost of sales are in their respective functional currencies of the Group entities.

The Group and the Company also hold cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in AUD and USD.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Australia, New Zealand, Vietnam, Maldives, Malaysia and China. The Group's net investments in foreign operations are not hedged as currency positions in the foreign currencies are considered to be long-term in nature.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

32. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the NZD, USD and VND exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group	
	Profit before tax	
	2019	**2018**
	$'000	$'000
NZD		
- strengthened 3% (2018: 3%)	841	849
- weakened 3% (2018: 3%)	(841)	(849)
USD		
- strengthened 3% (2018: 3%)	636	115
- weakened 3% (2018: 3%)	(636)	(115)
VND		
- strengthened 3% (2018: 3%)	272	272
- weakened 3% (2018: 3%)	(272)	(272)

33. Capital management

Capital includes debt and equity items as disclosed in the table below.

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 2019 and 2018.

Management monitors capital based on the net debt-equity ratio, which is calculated as net debt divided by total capital. Net debt is calculated as loans and borrowings less cash and cash equivalents, and total capital is calculated as equity including non-controlling interests in subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

33. Capital management (cont'd)

	Group 2019 $'000	Group 2018 $'000
Loans and borrowings (Note 21)	1,798,344	1,811,133
Less:		
Cash and short-term deposits (Note 20)	(378,487)	(342,558)
Net debt	1,419,857	1,468,575
Total equity	947,271	874,055
Net debt-equity ratio (times)	1.50	1.68

34. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has six reportable operating segments as follows:

(a) The construction segment is in the business of general building, infrastructure and civil engineering contractors.

(b) The property development segment is in the business of developing properties and management of development projects.

(c) The property investment segment is in the business of leasing and management of investment properties.

(d) The hospitality segment is in the business of hotel operations.

(e) The education segment is in the business of providing education services.

(f) The corporate and others segment is involved in Group-level corporate services, treasury functions and investments in marketable securities (if any).

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.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

34. Segment information (cont'd)

Year ended 31 December 2019	Construction	Property development	Property investment	Hospitality	Education	Corporate and others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue:							
Total segment sales	261,411	801,086	9,826	80,126	15,902	6,555	1,174,906
Intersegment sales	(97,006)	(9,135)	(2,545)	(1,945)	(2,091)	(6,545)	(119,267)
Sales to external customers	164,405	791,951	7,281	78,181	13,811	10	1,055,639
Interest income	901	4,786	50	39	280	864	6,920
Finance costs	(422)	(43,428)	(4,911)	(6,500)	(2,176)	(1,453)	(58,890)
Depreciation and amortisation	(3,615)	(506)	(199)	(13,167)	(7,540)	(599)	(25,626)
Share of results of associates	–	159	3,152	–	912	386	4,609
Net fair value gain on investment properties	–	–	2,766	–	–	–	2,766
Other non-cash items:							
Share-based compensation expenses	–	–	–	–	–	(712)	(712)
Provision for onerous contract	(1,000)	–	–	–	–	–	(1,000)
Impairment on property, plant and equipment and intangible assets	–	–	(315)	(4,268)	–	–	(4,583)
Segment profit/(loss)	26	55,742	6,429	1,616	(15,563)	(4,193)	44,057
Assets and liabilities:							
Investment in joint venture	–	–	6,538	–	–	–	6,538
Investments in associates	–	353	–	–	20,149	5,731	26,233
Additions to non-current assets:							
- property, plant and equipment	9,550	692	–	16,711	106,822	1,016	134,791
- intangible assets	11,241	–	–	–	15,768	–	27,009
Segment assets	213,509	2,089,995	357,116	348,502	177,562	67,162	3,253,846
Segment liabilities	149,012	1,662,981	139,514	202,958	115,339	36,771	2,306,575

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

34. Segment information (cont'd)

Year ended 31 December 2018	Construction	Property development	Property investment	Hospitality	Education	Corporate and others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue:							
Total segment sales	264,175	849,557	9,934	71,653	2,599	11,919	1,209,837
Intersegment sales	(94,325)	(20,919)	(2,450)	–	–	(11,909)	(129,603)
Sales to external customers	169,850	828,638	7,484	71,653	2,599	10	1,080,234
Interest income	601	4,348	145	55	88	376	5,613
Finance costs	–	(27,310)	(6,054)	(11,452)	(1,015)	(4,542)	(50,373)
Depreciation and amortisation	(4,520)	(452)	(105)	(12,877)	(219)	(798)	(18,971)
Share of results of associates	–	(60)	3,542	–	–	1,446	4,928
Net fair value loss on investment properties	–	–	(1,042)	–	–	–	(1,042)
Other non-cash items:							
Share-based compensation expenses	–	–	–	–	–	(995)	(995)
Provision for onerous contract	(7,500)	–	–	–	–	–	(7,500)
Impairment on property, plant and equipment and intangible assets	(4,725)	–	–	(1,210)	–	–	(5,935)
Segment (loss)/profit	(10,585)	129,867	797	(9,475)	(4,059)	(8,501)	98,044
Assets and liabilities:							
Investment in joint venture	–	–	3,392	–	–	–	3,392
Investments in associates	–	490	–	–	–	5,615	6,105
Additions to non-current assets:							
- property, plant and equipment	2,023	177	5	47,211	1,242	591	51,249
- investment properties	–	–	12,819	–	–	–	12,819
- intangible assets	–	–	–	1,001	15,804	195	17,000
Segment assets	111,978	2,227,671	318,362	348,423	30,365	49,741	3,086,540
Segment liabilities	83,503	1,608,157	110,875	378,153	8,058	23,739	2,212,485

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

34. Segment information (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2019	**2018**	**2019**	**2018**
	$'000	$'000	$'000	$'000
Singapore	996,894	880,715	572,950	472,500
Australia	23,983	169,983	64,477	67,423
Maldives	33,866	29,390	91,586	86,271
Malaysia	896	146	34,675	5,321
Hong Kong	–	–	51,580	–
Others	–	–	44	–
	1,055,639	1,080,234	815,312	631,515

Non-current assets information presented above consist of property, plant and equipment, investment properties and intangible assets as presented in the consolidated balance sheet.

Information about a major customer

Revenue from one major customer amounted to $141,716,000 (2018: $167,520,000), arising from revenue generated by the construction segment.

35. Dividends

	Company	
	2019	**2018**
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- First and final tax-exempt (one-tier) dividend for 2018: 4.0 cents (2017: 4.0 cents) per share	25,041	24,841

	Company	
	2019	**2018**
	$'000	$'000
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- First and final tax-exempt (one-tier) dividend for 2019: 4.0 cents (2018: 4.0 cents) per share	31,301	25,041

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

36. Commitments

Committed lease contracts

The Group has entered into various lease contracts that have not yet commenced as at 31 December 2019. The future lease payments for these non-cancellable lease contracts are $775,000 within 1 year, $11,829,000 within 2 to 5 years and $18,600,000 thereafter.

37. Events occurring after the reporting period

(i) Acquisition of a Maldivian lagoon

On 27 December 2019, the Company's subsidiary, Samarafushi Pvt Ltd ("Samarafushi") has entered into a sale and purchase agreement with the current lessee (an affiliate of the 30% shareholder of CES Tropical (Maldives) Pte. Ltd. ["SG JVCo"]) for the acquisition of the remaining leasehold interest in a lagoon in the Maldives. Samarafushi is a wholly-owned subsidiary of the SG JVCo and the SG JVCo is in turn a 70%-owned joint venture of the Company's wholly-owned subsidiary, CES Hotels (Maldives) Pte. Ltd. The acquisition was completed on 7 January 2020 at a consideration of US$8.1 million. It is intended that the lagoon, which is located in North Male Atoll, will be developed into a five-star resort and this will be the Company's second hospitality venture in the Maldives.

(ii) Subscription of convertible loan

On 10 January 2020, the Group's subsidiary, CES Edutech Pte. Ltd. ("CESE"), had disbursed a sum of US$4.95 million pursuant to a convertible loan agreement with Cybint International Pte. Ltd. ("CIPL"), Cybint Solutions Ltd. and Mr. Roy Moshe Zur. Upon full conversion of the convertible loan, CESE will hold an interest of 33.33% in CIPL and its subsidiaries ("Cybint Group"). The Cybint Group is in the business of providing innovative education and training solutions and services in cybersecurity for all levels of expertise.

The loan is convertible for up to 12 months from the disbursement date. Should the conversion not take place, the loan shall be repaid in full to the Group within 36 months from the final conversion date at an interest rate of 8% p.a.

(iii) Loan agreement entered into with Duowei

On 17 March 2020, the Group's subsidiary, CES Education (China) Pte. Ltd. ("CESEC"), had entered into a loan agreement with Dongguan Duowei Education Technology Co., Ltd. ("Duowei") for the provision of a S$4.9 million loan to Duowei. The disbursement of the loan is subject to fulfilment of certain conditions in the loan agreement. The provision of the loan is part of a larger potential investment which the Company is currently exploring with Duowei. Duowei has a 10-year track record in operating in a business of owning and operating tuition centres in Dongguan.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

37. Events occurring after the reporting period (cont'd)

(iv) Acquisition of leasehold property

On 18 March 2020, the Company's subsidiary, CES-Precast Pte. Ltd. ("CESP") has been granted an option to acquire the remaining unexpired lease in a leasehold property, together with machinery and fittings specified in the option at a purchase consideration of S$25 million. The acquisition presents an opportunity for the Company to acquire an industrial building in Singapore for refurbishment into a facility capable of producing pre-cast and prefabricated prefinished volumetric construction building components. The option is exercisable in June 2020 and the completion of the acquisition is subject to fulfilment of certain conditions.

(v) Impact arising from COVID-19 pandemic outbreak

With widespread concerns about the ongoing COVID-2019 pandemic outbreak, the global economy is expected to be adversely impacted subsequent to the year ended 31 December 2019. This may affect the financial performance of the Group as well as on the recoverable amount of the hotel assets after the reporting period. As the COVID-19 situation is still evolving, there is a significant degree of uncertainty over the length and severity of the outbreak. Therefore, the estimate of the financial impact cannot be reasonably determined at this juncture.

38. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Directors on 20 March 2020.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The information in this Appendix IV has been reproduced from the audited and consolidated financial statements of the Group for the financial year ended 31 December 2020 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The directors hereby present their statement to the members together with the audited consolidated financial statements of Chip Eng Seng Corporation Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2020.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet, and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

The directors of the Company in office at the date of this statement are:

Celine Tang	(Non-Executive and Non-Independent Chairman)
Chia Lee Meng Raymond	(Executive Director and Group Chief Executive Officer)
Tan Tee How	(Executive Director)
Yam Ah Mee	(Non-Executive and Non-Independent Director)
Ang Mong Seng	(Independent Director)
Abdul Jabbar Bin Karam Din	(Independent Director)
Lock Wai Han	(Independent Director)
Low Teck Seng	(Independent Director)
Neo Boon Siong	(Independent Director)
Yaacob Bin Ibrahim	(Independent Director)

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. **DIRECTORS' INTERESTS IN SHARES AND DEBENTURES**

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares, share options and debentures of the Company as stated below:

	Direct interest			Deemed interest		
Name of Director	**At 01.01.2020 or date of appointment**	**At 31.12.2020**	**At 21.01.2021**	**At 01.01.2020 or date of appointment**	**At 31.12.2020**	**At 21.01.2021**
The Company (No. of ordinary shares)						
Celine Tang [1]	284,454,903	284,454,903	284,454,903	21,497,500	–	–
Chia Lee Meng Raymond	13,906,250	14,406,250	14,906,250	12,127,500	12,127,500	12,127,500
Ang Mong Seng	182,500	182,500	182,500	–	–	–
Yam Ah Mee [1]	20,000	20,000	20,000	–	–	–
Options to acquire ordinary shares of the Company at 1 share for each option under the Chip Eng Seng Employee Share Option Scheme						
Chia Lee Meng Raymond	45,000,000	45,000,000	45,000,000	–	–	–
Tan Tee How	5,000,000	5,000,000	5,000,000	–	–	–
4.75% fixed rate notes due 14 June 2021 pursuant to the Multicurrency Debt Issuance Programme established on 18 October 2013						
Chia Lee Meng Raymond [1]	$2,000,000	$2,000,000	$2,000,000	–	–	–
4.90% fixed rate notes due 19 May 2022 pursuant to the Multicurrency Debt Issuance Programme established on 18 October 2013						
Chia Lee Meng Raymond [1]	$3,000,000	$3,000,000	$3,000,000	–	–	–
Subsidiary - CES Treasury Pte. Ltd.						
6.00% fixed rate notes due 15 March 2022 pursuant to the Multicurrency Debt Issuance Programme established on 18 October 2013						
Celine Tang	$26,500,000[1]	$26,500,000[1]	$26,500,000[1]	–	$1,250,000	$1,250,000
Chia Lee Meng Raymond	–	–	–	$1,000,000	$1,000,000	$1,000,000
Tan Tee How	$1,000,000	$1,000,000	$1,000,000	–	–	–
Ang Mong Seng	$500,000	$500,000	$500,000	–	–	–

[1] held jointly with spouse

By virtue of Section 7 of the Companies Act, Chapter 50 of Singapore, Mrs Celine Tang is deemed to have an interest in the ordinary shares of all the subsidiaries of the Company, at the beginning and at the end of the financial year.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, at the end of the financial year, or on 21 January 2021.

5. SHARE PLANS

The Company has the Chip Eng Seng Employee Share Option Scheme 2013 (the "ESOS") and Chip Eng Seng Performance Share Plan (the "CES Share Plan") which are administered by the Remuneration Committee comprising three directors namely Ang Mong Seng (Chairman), Abdul Jabbar Bin Karam Din (Member) and Low Teck Seng (Member) (collectively, the "Scheme Committee"). Details of the ESOS and CES Share Plan are as follows:

(a) ESOS

The ESOS was approved at an Extraordinary General Meeting held on 25 April 2013. The following persons are eligible to participate in the ESOS at the discretion of the Remuneration Committee:

(i) Confirmed employees who have attained the age of 21 years and hold such rank as may be designated by the Scheme Committee from time to time and who, in the opinion of the Scheme Committee, have contributed or will contribute to the success of the Group and/or associated companies;

(ii) Executive directors;

(iii) Non-executive directors; and

(iv) Persons who are Controlling Shareholders or their Associates are permitted to participate in the ESOS (subject to them meeting the eligibility criteria set out above).

No options were granted during the current financial year.

On 9 April 2019 ("date of grant"), the Company has granted 15,000,000 share options at the exercise price of S$0.7619 per ordinary share under the ESOS. The options were offered at a 5% discount to the market price of the Company's shares based on the average of the last dealt prices for the shares on the Singapore Exchange Securities Trading Limited over the five (5) consecutive market days immediately preceding the date of grant of the options. These options are exercisable only after 2 years from date of grant and expire in stages before the eighth anniversary from the date of grant and in accordance with the following validity period:

Validity period	Number of options granted to:	
	Chia Lee Meng Raymond	Tan Tee How
Expire on 4th anniversary from the date of grant of option	1,000,000	1,000,000
Expire on 5th anniversary from the date of grant of option	1,000,000	1,000,000
Expire on 6th anniversary from the date of grant of option	2,000,000	1,000,000
Expire on 7th anniversary from the date of grant of option	3,000,000	1,000,000
Expire on 8th anniversary from the date of grant of option	3,000,000	1,000,000

Details of options granted in previous financial years were set out in the Directors' Statement for the respective years.

5. **SHARE PLANS – *Continued***

(a) **ESOS – *Continued***

The details of options granted to the Executive Directors of the Company under the ESOS are as follows:

Name of participant	Options granted during financial year under review (including terms)	Aggregate options granted since commencement of scheme to end of financial year under review	Aggregate options exercised since commencement of scheme to end of financial year under review	Aggregate options outstanding as at end of financial year under review
Chia Lee Meng Raymond	–	50,000,000	5,000,000	45,000,000
Tan Tee How	–	5,000,000	–	5,000,000

The persons to whom the options have been granted do not have the right to participate by virtue of the options in any share issue of any other company in the Group.

Save as disclosed above, no options have been granted to controlling shareholders or their associates, and no employee has received 5% or more of the total options available under the ESOS.

The number of unissued ordinary shares of the Company under option in relation to ESOS at the end of financial year was as follows:

	No. of options	Exercise price	Option period
2016 Options	35,000,000	$0.5542	03.06.2016 – 02.06.2024
2019 Options	15,000,000	$0.7619	09.04.2019 – 08.04.2027

(b) **CES Share Plan**

Objectives

The CES Share Plan was approved at an Extraordinary General Meeting held on 26 April 2017. The CES Share Plan is to motivate participants to maintain a high level of performance and contribution and to attract and maintain a group of key executives and directors whose contributions are important to the long-term growth and profitability of the Group. In addition, it is to give recognition to the contribution made or to be made by the non-executive directors to the success of the Group.

Eligibility

The following persons shall be eligible to participate in the CES Share Plan subject to the absolute discretion of the Remuneration Committee:

(i) All full-time employees of the Group, including a director of the Company and/or its subsidiaries who perform an executive function and have attained the age of 21 years;

(ii) Non-executive directors of the Company;

5. **SHARE PLANS – *Continued***

(b) **CES Share Plan – *Continued***

Eligibility – Continued

(iii) Any employee who have attained the age of 21 years of an associated company (a company which at least 20% but not more than 50% of its shares are held by the Company and/or its subsidiaries and over whose management the Company has control); and

(iv) Controlling Shareholders of the Company and their Associates within the above categories are eligible to participate in the CES Share Plan. Specific approval of Independent Shareholders is required for the participation of Controlling Shareholders of the Company and their associates as well as the actual number of shares to be awarded under the CES Share Plan.

Awards

Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets and/or service conditions or otherwise having performed well and/or had a significant contribution to the Group.

Size of the CES Share Plan

The total number of shares available to eligible Controlling Shareholders and their Associates under the CES Share Plan shall not exceed twenty-five per cent. (25%) of the shares in respect of which the Company may grant under the CES Share Plan. In addition, the total number of shares available to each Controlling Shareholder or his Associate shall not exceed ten per cent. (10%) of the number of shares in respect of which the Company may grant under the CES Share Plan.

The total number of shares to be awarded pursuant to the CES Share Plan when added to the number of shares issued and issuable under such other share-based incentive schemes of the Company, shall not exceed fifteen per cent. (15%) of the total number of shares of the Company on the day preceding the relevant Award Date.

Grant of the CES Share Plan

The grant of Awards under the CES Share Plan may be made from time to time during the year when the CES Share Plan is in force.

On 6 January 2020, 500,000 performance shares were granted to Mr. Chia Lee Meng Raymond under the CES Share Plan, of which all were vested on the same day.

No performance shares were granted conditionally under the CES Share Plan in the previous financial year.

The details of Awards granted to the Executive Director of the Company under the CES Share Plan are as follows:

Name of participant	Awards granted during financial year under review (including terms)	Aggregate Awards granted since commencement of scheme to end of financial year under review	Aggregate Awards vested since commencement of scheme to end of financial year under review	Aggregate Awards outstanding as at end of financial year under review
Chia Lee Meng Raymond	500,000	500,000	500,000	–

6. AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (the "ARC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- reviewed the financial statements and engaged Management, the Chief Financial Officer and the external auditor in discussions on the significant accounting policies, judgements and estimates applied by Management in preparing these financial statements; and recommended to the Board for approval of the financial statements on satisfaction with its review;
- reviewed all announcements relating to the Group's financial performance; and recommended to the Board for approval of these announcements on satisfaction with its review;
- reviewed the audit plan and audit report of the internal auditor and external auditor and assessed the adequacy of the Internal Control and Risk Management Systems as well as the level of the co-operation given by Management to the internal auditor and external auditor;
- recommended to the Board for re-appointment of Ernst & Young LLP as the external auditor for the ensuing year;
- undertook a review of the independence and objectivity of the external auditor through discussions with the external auditor as well as reviewing the non-audit fees awarded to them;
- reviewed the nature and extent of non-audit services provided by the external auditor;
- reviewed the reports and findings from the internal auditor in respect of the adequacy of the Internal Control and Risk Management Systems;
- reviewed the Group's interested person transactions to ensure that the transactions were carried out on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders;
- reviewed the performance of material environmental, social and corporate governance factors/targets and the scope of the Company's sustainability report for the current financial year; and
- reviewed and received updates on risk and compliance matters relating to whistle blowing, anti-bribery and corruption, personal data protection policy and enterprise risk management framework.

The ARC convened five meetings during the year with full attendance from all members. The ARC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the ARC are disclosed in the Corporate Governance Report.

7. AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Chia Lee Meng Raymond
Executive Director and
Group Chief Executive Officer

Tan Tee How
Executive Director

Singapore
5 April 2021

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2020

Independent Auditor's Report to the Members of Chip Eng Seng Corporation Ltd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Chip Eng Seng Corporation Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2020, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement 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, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") 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 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current 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 our 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.

Accounting for construction contracts and development properties under construction

The Group is involved in both construction and property development projects. The Group recognises revenue over time for its construction and residential property development projects in Singapore using the input method based on actual costs incurred to-date to the total budgeted costs for each project. If the unavoidable costs of meeting the obligations under a contract exceeds the economic benefits expected to be received under it, a provision for onerous contract is recognised. The uncertainty and subjectivity involved in determining the budgeted cost and progress towards completion may have a significant impact on the results of the Group, including the provision for onerous contracts. In addition, the COVID-19 pandemic has caused business disruptions, new regulations and operational changes resulting in increased estimation uncertainty relating to budgeted time and cost needed to complete ongoing projects. As such, we determined this to be key audit matter.

KEY AUDIT MATTERS – *Continued*

Accounting for construction contracts and development properties under construction – *Continued*

As part of our audit procedures, we obtained an understanding and reviewed management's internal costing and budgeting processes in estimating contract revenues, total budgeted costs and profit margin on a sample basis. We reviewed the contractual terms and conditions and verified the costs incurred against underlying supporting documents. We assessed the appropriateness of inputs, amongst others, materials, subcontractor and labour costs used by management in their estimation of the total costs to complete and obtained supporting documentation on the major inputs. In addition, we assessed the reasonableness of the key assumptions used by management in estimating the total budgeted cost for the projects. We checked whether the contract revenue was recognised according to the percentage of completion of each project measured by reference to contract costs incurred for work performed to date to the estimated total budgeted cost. We also checked the arithmetic accuracy of the revenue recognised during the year based on the percentage of completion computation for significant projects. We perused customers' and subcontractors' correspondences and discussed the progress of the projects with the Group's various project management personnel for signs of any potential disputes, variation order claims, known technical issues, delays, penalties, overrun or significant events that could impact the estimated total budgeted costs. Additionally, we reviewed management's assessment and estimation of the additional time and costs needed to complete the on-going projects due to business disruptions, new regulations and operational changes amid COVID-19 pandemic. We evaluated the adequacy of the disclosures of significant accounting policies for construction contracts, development properties under construction, provision for onerous contracts and contract balances and their related disclosures in Notes 4, 18 and 23 to the financial statements.

Valuation of investment properties and investment property under construction

The Group owns a portfolio of investment properties and investment property under construction, comprising commercial properties located in Singapore and Australia. As at 31 December 2020, the carrying amounts of investment properties and investment property under construction were $296,759,000. The Group records its investment properties and investment property under construction at their fair values based on independent external valuations using the following approaches:

- Market comparable approach where significant management judgements are applied on analysing information from transacted price of comparable properties adjusted to account for differences such as location, size, tenure, age and condition of the investment properties
- Capitalisation approach which involved estimation uncertainties on the capitalisation rate used
- Discounted cash flow approach which involved estimation uncertainties on the discount rate and terminal yield rate used
- Residual value approach which involved significant judgement and estimation uncertainties in the application of assumptions in determining the gross development value and estimated cost to completion

The valuation is significant to our audit due to the magnitude and complexity of the valuation and is highly sensitive to changes in the key assumptions applied, particularly those relating to transacted price of comparable properties, capitalisation rate, discount rate, terminal yield rate, gross development value, and estimated cost to completion. In addition, there was an increase in the levels of estimation uncertainty and judgement required in determining the valuation of investment properties and investment property under construction arising from the changes in market and economic conditions brought on by the COVID-19 pandemic. Accordingly, we determined this as a key audit matter.

As part of our audit procedures, we considered the objectivity, independence and expertise of the external valuation specialists. With the assistance of our internal property valuation specialist, we held discussions with the management and the external specialists to understand and obtained explanations to support the selection of the valuation methodologies and the basis for the key assumptions and inputs used, including key valuation adjustments made in response to the changes in market and economic conditions brought on by the COVID-19 pandemic and the overall results of the valuations. We assessed the reasonableness of these key assumptions and inputs by comparing them to actual financial performance and/or available market data while taking into consideration the specific nature and highest and best use of these properties, as well as implications from the COVID-19 pandemic on key valuation assumptions and inputs. In addition, we assessed the reliability of the property related data used by the management and the external specialists in the estimation process, and the movements in fair value of the investment properties and investment property under construction. We also evaluated the adequacy of the related disclosures in Notes 12 and 31 relating to the investment properties and investment property under construction and the assumptions used, given the estimation uncertainty and sensitivity of the valuations.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS – *Continued*

Impairment consideration of hotel assets

The Group owns several hotels in Australia, Maldives and Singapore which are classified as property, plant and equipment in the financial statements. The Group's policy is to carry these hotel assets at cost less accumulated depreciation and any accumulated impairment losses. Management reviews the carrying value of the hotel assets and assesses if there is any indication of impairment in its hotel assets by considering individual hotel asset's operating performance and development plan for the properties. Management then estimates the recoverable amount of the hotel assets with the support of independent external valuations if there are indicators of impairment. Such estimates focus predominantly on future hotel operating performance, which is, amongst others, dependent on the expected occupancy rates, revenue growth rates and the competitive landscape in local markets.

As at 31 December 2020, the net carrying amount of hotel assets were $347,122,000 and an impairment loss amounting to $3,264,000 on the hotel assets was recorded in this financial year. The impairment assessment was significant to our audit due to the carrying amount of the hotel assets which represents 36% of total non-current assets as at 31 December 2020, and also the increased levels of judgement involved in making various assumptions to the underlying valuation used in the impairment assessment due to implications from the COVID-19 pandemic. Accordingly, we determined this as a key audit matter.

As part of our audit procedures, we obtained an understanding of management's impairment assessment process to identify triggering events for potential impairment and any material changes in the carrying amount of hotel assets. We validated the key cash flow assumptions used in the valuations by management and external valuation specialist, and corroborated these key assumptions by comparing them to internal forecasts and long term and strategic plans that were approved by management as well as historical trend analyses. We also involved our internal valuation specialist to evaluate the reasonableness of the capitalisation and discount rates utilised in the forecasts. We also evaluated how management has factored in considerations of the implications arising from the COVID-19 pandemic in their assessment of the assumptions and inputs used in the forecasts. We evaluated the adequacy of the related disclosures in Note 11 to the financial statements relating to the hotel assets within property, plant and equipment.

Accounting for business combination

In December 2019, the Group completed its acquisition of CES_SDC Pte. Ltd. and CES Education (Malaysia) Pte. Ltd. for a purchase consideration of $50,072,000 and $24,446,000 respectively. The purchase price allocations ("PPA") exercises were not completed as at 31 December 2019, and the Group recorded a total provisional goodwill of $17,721,000 based on the preliminary assessment of fair value of identifiable assets acquired and liabilities assumed. The PPA exercises have been finalised in the financial year ended 31 December 2020 and the fair value of the identifiable assets acquired and liabilities assumed as at 31 December 2019 have been adjusted accordingly, resulting in goodwill of $15,449,000 as at 31 December 2020.

We have determined this to be a key audit matter based on the quantitative materiality of the acquisition and the significant management judgement and estimation are required in the PPA exercises, particularly on the valuation of the intangible assets.

As part of our audit procedures, we reviewed the purchase agreements to obtain an understanding of the transactions. An important element of the PPA relates to the identification and measurement of the acquired assets and liabilities. We reviewed the identification of assets and liabilities based on our discussion with management and understanding of the acquirees' business. Management prepared the PPA with the assistance of an external valuation specialist. We assessed the competence, capabilities and objectivity of the external valuation specialist engaged by management. Our internal valuation specialist assisted us in assessing the appropriateness of management's valuation methodology and assessed the reasonableness of key assumptions and inputs used in measuring the fair value of acquired assets and liabilities. We also assessed the adequacy of the related disclosures in Note 14 to the financial statements.

KEY AUDIT MATTERS – *Continued*

Impairment assessment of goodwill and other intangible assets

As at 31 December 2020, the Group has goodwill and other intangible assets arising from business combinations amounting to $49,880,000. On an annual basis, management performs impairment assessment of goodwill and other intangible assets based on estimates of value-in-use arising from the cash generating unit's ("CGU")'s expected future cash flows. Management incorporates various assumptions and inputs into the CGU's cash flow projections, which are, amongst others, growth rate, weighted average cost of capital and terminal yield rate. We considered audit of these cash flow projections to be a key audit matter as these involved significant management judgements in estimating the underlying assumptions and inputs to the cash flow projections.

As part of our audit procedures, we assessed and tested the key assumptions and inputs such as annual growth rate, weighted average cost of capital rate and terminal growth rate used in the cash flow projections, and the methodologies and data used by management by comparing them to historical performance of the CGU or other comparable companies. We assessed whether these cash flows projections were based on the budget approved by the management. We also inquired with the management and obtained explanations to support the considerations and adjustments made in light of the increased level of estimation uncertainty. We performed sensitivity analyses to ascertain the impact of reasonably possible changes in key assumptions and assess the impact on the headroom over the carrying value. We also assessed the adequacy of the disclosure concerning those key assumptions in Note 13 to the financial statements.

Impairment assessment of investments in associates and joint ventures

As at 31 December 2020, the Group has investments in associates and joint ventures amounting to $6,352,000 and $32,921,000 respectively. Certain associates and joint ventures were acquired and their carrying value includes goodwill. On an annual basis, management assesses the impairment of the investment in associates and joint ventures based on estimates of their fair values using discounted cashflow model. Management incorporates various assumptions and inputs into the discounted cash flow, which are, amongst others, growth rate, weighted average cost of capital and terminal yield rate.

We considered this as a key audit matter because the interests in associates and joint ventures and the share of their results are material to the Group's balance sheet and profit and loss respectively, and significant management judgements and estimation are required in determining the underlying assumptions and inputs to the discounted cash flows computation.

As part of our audit procedures, we assessed and tested key assumptions and inputs to the discounted cash flow computation, the methodologies and data used by management by comparing them to historical performance of the CGU or other comparable companies. We obtained an understanding of the impact of COVID-19 on the operations of these associates and joint ventures. We also inquired with management and obtained explanations to support the considerations and adjustments made to the discounted cash flow computation in light of the increased estimation uncertainty. We performed sensitivity analyses to ascertain the impact of reasonably possible changes in key assumptions and assess the impact on the headroom over the carrying values. We also assessed the adequacy of the disclosures in Note 15 to the financial statements.

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.

INDEPENDENT AUDITOR'S REPORT

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 SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS – *Continued*

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 Low Bek Teng.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
5 April 2021

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Revenue	4	674,633	1,055,639
Cost of sales		(609,393)	(860,766)
Gross profit		65,240	194,873
Other items of income			
Interest income	5	2,432	6,920
Other income	6	27,316	6,916
Other items of expense			
Marketing and distribution		(9,666)	(13,900)
Administrative expenses		(119,576)	(96,471)
Impairment loss of trade and other receivables		(2,297)	–
Finance costs	7	(39,370)	(58,890)
Share of results of associates and joint ventures		(1,480)	4,609
(Loss)/Profit before tax	8	(77,401)	44,057
Income tax expense	9	(1,089)	(11,500)
(Loss)/Profit for the year		(78,490)	32,557
Attributable to:			
Owners of the Company		(81,067)	33,320
Non-controlling interests		2,577	(763)
		(78,490)	32,557
(Loss)/Earnings per share attributable to owners of the Company (cents per share)			
Basic	10	(10.35)	5.06
Diluted	10	(10.35)	5.02

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2020

	2020 $'000	2019 $'000
(Loss)/Profit for the year	(78,490)	32,557
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Share of gain on property revaluation of an associate	178	–
	178	–
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	9,089	(2,126)
Share of foreign currency translation of associates and joint ventures	384	(91)
	9,473	(2,217)
Other comprehensive income for the year, net of tax	9,651	(2,217)
Total comprehensive income for the year	(68,839)	30,340
Attributable to:		
Owners of the Company	(71,848)	30,882
Non-controlling interests	3,009	(542)
Total comprehensive income for the year	(68,839)	30,340

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

BALANCE SHEETS
As at 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000 (restated)	Company 2020 $'000	Company 2019 $'000
Non-current assets					
Property, plant and equipment	11	535,695	467,065	2,166	4,306
Investment properties	12	296,759	305,528	–	–
Intangible assets	13	49,880	47,947	363	447
Investments in subsidiaries	14	–	–	124,192	81,642
Investments in joint ventures and associates	15	39,273	32,771	650	650
Deferred tax assets	24	5,672	7,761	–	–
Trade and other receivables	17	32,972	32,606	289,710	346,605
		960,251	893,678	417,081	433,650
Current assets					
Development properties	18	1,094,181	1,373,224	–	–
Inventories	19	2,851	2,838	–	–
Prepayments		5,515	4,817	77	150
Trade and other receivables	17	419,241	176,336	86,412	16,391
Contract assets	4	329,211	411,325	–	–
Capitalised contract costs	4	15,121	14,416	–	–
Cash and short-term deposits	20	374,040	378,487	4,439	57,729
		2,240,160	2,361,443	90,928	74,270
Total assets		3,200,411	3,255,121	508,009	507,920
Current liabilities					
Loans and borrowings	21	197,608	231,880	13,000	–
Trade and other payables	22	91,890	87,725	28,045	14,252
Contract liabilities	4	59,385	26,256	–	–
Provision	23	7,030	6,022	–	–
Other liabilities	23	121,559	96,874	2,008	5,507
Income tax payable		12,995	25,574	586	186
		490,467	474,331	43,639	19,945
Net current assets		1,749,693	1,887,112	47,289	54,325

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

	Note	Group		Company	
		2020	2019	2020	2019
		$'000	$'000	$'000	$'000
			(restated)		
Non-current liabilities					
Loans and borrowings	21	1,600,122	1,566,464	25,250	38,250
Trade and other payables	22	159,271	166,282	253,243	252,140
Other liabilities	23	107,050	64,809	293	667
Deferred tax liabilities	24	26,216	35,964	16	–
		1,892,659	1,833,519	278,802	291,057
Total liabilities		2,383,126	2,307,850	322,441	311,002
Net assets		817,285	947,271	185,568	196,918
Equity attributable to owners of the Company					
Share capital	25(a)	175,978	175,978	175,978	175,978
Treasury shares	25(b)	(29,719)	(30,034)	(29,719)	(30,034)
Retained earnings		669,361	781,745	34,349	46,869
Other reserves	26	(6,247)	(9,420)	4,960	4,105
		809,373	918,269	185,568	196,918
Non-controlling interests		7,912	29,002	–	–
Total equity		817,285	947,271	185,568	196,918

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

		Attributable to owners of the Company					
2020 **Group**	**Equity, total** **$'000**	**Equity attributable to owners of the Company, total** **$'000**	**Share capital (Note 25(a))** **$'000**	**Treasury shares (Note 25(b))** **$'000**	**Retained earnings** **$'000**	**Other reserves (Note 26)** **$'000**	**Non-controlling interests** **$'000**
Opening balance at 1 January 2020	947,271	918,269	175,978	(30,034)	781,745	(9,420)	29,002
(Loss)/Profit for the year	(78,490)	(81,067)	–	–	(81,067)	–	2,577
Other comprehensive income							
Foreign currency translation	9,089	8,657	–	–	–	8,657	432
Share of other comprehensive income of associates and joint ventures	562	562	–	–	–	562	–
Other comprehensive income for the year, net of tax	9,651	9,219	–	–	–	9,219	432
Total comprehensive income for the year	(68,839)	(71,848)	–	–	(81,067)	9,219	3,009
Contributions by and distributions to owners							
Share-based compensation expenses (Note 26)	1,217	1,217	–	–	–	1,217	–
Share buy-back (Note 25)	(47)	(47)	–	(47)	–	–	–
Treasury shares reissued pursuant to performance share plan (Note 25)	–	–	–	362	–	(362)	–
Dividends paid on ordinary shares (Note 35)	(31,317)	(31,317)	–	–	(31,317)	–	–
Dividends paid to non-controlling interest of subsidiary	(28,000)	–	–	–	–	–	(28,000)
Total contributions by and distributions to owners	(58,147)	(30,147)	–	315	(31,317)	855	(28,000)
Changes in ownership interests in subsidiaries							
Capital contribution to non-wholly owned subsidiary	–	(4,864)	–	–	–	(4,864)	4,864
Acquisition of non-controlling interest (Note 14)	(3,000)	(2,037)	–	–	–	(2,037)	(963)
Total changes in ownership interest in subsidiaries	(3,000)	(6,901)	–	–	–	(6,901)	3,901
Total transactions with owners in their capacity as owners	(61,147)	(37,048)	–	315	(31,317)	(6,046)	(24,099)
Closing balance at 31 December 2020	817,285	809,373	175,978	(29,719)	669,361	(6,247)	7,912

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

2019 Group	Equity, total $'000	Equity attributable to owners of the Company, total $'000	Share capital (Note 25(a)) $'000	Treasury shares (Note 25(b)) $'000	Retained earnings $'000	Other reserves (Note 26) $'000	Non-controlling interests $'000
		Attributable to owners of the Company					
Opening balance at 1 January 2019	874,055	817,348	79,691	(30,034)	773,466	(5,775)	56,707
Profit/(Loss) for the year	32,557	33,320	–	–	33,320	–	(763)
Other comprehensive income							
Foreign currency translation	(2,126)	(2,347)	–	–	–	(2,347)	221
Share of other comprehensive income of associates and joint ventures	(91)	(91)	–	–	–	(91)	–
Other comprehensive income for the year, net of tax	(2,217)	(2,438)	–	–	–	(2,438)	221
Total comprehensive income for the year	30,340	30,882	–	–	33,320	(2,438)	(542)
Contributions by and distributions to owners							
Share-based compensation expenses (Note 26)	712	712	–	–	–	712	–
Issue of ordinary shares, net of issuance costs (Note 25)	96,287	96,287	96,287	–	–	–	–
Dividends paid on ordinary shares (Note 35)	(25,041)	(25,041)	–	–	(25,041)	–	–
Dividends paid to non-controlling interest of subsidiary	(29,200)	–	–	–	–	–	(29,200)
Total contributions by and distributions to owners	42,758	71,958	96,287	–	(25,041)	712	(29,200)
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interest (Note 14)	(2,540)	(1,919)	–	–	–	(1,919)	(621)
Acquisition of subsidiary (Note 14)	2,658	–	–	–	–	–	2,658
Total changes in ownership interest in subsidiaries	118	(1,919)	–	–	–	(1,919)	2,037
Total transactions with owners in their capacity as owners	42,876	70,039	96,287	–	(25,041)	(1,207)	(27,163)
Closing balance at 31 December 2019	947,271	918,269	175,978	(30,034)	781,745	(9,420)	29,002

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

STATEMENTS OF CHANGES IN EQUITY
For the financial year ended 31 December 2020

2020 Company	Total $'000	Share capital (Note 25(a)) $'000	Treasury shares (Note 25(b)) $'000	Retained earnings $'000	Other reserves (Note 26) $'000
Opening balance at 1 January 2020	196,918	175,978	(30,034)	46,869	4,105
Profit for the year, representing total comprehensive income for the year	18,797	–	–	18,797	–
Contributions by and distributions to owners					
Share-based compensation expenses (Note 26)	1,217	–	–	–	1,217
Share buy-back (Note 25)	(47)	–	(47)	–	–
Treasury shares reissued pursuant to performance share plan (Note 25)	–	–	362	–	(362)
Dividends paid (Note 35)	(31,317)	–	–	(31,317)	–
Total contributions by and distributions to owners	(30,147)	–	315	(31,317)	855
Closing balance at 31 December 2020	185,568	175,978	(29,719)	34,349	4,960
2019					
Company					
Opening balance at 1 January 2019	92,772	79,691	(30,034)	39,722	3,393
Profit for the year, representing total comprehensive income for the year	32,188	–	–	32,188	–
Contributions by and distributions to owners					
Share-based compensation expenses (Note 26)	712	–	–	–	712
Issue of ordinary shares, net of issuance costs (Note 25)	96,287	96,287	–	–	–
Dividends paid (Note 35)	(25,041)	–	–	(25,041)	–
Total contributions by and distributions to owners	71,958	96,287	–	(25,041)	712
Closing balance at 31 December 2019	196,918	175,978	(30,034)	46,869	4,105

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Operating activities			
(Loss)/Profit before tax		(77,401)	44,057
Adjustments for:			
Interest income	5	(2,432)	(6,920)
Gain on disposal of property, plant and equipment	6	(132)	(375)
Finance costs	7	39,370	58,890
Property, plant and equipment written off	8	6,969	95
Provision for onerous contract	8	7,163	1,000
Depreciation of property, plant and equipment	8	37,422	25,115
Impairment of property, plant and equipment	8	5,304	4,123
Fair value loss/(gain) on investment properties	8	11,043	(2,766)
Fair value loss on investment security	8	2,347	–
Loss on disposal of intangible assets		22	–
Amortisation of intangible assets	8	2,479	511
Amortisation of capitalised contract costs	4	12,242	14,378
Impairment of intangible assets	8	–	460
Impairment loss on trade and other receivables, net	8	2,297	–
Share-based compensation expenses	27	1,217	712
Share of results of associates and joint ventures		1,480	(4,609)
Rent concessions from landlords		(1,062)	–
Loss on liquidation of an associate	8	–	3
Unrealised exchange differences		(5,038)	3,526
Operating cash flows before changes in working capital		43,290	138,200
Changes in working capital:			
Development properties		289,665	(7,825)
Capitalised contract costs	4	(12,947)	(12,137)
Inventories		(19)	(698)
Prepayments		(681)	(2,122)
Trade and other receivables and contract assets		(152,575)	72,281
Trade and other payables and contract liabilities		14,614	(53,081)
Other liabilities		22,190	1,273
Cash flows generated from operations		203,537	135,891
Interest paid		(43,495)	(66,449)
Interest received		1,631	7,084
Income taxes paid		(21,367)	(7,403)
Net cash flows generated from operating activities		140,306	69,123

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Investing activities			
Net cash outflow on acquisition of subsidiaries	14	(57)	(5,440)
Purchase of property, plant and equipment		(50,361)	(20,116)
Proceeds from disposal of property, plant and equipment		251	466
Proceeds from liquidation of an associate		–	27
Investment in a joint venture		(6,752)	–
Investments in associates		–	(19,317)
Dividend income from associates		–	534
Advances to an associate		–	(197)
Additions to investment property	12	(911)	–
Net cash flows used in investing activities		(57,830)	(44,043)
Financing activities			
Repayment of loans and borrowings		(132,648)	(484,890)
Proceeds from loans and borrowings		133,055	363,000
Proceeds from issuance of term notes		–	100,000
Proceeds from issuance of shares		–	96,287
Acquisition of non-controlling interest		(3,000)	(2,540)
Dividends paid on ordinary shares	35	(31,317)	(25,041)
Dividends paid to non-controlling interest		(28,000)	(29,200)
Purchase of treasury shares	25(b)	(47)	–
Increase in short-term deposits pledged	20	–	(4,256)
Payment of principal portion of lease liabilities		(25,631)	(5,749)
Net cash flows (used in)/generated from financing activities		(87,588)	7,611
Net (decrease)/increase in cash and cash equivalents		(5,112)	32,691
Effect of exchange rate changes on cash and cash equivalents		665	(1,018)
Cash and cash equivalents at beginning of the year		374,231	342,558
Cash and cash equivalents at end of the year	20	369,784	374,231

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

1. CORPORATE INFORMATION

Chip Eng Seng Corporation Ltd. is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange.

The registered office and principal place of business of the Company is located at 171 Chin Swee Road, #12-01 CES Centre, Singapore 169877.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as disclosed below.

Details of the subsidiaries, associates, joint ventures and joint operations as at 31 December 2020 are:

Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2020	2019
Subsidiaries				
Held by the Company				
CEL Development Pte. Ltd.	Singapore	Property developer and property investor	100	100
Chip Eng Seng Construction Pte. Ltd.	Singapore	Investment holding	100	100
CES Capital Holdings Pte. Ltd.	Singapore	Investment holding	100	100
CES Hospitality Pte. Ltd.	Singapore	Investment holding	100	100
Sing-Ed Global Schoolhouse Pte. Ltd. (f.k.a. CES Education Pte. Ltd.)	Singapore	Investment holding	100	100
CES Treasury Pte. Ltd.	Singapore	Provision of financial and treasury services to members of the Chip Eng Seng group of companies	100	100
Held by subsidiaries				
Boustead Salcon Water Solutions Pte. Ltd.	Singapore	Construction and supply of equipment for water and wastewater treatment plant	100	–
Chip Eng Seng Contractors (1988) Pte Ltd	Singapore	General building contractor	100	100
CES Engineering & Construction Pte. Ltd.	Singapore	General building contractor	100	100
CES-Precast Pte. Ltd.	Singapore	Manufacturing and trading of precast products	100	100
CES Building and Construction Pte. Ltd.	Singapore	General building and related services	100	100

1. **CORPORATE INFORMATION – *Continued***

Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2020	2019
Subsidiaries – *Continued*				
Held by subsidiaries – Continued				
CES_INNOVFAB Pte. Ltd. (f.k.a. SPP System Pte. Ltd.)	Singapore	Modular building construction (3D printing)	100	100
CES_SDC Pte. Ltd. (f.ka. Sembcorp Design and Construction Pte. Ltd)	Singapore	Building construction and construction project management	100	100
CES_Lodge Pte. Ltd.	Singapore	Acquisition of portable containers/structure to rent out as workers' dormitory and provision of related services	100	100
+ SDCI (Myanmar) Company Limited	Myanmar	General building contractor and project management	100	100
CEL-Changi Pte. Ltd.	Singapore	Property developer	100	100
Fernvale Development Pte. Ltd.	Singapore	Property developer	60	60
CEL Property Pte. Ltd.	Singapore	Property developer and investment holding	100	100
CEL-Yishun (Residential) Pte. Ltd.	Singapore	Property developer	100	100
CEL-Yishun (Commercial) Pte. Ltd.	Singapore	Property developer	100	100
CEL Real Estate Development Pte. Ltd.	Singapore	Property developer and investment holding	100	100
CEL-Simei Pte. Ltd.	Singapore	In the process of liquidation	100	100
CEL-Fort Pte. Ltd.	Singapore	Property developer	100	100
CEL Property Development Pte. Ltd.	Singapore	Property developer	100	100
~ CEL Technology Development (Taicang) Co., Ltd	China	Investment holding	100	100
CEL Newton Pte. Ltd.	Singapore	Property developer	100	100
CEL Unique Pte. Ltd.	Singapore	Investment holding	60	60
CEL Unique Holdings Pte. Ltd.	Singapore	Investment holding	60	60
CEL Unique Development Pte. Ltd.	Singapore	Property developer	60	60

1. **CORPORATE INFORMATION – *Continued***

Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2020	2019
<u>Subsidiaries</u> – *Continued*				
Held by subsidiaries – Continued				
CEL Property Investment (Australia) Pte. Ltd.	Singapore	Investment holding	100	100
CEL Property Investment Pte. Ltd.	Singapore	Property investor	100	100
Evervit Development Pte Ltd	Singapore	Property investor	100	100
CES Property Investment (New Zealand) Pte. Ltd.	Singapore	Investment holding	100	100
Eura Construction Supply Pte. Ltd. (f.k.a. CEL Property (M) Pte. Ltd.)	Singapore	Investment holding	100	100
CES-Vietnam Holdings Pte. Ltd.	Singapore	Investment holding	100	100
CES-NB Pte. Ltd.	Singapore	Investment holding	100	100
CES-VH Holdings Pte. Ltd.	Singapore	Investment holding	100	100
# CES Investment (Vietnam) Pte. Ltd.	Singapore	Investment holding	100	100
# CES Management (Vietnam) Pte. Ltd.	Singapore	Investment holding	100	100
CES Hotels (Australia) Pte. Ltd.	Singapore	Investment holding	100	100
CEL-Alexandra Pte. Ltd.	Singapore	Hotel owner and property investor	100	100
CES Park (Maldives) Pte. Ltd.	Singapore	Investment holding	70	70
CES Hotels (Maldives) Pte. Ltd.	Singapore	Investment holding	100	100
CES Tropical (Maldives) Pte. Ltd.	Singapore	Investment holding	70	70
^^ Samarafushi Pvt Ltd	Maldives	Resort owner	70	70
^^ CEL Australia Pty Ltd	Australia	Investment holding	100	100
^^ CES Glenelg Pty Ltd	Australia	Property developer	100	100
242 West Coast Highway Scarborough Pty Ltd	Australia	Deregistered	–	100
^^ CES-Queen (VIC) Pty Ltd	Australia	Property developer	100	100

1. CORPORATE INFORMATION – *Continued*

Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2020	2019
<u>Subsidiaries</u> – *Continued*				
Held by subsidiaries – Continued				
^^ CES Properties (AUS) Pty Ltd	Australia	Property investor	100	100
^^ CES-Northcote (VIC) Pty Ltd	Australia	Property developer	100	100
^^ CES-Gladstone (VIC) Pty Ltd	Australia	Property developer	100	100
^^ CES South Perth (WA) Pty Ltd	Australia	Investment holding	100	100
^^ CES Sirona Lyall (WA) Pty Ltd	Australia	Property developer	70	70
# CEL Real Estate Pty Ltd	Australia	Property developer	100	100
^^ CES Grosvenor (SA) Pty Ltd	Australia	Property investor	100	100
^^ CES Grosvenor Hotel (SA) Pty Ltd	Australia	Hotel owner	100	100
^^ CES Mandurah Hotel (WA) Pty Ltd	Australia	Hotel owner	100	100
^^ CES Pirie Hotel (SA) Pty Ltd	Australia	Hotel owner	100	100
# CES Hotel Investment Pty Ltd	Australia	Investment holding	100	100
++ CES Properties (NZ) Pty Limited	New Zealand	Investment holding	100	100
^^ CES-Precast Sdn. Bhd.	Malaysia	Manufacturing of precast concrete components	100	100
* CES Horizon Sdn. Bhd. (f.k.a. CEL Malacca Sdn. Bhd.)	Malaysia	International school education provider	100	100
^^ CES Park Kodhipparu Private Limited	Maldives	Resort owner	70	70
^^ Viet Investment Link Joint Stock Company	Vietnam	Provision of management services	99	99
^^ CES MAIC Management (Vietnam) Co., Ltd	Vietnam	Provision of real estate management and consultancy services	70	70
CES ASG Pte. Ltd.	Singapore	Investment holding	100	100
Sing-Ed Asia Pte. Ltd. (f.k.a. CES Repton Asia Pte. Ltd.)	Singapore	Investment holding	100	100
Sing-Ed Junior Schools Pte. Ltd. (f.k.a. CES Repton SG Pte. Ltd.)	Singapore	Childcare and related services	100	100

1. **CORPORATE INFORMATION – *Continued***

	Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2020	2019
	<u>Subsidiaries</u> – *Continued*				
	Held by subsidiaries – Continued				
	Penn Junior Academy Pte. Ltd.	Singapore	Provision of early childhood enrichment education	100	100
	CES Greenville Pte. Ltd.	Singapore	Investment holding	100	100
~	Greenville Consultancy & Management (Shanghai) Co., Ltd.	China	Provision of early childhood enrichment education	100	100
#	Magna Education Pte. Ltd.	Singapore	Investment holding	100	100
	The Perse School (Singapore) Pte. Ltd.	Singapore	Investment holding	100	100
	CES WL Pte. Ltd.	Singapore	Investment holding	100	100
	CES Edutech Pte. Ltd.	Singapore	Investment holding	100	100
#	CES Education (China) Pte. Ltd.	Singapore	Investment holding	100	100
	White Lodge Education Group Services Pte. Ltd.	Singapore	Investment holding	70	70
	White Lodge, Bukit Timah Pte. Ltd.	Singapore	Kindergarten and related services	70	70
	White Lodge, Upper Bukit Timah Pte. Ltd.	Singapore	Kindergarten and related services	70	70
	White Lodge Kindergarten, East Coast Pte. Ltd.	Singapore	Kindergarten and related services	70	70
	White Lodge, Upper East Coast Pte. Ltd.	Singapore	Kindergarten and related services	70	70
	White Lodge Kindergarten, Phoenix Park Pte. Ltd.	Singapore	Kindergarten and related services	70	70
	White Lodge, West Coast Pte. Ltd.	Singapore	Kindergarten and related services	70	70
	White Lodge School of Arts, Loewen Gardens Pte. Ltd.	Singapore	Kindergarten and related services	70	70

1. CORPORATE INFORMATION – *Continued*

	Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2020	Proportion (%) of ownership interest 2019
	<u>Subsidiaries</u> – *Continued*				
	Held by subsidiaries – Continued				
	White Lodge Preschool River Valley Pte. Ltd.	Singapore	Childcare and related services	70	70
@	White Lodge Education Services (Malaysia) Sdn. Bhd.	Malaysia	Investment holding	70	70
@	White Lodge Bangsar South Childcare Centre Sdn. Bhd.	Malaysia	Childcare and related services	70	70
@	White Lodge Mont Kiara Childcare Centre Sdn. Bhd.	Malaysia	Childcare and related services	70	70
	Invictus International School Pte. Ltd.	Singapore	International school education provider	93	55
	Invictus World Schools Pte. Ltd. (f.k.a. Sugar Education Pte. Ltd.)	Singapore	Investment holding	93	55
	Swallows and Amazons Pte. Ltd.	Singapore	Nursery, kindergarten and related services	93	55
ß	Invictus (Cambodia) Co., Ltd.	Cambodia	International school education provider	93	55
@@	Invictus International School (Hong Kong) Limited	Hong Kong	International school education provider	93	55
@@	Invictus Kindergarten (Hong Kong) Limited	Hong Kong	International kindergarten service provider	93	55
@@	Invictus School (Chai Wan) Limited	Hong Kong	International school education provider	93	55
#	Penn Junior (Aus) Pty Ltd	Australia	Investment holding	100	100
#	Penn Junior Tarneit West (Vic) Pty Ltd	Australia	Childcare and related services	100	100
	CES Education (Malaysia) Pte. Ltd.	Singapore	Investment holding and the provision of education, consultancy and training management services	100	100
^^	CES Eduset Sdn. Bhd.	Malaysia	Investment holding and the provision of education, consultancy and training management services	100	100
^^	CES Repmal Sdn Bhd (f.k.a. Excelsior Education Management Sdn Bhd)	Malaysia	International school education provider	100	100

1. CORPORATE INFORMATION – *Continued*

	Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2020	2019
	Associates				
	Held by the Company				
**	Ardille Pte Ltd	Singapore	Investment holding	38	38
	Held by subsidiaries				
+	Pasir Ris EC Pte. Ltd.	Singapore	Property developer	40	40
^^	Phu An Sinh Real Estate Investment Co., Ltd	Vietnam	Investment holding	50	50
	Held by associates				
**	ACP Metal Finishing Pte Ltd	Singapore	Provision of custom electro-plating and surface treatment services	38	38
##	ACP Poland Spolka Z Ograniczona Odpowiedzialnoscia	Poland	Provision of custom electro-plating and surface treatment services	38	38
	Joint ventures				
	Held by subsidiaries				
++	Roxy-CES (NZ) Limited	New Zealand	Property investor	50	50
~~	Amdon Consulting Pte. Ltd.	Singapore	Science education and digital teaching resources	38	38
##	Zeus EduTech Group (Cayman)	Cayman Islands	Investment holding	35	35
+++	Cybint International Pte. Ltd.	Singapore	Cybersecurity training solutions and services	33	–
###	H+E Technologies Pte. Ltd.	Singapore	Process and industrial plant engineering design and consultancy services	55	–
###	Jiduohao Education Technology (Shenzhen) Co., Ltd	China	Education related services	60	–
	Held by joint ventures				
!	Guangzhou Zhou Zhi Si Co., Ltd	China	Investment holding	35	35
!	Guangzhou Yuanda Information Development Co., Ltd	China	Education provider	35	35
~~	Werkz Asia Pte Ltd	Singapore	Development of interactive digital media	38	38
~~	Werkz Technologies Co., Ltd.	Myanmar	Development of educational software	38	38

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

1. CORPORATE INFORMATION – *Continued*

Name of Company	Country of incorporation/ operations	Principal activities	Proportion (%) of ownership interest 2020	2019
<u>Joint ventures</u> – *Continued*				
Held by joint ventures – Continued				
## Werkz Publishing, Inc.	United States	Marketing of educational products	38	38
## Zeus EduTech Group Limited (BVI)	British Virgin Islands	Investment holding	35	35
! Zeus EduTech Group Limited (HK)	Hong Kong	Investment holding	35	35
+++ Cybint Solutions Ltd	Israel	Cybersecurity training solutions and services	33	–
+++ Cybint Solutions Inc	United States	Cybersecurity training solutions and services	33	–
<u>Joint operations</u>				
Held by subsidiary				
+ Sinohydro - CES_SDC Joint Venture (f.k.a. Sinohydro-Sembcorp Joint Venture)	Singapore	Building construction and construction project management	50	50
Hock Lian Seng - CES_SDC JV (f.k.a. Hock Lian Seng Infrastructure-Sembcorp Design and Construction Joint Venture)	Singapore	Provision of civil engineering works	40	40

All subsidiaries, associates, joint ventures and joint operations are audited by Ernst & Young LLP, Singapore except those disclosed below:-

- # Not required to be audited as these companies are considered dormant and exempted from audit under the Singapore Companies Act or relevant statutory laws in the respective country of incorporation.
- ## Not required to be audited by law in country of incorporation.
- ### Not required to be audited as these companies are incorporated during the year.
- ^^ Audited by member firms of EY Global.
- ^^^ Audited by KBH Integra PAC.
- * Audited by KTP & Company PLT, Malaysia.
- ** Audited by RSM Chio Lim LLP, Singapore.
- *** Audited by YL Chee & Co.
- + Audited by member firms of KPMG Global.
- ++ Audited by HLB Mann Judd, Auckland.
- +++ Audited by member firms of PricewaterhouseCoopers International Limited.
- @ Audited by BDO, Malaysia.
- @@ Audited by Fung, Yu & Co CPA.
- ~ Audited by EunaCon Perfect Alliance CPA.
- ~~ Audited by Ken Wong & Co.
- ~~~ Audited by Thaung Aye & Associates.
- ! Audited by ST Lo & Co. Certified Public Accounting.
- ß Audited by Fides Services Cambodia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

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 ("SGD" or "$") and all values in the tables are rounded to the nearest thousand ("$'000"), except when otherwise indicated.

2.2 Changes in accounting policies and disclosures

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The adoption of these amendments did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current financial year.

Save as mentioned below, the Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

<u>Amendments to SFRS(I) 16 *COVID-19 Related Rent Concessions*</u>

On 28 May 2020, the ASC issued *COVID-19 Related Rent Concessions* - amendment to SFRS(I) 16 *Leases*. The amendments provide relief to lessees from applying SFRS(I) 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under SFRS(I) 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. The Group has elected to early adopt the amendment and applied the practical expedient to all rent concessions occurring as a direct consequence of the COVID-19 pandemic. As a result of applying the practical expedient, the amount recognised in profit or loss for the reporting period to reflect changes in the lease payments that arise from these rent concessions was $1,062,000 (Note 6).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

2.3 Standards issued but not yet effective

The Group has not adopted the following standard applicable to the Group that have been issued but not yet effective:

Description	*Effective for annual periods beginning on or after*
Amendments to SFRS(I) 9 *Financial Instruments*, SFRS(I) 1-39 *Financial Instruments*: *Recognition and Measurement*, SFRS (I) 7 *Financial Instruments*: *Disclosures*, SFRS(I) 4 *Insurance Contracts,* SFRS(I) 16 *Leases: Interest Rate Benchmark Reform – Phase 2*	1 January 2021
Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*	1 January 2022
Amendments to SFRS(I) 1-16: *Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
Amendments to SFRS(I) 1-37: *Onerous Contracts – Costs of Fulfilling a Contract*	1 January 2022
Annual Improvements to SFRS(I) 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

The Group expects that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.4 Basis of consolidation and business combinations

(a) 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.

(b) 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 an asset or liability are recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

2.4 Basis of consolidation and business combinations – *Continued*

(b) Business combinations and goodwill – *Continued*

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. 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.

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.

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. Goodwill is recorded within "Intangible assets" line of the Group's balance sheet.

2.5 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.

2.6 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.

(b) Consolidated financial statements

For consolidated 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	-	23 to 99 years
Freehold and leasehold buildings	-	5 to 50 years
Container office, building and construction equipment	-	5 years
Motor vehicles	-	5 years
Computer and office equipment	-	2 to 5 years
Furniture, fixtures and fittings	-	2 to 10 years

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

The carrying values of property, plant and equipment 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.

2.8 Investment properties

Investment properties are properties that are either owned by the Group or right-of-use assets 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.

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.

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. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

2.9 Intangible assets – *Continued*

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Club membership

Club membership was acquired separately and is amortised on a straight line basis over its estimated finite useful life of 10 years.

Intellectual property

The cost of intellectual property is its fair value at acquisition date. Intellectual property has estimated finite useful life of 4 to 10 years and is stated at cost less accumulated amortisation and accumulated impairment losses.

Order backlog

The cost of order backlog is its fair value at acquisition date. Order backlog is stated at cost less accumulated amortisation and accumulated impairment losses. The amortisation of order backlog is over the estimated period that the backlog is expected to be fulfilled.

Brands

The brands were acquired in business combinations. The useful lives of the brands are estimated to be indefinite because based on the current market share of the brands, management believes there is no foreseeable limit to the period over which the brands are expected to generate net cash inflows for the Group. Brands are stated at cost less accumulated impairment.

2.10 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.

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

2.11 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.

2.12 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. Joint ventures are entities over whose activities the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

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 represents 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 is 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 ventures, 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

2.13 Joint operations

A joint operation is an arrangement in which the Group has rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

The Group recognises in its financial statements, its interest in the joint operations as follows: its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the share of its output arising from the joint operations; its share of the revenue from the sale of the output by the joint operations; and its expenses, including its share of any expenses incurred jointly.

2.14 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

<u>Investments in debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are de-recognised or impaired, and through amortisation process.

(ii) Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI 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 for impairment losses, foreign exchange gains and losses 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

2.14 Financial instruments – *Continued*

(a) Financial assets – *Continued*

Subsequent measurement – *Continued*

Investments in debt instruments – *Continued*

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

De-recognition

A financial asset is de-recognised 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.

(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 plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised 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 de-recognition 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

2.14 Financial instruments – *Continued*

(b) Financial liabilities – *Continued*

Current/Non-current classification of loans and borrowings

Loans and borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the reporting date. When an entity breaches an undertaking under a long-term loan agreement on or before the reporting date with the effect that the liability becomes payable on demand, the liability is classified as current, even if the lender has agreed, after the reporting date and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. The liability is classified as current because, at the reporting date, the entity does not have an unconditional right to defer its settlement for at least twelve months after that date.

Where the entity expects, and has the discretion, to re-finance or roll over an obligation for at least 12 months after the reporting period under an existing loan facility with the same lender, the liability is classified as non-current.

2.15 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.17 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.

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

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date 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.

2.18 Inventories

Inventories comprise mainly hotel supplies such as food and beverages, linen, glassware and sundry supplies, and precast building materials such as reinforcement steel, welded mesh and concrete.

Hotel supplies are stated at the lower of cost (first-in-first-out method) and net realisable value.

Precast building materials are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.19 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

2.20 Government grants

Government grants are recognised as receivables when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grant related to expense item is presented as a credit in profit or loss as "Other income".

2.21 Financial guarantee

A financial guarantee 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 as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.15 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.22 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.

2.23 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Share-based payments

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The employee share option reserve is transferred to retained earnings upon expiry of the share option.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

2.24 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term lease and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term ranging from 2 to 46 years.

The Group's right-of-use assets are included in 'Property, plant and equipment'.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.10.

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercise by the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (eg. Changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying assets.

The Group's lease liabilities are included in 'Other liabilities' (see Note 23).

(c) Short-term leases and leases of low-value assets

The Group applies the short-term leases recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

2.24 Leases – *Continued*

Group as a lessor

Leases in which the Group does not transfer 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 2.25(d). Contingent rents are recognised as revenue in the period in which they are earned.

2.25 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Construction revenue

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised over time by measuring the progress towards complete satisfaction of performance obligations. The stage of completion is typically assessed by reference to either surveys of work performed (output method), or the cost incurred to date relative to total estimated cost (input method) depending on which method commensurate with the pattern of transfer of control to the customer. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

Contract revenue and contract costs are recognised as revenue by reference to the stage of completion of the contract activity at the end of the reporting period over time, when the outcome of a construction contract can be estimated reliably.

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 over time method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on total contract costs or with reference to surveys of work performed or on a milestone payment schedule.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

2.25 Revenue – *Continued*

(b) Sale of development properties

The Group develops and sells residential and commercial properties before completion of construction of the properties. Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and the practices in the legal jurisdictions.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

(c) Revenue from hotel operations

Revenue from the rental of hotel rooms and other facilities is recognised when the services are rendered. Revenue from the sale of food and beverage is recognised when the goods are delivered to the customer.

(d) Rental income

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

(e) School fees

School fees are recognised when the services are rendered.

(f) Interest income

Interest income is recognised using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued*

2.26 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, 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 except:

- 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.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *Continued***

2.26 Taxes – *Continued*

(b) Deferred tax – *Continued*

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.

(c) Sales tax

Revenue, 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.

2.27 Share capital and share issuance 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 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.29 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated 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 end of each reporting period. 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 Judgements made in applying accounting policies

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

(a) Sale of development properties

For the sale of development properties, the Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. In making the assessment, the Group considered the terms of the contracts entered into with customers and the provisions of relevant laws and regulations applicable to the contracts. The assessment of whether the Group has an enforceable right to payment for performance completed to date involves judgement made in determining the enforceability of the right to payment under the legal environment of the jurisdictions where the contracts are subject to.

(b) Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

The periods covered by renewal options are included as part of the lease term only when they are reasonably certain to be exercised.

Refer to Note 29 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES – *Continued*

3.2 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 are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were 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) Revaluation 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 real estate valuation experts to assess fair value as at 31 December 2020. The independent valuation reports have highlighted estimation uncertainty arising from the COVID-19 pandemic, a higher degree of caution should be exercised when relying upon the valuation. The valuations are based on the information available as at the date of valuation and values may change significantly and unexpectedly over a short period of time.

The fair values of investment properties are determined by independent real estate valuation experts using market comparable approach, capitalisation approach, discounted cash flow approach and residual land value approach.

The determination of the fair values of the investment properties requires the use of estimates on yield adjustments such as location, size, tenure, age and condition, and also involved estimation uncertainties on the capitalisation rate used.

The key assumptions used to determine the fair value of the investment properties are further explained in Notes 12 and 31(c)(i).

(b) Contract assets and contract liabilities

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. In applying the over time method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on total contract costs. Significant assumptions are required to estimate contract cost. In making these estimates, management has relied on past experience and knowledge of the project officials.

The carrying amounts of contract assets and contract liabilities are disclosed in Note 4(c). If the estimated total contract cost had been 2% higher than management's estimate, contract assets and contract liabilities would have been $15,568,000 lower and $10,063,000 higher respectively (2019: $22,021,000 lower and $22,374,000 higher).

(c) Revenue recognition on development properties under construction

For the sale of development properties where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the development properties to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the development properties. The measure of progress is based on the costs incurred to date as a proportion of total estimated costs to be incurred up to the completion of the development properties.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred.

The carrying amounts of assets and liabilities as well as the revenue from sale of development properties (recognised on overtime basis) are disclosed in Note 18 and Note 4 respectively. If the estimated total development cost had been 2% higher than management's estimate, the carrying amount of the development properties under construction would have been $11,013,000 (2019: $13,966,000) higher and profit before tax would have been $4,546,000 (2019: $7,787,000) lower.

3. **SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES – *Continued***

3.2 Key sources of estimation uncertainty – *Continued*

(d) Impairment of intangible assets

As disclosed in Note 13, the recoverable amounts of the cash generating units which goodwill, intellectual property, order backlog and brands have been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the weighted average cost of capital and terminal yield rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 13.

The carrying amount of the intangible assets as at 31 December 2020 is $49,880,000 (2019: $47,947,000).

(e) Impairment of hotel assets

An impairment exists when the carrying value of hotel asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset.

Management assesses, on an annual basis, whether there are trigger events indicating potential impairment. Where applicable, the Group considers independent valuation reports of valuation specialists. The independent valuation reports have highlighted estimation uncertainty arising from the COVID-19 pandemic, a higher degree of caution should be exercised when relying upon the valuation. The valuations are based on the information available as at the date of valuation and values may change significantly and unexpectedly over a short period of time. The value in use calculation is based on a discounted cash flow model derived from the budget for the next five years or the commercial useful life of the assets. The recoverable amount is most sensitive to the discount rate and capitalisation rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The carrying amount of hotel assets as at 31 December 2020 is $347,122,000 (2019: $330,800,000).

(f) Accounting for business combinations

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. Significant judgement is involved in the identification and measurement of the acquired assets and liabilities. Management used external valuation expert to perform the purchase price allocation. For acquisitions completed in the last quarter of the year, the fair values of the assets and liabilities have been determined on a provisional basis as the results of the independent valuations have not been finalised.

The details of the business combinations during the year are disclosed in Note 14.

4. REVENUE

(a) Disaggregation of revenue

	Construction		Property development		Hospitality	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Primary geographical markets						
Singapore	144,592	164,405	464,169	781,510	16,466	31,568
Australia	–	–	–	10,441	6,453	12,747
Maldives	–	–	–	–	11,715	33,866
Malaysia	–	–	–	–	–	–
Hong Kong	–	–	–	–	–	–
Others	–	–	–	–	–	–
	144,592	164,405	464,169	791,951	34,634	78,181
Major product or service lines						
Construction contracts	126,338	143,421	–	–	–	–
Precast components	18,254	20,984	–	–	–	–
Development properties	–	–	464,169	791,951	–	–
Hotel operations	–	–	–	–	34,634	78,181
Rental of investment properties	–	–	–	–	–	–
School fee	–	–	–	–	–	–
Management fee	–	–	–	–	–	–
	144,592	164,405	464,169	791,951	34,634	78,181
Timing of transfer of goods or services						
At a point in time	18,254	20,984	–	10,441	34,634	78,181
Over time	126,338	143,421	464,169	781,510	–	–
	144,592	164,405	464,169	791,951	34,634	78,181

Property investment		Corporate		Education		Total revenue	
2020	2019	2020	2019	2020	2019	2020	2019
$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
4,613	6,486	9	10	19,337	12,915	649,186	996,894
678	795	–	–	–	–	7,131	23,983
–	–	–	–	–	–	11,715	33,866
–	–	–	–	5,151	896	5,151	896
–	–	–	–	1,351	–	1,351	–
–	–	–	–	99	–	99	–
5,291	7,281	9	10	25,938	13,811	674,633	1,055,639
–	–	–	–	–	–	126,338	143,421
–	–	–	–	–	–	18,254	20,984
–	–	–	–	–	–	464,169	791,951
–	–	–	–	–	–	34,634	78,181
5,291	7,281	–	–	–	–	5,291	7,281
–	–	–	–	25,893	13,811	25,893	13,811
–	–	9	10	45	–	54	10
5,291	7,281	9	10	25,938	13,811	674,633	1,055,639
5,291	7,281	9	10	933	962	59,121	117,859
–	–	–	–	25,005	12,849	615,512	937,780
5,291	7,281	9	10	25,938	13,811	674,633	1,055,639

4. REVENUE – *Continued*

(b) Judgement and methods used in estimating revenue

Recognition of revenue from development properties over time

For the sale of development properties where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the development properties to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the development properties. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the development properties.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in its other similar development properties, analysed by different property types and geographical areas for the past 3 to 5 years.

(c) Contract assets and contract liabilities

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Group	
	2020	**2019**
	$'000	**$'000**
Receivables from contracts with customers (Note 17)	368,994	123,189
Contract assets	329,211	411,325
Capitalised contract costs	15,121	14,416
Contract liabilities	59,385	26,256

During the year, the Group has recognised impairment losses on trade receivables arising from contracts with customers amounting to $159,000 (2019: Nil).

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for the sale of development properties and revenue from construction contracts. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for sale of development properties and revenue from construction contracts. Contract liabilities are recognised as revenue as the Group fulfils its performance obligations under the contract.

(i) Significant changes in contract assets are explained as follows:

	Group	
	2020	**2019**
	$'000	**$'000**
Contract asset reclassified to receivables	149,404	469,755

4. REVENUE – *Continued*

(c) Contract assets and contract liabilities – *Continued*

(ii) Significant changes in contract liabilities are explained as follows:

	Group	
	2020	**2019**
	$'000	**$'000**
Revenue recognised that was included in the contract liability balance at the beginning of the year	24,190	97,650

(d) Capitalised contract costs

	Group	
	2020	**2019**
	$'000	**$'000**
Capitalised incremental costs of obtaining contract – commission costs paid to property agents		
At 1 January	14,416	16,663
Additions	12,947	12,137
Amortisation	(12,242)	(14,378)
Foreign exchange difference	–	(6)
At 31 December	15,121	14,416

(e) Transaction price allocated to remaining performance obligation

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2020 is $905,374,000 (2019: $1,153,840,000). The Group expects these performance obligations to be recognised in the next 4 years (2019: 4 years). This amount has not included the following:

- Performance obligations for which the Group has applied the practical expedient not to disclose information about its remaining performance obligations if:
  - The performance obligation is part of a contract that has an original expected duration for one year or less, or
  - The Group recognises revenue to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date.
- Variable consideration that is constrained and therefore is not included in the transaction price.

5. INTEREST INCOME

	Group	
	2020	**2019**
	$'000	**$'000**
Interest income from loan and receivables	1,400	6,920
Notional interest income on retention monies	1,032	–
	2,432	6,920

6. OTHER INCOME

	Group	
	2020	2019
	$'000	$'000
Foreign exchange gain, net	4,087	–
Gain on disposal of property, plant and equipment	132	375
Sales of materials	416	1,227
Rent concessions from landlords (a)	1,062	–
Government grants income (b)	19,665	459
Less: Government grant expense (c)	(555)	–
	19,110	459
Rental income from non-investment holding companies	975	1,376
Deposits forfeited from buyers	642	154
Net fair value gain on investment properties	–	2,766
Others	892	559
	27,316	6,916

(a) Rent concessions received from lessors to which the Group applied the practical expedient under Amendments to SFRS(I) 16 *COVID-19 Related Rent Concessions*.

(b) Included grants funded by Singapore Government to help businesses deal with impact from COVID-19.

(c) Government grant expense relates to the property tax rebates and cash grants received from the Singapore Government that the Group is obliged to pass on the benefits to its tenants in the form of rental rebates during the year.

7. FINANCE COSTS

	Group	
	2020	2019
	$'000	$'000
Interest expense on bank loans and borrowings	35,718	58,071
Interest expense on loans from non-controlling interests	2,567	8,791
Interest expense on lease liabilities	4,045	1,507
Less: Interest expense capitalised in development properties (Note 18)	(2,323)	(9,479)
Interest expense capitalised in property, plant and equipment (Note 11)	(637)	–
	39,370	58,890

8. (LOSS)/PROFIT BEFORE TAX

The following items have been included in arriving at (loss)/profit before tax:

	Group	
	2020 $'000	2019 $'000
Audit fees paid to:		
- Auditor of the Company	563	430
- Other auditors	202	233
Non-audit fees paid to:		
- Auditor of the Company	12	27
- Network of member firms of the Auditor of the Company	8	29
Depreciation of property, plant and equipment	37,422	25,115
Amortisation of intangible assets (Note 13)	2,479	511
Employee benefits expense (Note 27)	89,207	73,563
Legal and professional fees	5,288	4,738
Net loss/(gain) from fair value adjustment of investment properties (Note 12)	11,043	(2,766)
Provision for onerous contract (Note 23)	7,163	1,000
Inventories recognised as an expense on cost of sales (Note 19)	10,466	19,804
Foreign exchange (gain)/loss, net	(4,087)	2,494
Fair value loss on investment security	2,347	–
Impairment loss on property, plant and equipment (Note 11)	5,304	4,123
Impairment loss on intangible assets (Note 13)	–	460
Impairment loss on financial assets		
- Trade receivables	159	–
- Other receivables	2,138	–
Property, plant and equipment written off (Note 11)	6,969	95
Loss on liquidation of an associate	–	3
Maintenance of property, plant and equipment	5,225	4,871
One-off non-productive COVID-19 related expenses included in construction cost of sales	20,831	–

9. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2020 and 2019 are:

	Group	
	2020	**2019**
	$'000	**$'000**
Consolidated income statement:		
Current income tax		
- current income taxation	1,210	5,532
- withholding tax	–	3
	1,210	5,535
Deferred income tax		
- origination and reversal of temporary differences	234	10,912
Overprovision in respect of previous years	(355)	(4,947)
Income tax expense recognised in profit or loss	1,089	11,500

Relationship between tax expense and (loss)/profit before tax

A reconciliation between tax expense and the product of (loss)/profit before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2020 and 2019 is as follows:

	Group	
	2020	**2019**
	$'000	**$'000**
(Loss)/Profit before tax	(77,401)	44,057
Share of results of associates and joint ventures, net of tax	1,480	(4,609)
(Loss)/Profit before tax and share of results of associates and joint ventures	(75,921)	39,448
Tax at the domestic rates applicable to profits in the countries where the Group operates	(14,239)	6,525
Adjustments:		
Non-deductible expenses	15,651	12,199
Income not subject to taxation	(5,767)	(3,100)
Benefits from previously unrecognised tax losses	(160)	(367)
Deferred tax assets not recognised	6,254	1,466
Effect of partial tax exemption and tax relief	(363)	(350)
Overprovision in respect of previous years	(355)	(4,947)
Withholding tax	–	3
Others	68	71
Income tax expense recognised in profit or loss	1,089	11,500

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

10. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share are calculated by dividing the (loss)/profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted (loss)/earnings per share are calculated by dividing (loss)/profit, net of tax, 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.

The following tables reflect the (loss)/profit attributable to owners of the Company and share data used in the computation of basic and diluted (loss)/earnings per share for the years ended 31 December:

	Group	
	2020	**2019**
	'000	**'000**
(Loss)/Profit, net of tax, attributable to owners of the Company used in the computation of basic and diluted (loss)/earnings per share ($)	(81,067)	33,320
Weighted average number of ordinary shares for basic (loss)/earnings per share computation	782,946	658,172
Effects of dilution on share options	–	6,170
Weighted average number of ordinary shares for diluted (loss)/earnings per share computation	782,946	664,342

Since the end of the financial year, 500,000 ordinary shares (2019: 500,000) were granted to and vested by an executive director pursuant to the Chip Eng Seng Performance Share Plan. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land $'000	Leasehold land $'000	Freehold and leasehold buildings $'000
Cost			
At 1 January 2019	22,727	163,906	186,613
Additions	–	–	65,167
Disposals	–	–	–
Written off	–	–	–
Arising from acquisition of subsidiaries (Note 14)	13,524	–	21,454
Exchange differences	(372)	(260)	(1,642)
At 31 December 2019 and 1 January 2020	35,879	163,646	271,592
Additions	–	59,481	39,316
Disposals	–	–	–
Written off	–	–	(5,090)
Transfer between accounts	–	–	(380)
Arising from acquisition of subsidiaries (Note 14)	–	–	37
Exchange differences	1,541	(1,694)	(1,110)
At 31 December 2020	37,420	221,433	304,365
Accumulated depreciation			
At 1 January 2019	–	14,986	12,941
Depreciation charge	–	2,568	12,178
Impairment loss	–	315	–
Disposals	–	–	–
Written off	–	–	–
Exchange differences	–	(10)	(127)
At 31 December 2019 and 1 January 2020	–	17,859	24,992
Depreciation charge	–	3,350	22,575
Impairment loss	–	1,627	2,991
Disposals	–	–	–
Written off	–	–	(292)
Exchange differences	–	(60)	(341)
At 31 December 2020	–	22,776	49,925
Net carrying amount			
At 31 December 2019	35,879	145,787	246,600
At 31 December 2020	37,420	198,657	254,440

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 29(a).

Container office, building and construction equipment $'000	Motor vehicles $'000	Computer and office equipment $'000	Furniture, fixture and fittings $'000	Total $'000
12,563	7,435	5,367	36,724	435,335
1,405	1,600	802	11,577	80,551
(706)	(1,419)	(9)	(53)	(2,187)
–	(715)	(357)	(1)	(1,073)
1,359	1,982	285	340	38,944
(5)	(14)	(24)	(550)	(2,867)
14,616	8,869	6,064	48,037	548,703
5,247	767	1,520	13,566	119,897
(874)	(884)	(28)	(76)	(1,862)
–	(407)	(169)	(4,407)	(10,073)
–	369	47	(36)	–
–	–	92	–	129
(27)	(33)	(19)	545	(797)
18,962	8,681	7,507	57,629	655,997
9,125	4,562	3,852	10,352	55,818
1,507	958	1,048	6,856	25,115
–	–	–	3,808	4,123
(706)	(1,353)	(6)	(31)	(2,096)
–	(620)	(357)	(1)	(978)
(3)	(7)	(18)	(179)	(344)
9,923	3,540	4,519	20,805	81,638
2,219	1,882	1,168	6,943	38,137
–	–	–	686	5,304
(874)	(806)	(16)	(47)	(1,743)
–	(149)	(146)	(2,517)	(3,104)
(19)	(11)	(11)	512	70
11,249	4,456	5,514	26,382	120,302
4,693	5,329	1,545	27,232	467,065
7,713	4,225	1,993	31,247	535,695

11. PROPERTY, PLANT AND EQUIPMENT – *Continued*

Company	Leasehold building $'000	Motor vehicles $'000	Computer and office equipment $'000	Furniture, fixture and fittings $'000	Total $'000
Cost					
At 1 January 2019	4,454	2,850	631	88	8,023
Additions	–	977	39	–	1,016
Disposals	–	(642)	–	(7)	(649)
Written off	–	(715)	–	–	(715)
At 31 December 2019 and 1 January 2020	4,454	2,470	670	81	7,675
Additions	–	538	89	87	714
Disposals	–	(420)	–	–	(420)
Written off	–	(407)	–	–	(407)
At 31 December 2020	4,454	2,181	759	168	7,562
Accumulated depreciation					
At 1 January 2019	–	1,678	420	33	2,131
Depreciation charge	1,898	406	115	15	2,434
Disposals	–	(576)	–	–	(576)
Written off	–	(620)	–	–	(620)
At 31 December 2019 and 1 January 2020	1,898	888	535	48	3,369
Depreciation charge	1,897	528	96	18	2,539
Disposals	–	(363)	–	–	(363)
Written off	–	(149)	–	–	(149)
At 31 December 2020	3,795	904	631	66	5,396
Net carrying amount					
At 31 December 2019	2,556	1,582	135	33	4,306
At 31 December 2020	659	1,277	128	102	2,166

Assets under construction

The Group's freehold and leasehold buildings included carrying amounts of $1,906,000 (2019: $4,332,000) which relates to expenditure for hotels under construction.

Assets pledged as security

The Group's freehold and leasehold land and buildings with a carrying amount of $323,382,000 (2019: $305,886,000) are mortgaged to secure bank borrowings.

Interest and depreciation capitalisation

During the financial year, interest expense on lease liabilities of $637,000 (2019: Nil) and depreciation of $715,000 (2019: Nil) were capitalised under 'Property, plant and equipment'.

11. PROPERTY, PLANT AND EQUIPMENT – *Continued*

Impairment of assets

The management undertook their annual review of the carrying value of property, plant and equipment for indication of impairment and, where appropriate, external valuations were also undertaken. Based on this assessment, an impairment charge of $5,304,000 (2019: $4,123,000) was recognised in the income statement.

The independent valuation reports have highlighted estimation uncertainty arising from the COVID-19 pandemic, a higher degree of caution should be exercised when relying upon the valuation. The valuations are based on the information available as at the date of valuation and values may change significantly and unexpectedly over a short period of time.

Valuation of completed freehold and leasehold land and buildings

As at 31 December, the completed freehold and leasehold land and buildings were appraised by professional valuers as follows:

	Group	
	2020	**2019**
	$'000	**$'000**
At valuation		
Freehold land and buildings	60,113	57,556
Leasehold land and buildings	521,599	531,690

The valuation surplus has not been incorporated in the financial statements.

For purposes of the consolidated cash flows statement, purchase of property, plant and equipment by cash flows comprise the following:

	Group	
	2020	**2019**
	$'000	**$'000**
Additions of property, plant and equipment	119,897	80,551
Less: Additions of right-of-use assets (Note 29(a))	(68,184)	(60,435)
Less: Interest expenses on lease liabilities capitalised	(637)	–
Less: Depreciation capitalised	(715)	–
Purchase of property, plant and equipment per consolidated cash flows statement	50,361	20,116

12. INVESTMENT PROPERTIES

	Group	
	2020 $'000	2019 $'000
At 1 January	305,528	250,617
Net (loss)/gain from fair value adjustments recognised in profit or loss (Note 8)	(11,043)	2,766
Additions (subsequent expenditure)	911	–
Transfer from development properties	–	52,458
Exchange differences	1,363	(313)
At 31 December	296,759	305,528
The following amounts are recognised in the income statement:		
Rental income (Note 4)	5,291	7,281
Direct operating expenses arising from rental generating properties	1,936	2,814

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

Properties pledged as securities

Certain investment properties amounting to $278,269,000 (2019: $288,258,000) are mortgaged to secure banking facilities.

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at balance sheet date. The valuations were performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, CBRE Pte Ltd, Savills Valuation and Professional Services (S) Pte Ltd, Knight Frank Pte Ltd and Jones Lang LaSalle Advisory Services Pty Limited, independent valuers with recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in Note 31(c)(i).

The independent valuation reports have highlighted estimation uncertainty arising from the COVID-19 pandemic, a higher degree of caution should be exercised when relying upon the valuation. The valuations are based on the information available as at the date of valuation and values may change significantly and unexpectedly over a short period of time.

Transfer from development properties

In 2019, the Group transferred the retail component of a development property to investment property. On the transfer date, the Group commenced to hold the retail component to earn rental or for capital appreciation, or both.

13. INTANGIBLE ASSETS

	Group						Company
	Club membership $'000	Intellectual property $'000	Order backlog $'000	Brands $'000	Goodwill $'000	Total $'000	Club membership $'000
Cost							
At 1 January 2019	749	3,070	–	5,602	9,836	19,257	623
Acquisition of subsidiaries, as previously reported (Note 14)	–	1,123	–	–	25,886	27,009	–
Adjustments arising from finalisation of purchase price allocation (Note 14)	–	–	7,500	–	(2,272)	5,228	–
Acquisition of subsidiaries, as restated (Note 14)	–	1,123	7,500	–	23,614	32,237	–
Disposals	(126)	–	–	–	–	(126)	–
Exchange differences	–	–	–	–	(18)	(18)	–
At 31 December 2019 and 1 January 2020	623	4,193	7,500	5,602	33,432	51,350	623
Acquisition of subsidiaries (Note 14)	–	–	2,359	–	2,075	4,434	–
Disposals	(33)	–	–	–	–	(33)	(33)
Exchange differences	–	–	–	–	75	75	–
At 31 December 2020	590	4,193	9,859	5,602	35,582	55,826	590
Accumulated amortisation and impairment							
At 1 January 2019	240	1,848	–	–	492	2,580	114
Amortisation for the year	62	449	–	–	–	511	62
Impairment loss	–	–	–	–	460	460	–
Disposal	(126)	–	–	–	–	(126)	–
Exchange differences	–	(11)	–	–	(11)	(22)	–
At 31 December 2019 and 1 January 2020	176	2,286	–	–	941	3,403	176
Amortisation for the year	62	503	1,914	–	–	2,479	62
Disposal	(11)	–	–	–	–	(11)	(11)
Exchange differences	–	–	–	–	75	75	–
At 31 December 2020	227	2,789	1,914	–	1,016	5,946	227
Net carrying amount							
At 31 December 2019 (restated)	447	1,907	7,500	5,602	32,491	47,947	447
At 31 December 2020	363	1,404	7,945	5,602	34,566	49,880	363

13. INTANGIBLE ASSETS – *Continued*

Brands

Brands relate to the "White Lodge" brands for the Group's education services that were acquired in business combinations. As explained in Note 2.9, the useful life of these brands is estimated to be indefinite.

Amortisation expense

The amortisation of club membership, intellectual property and order backlog are included in the "Administrative expenses" line item in the income statement. The remaining amortisation period ranges from 2 to 7 years (2019: 3 to 8 years).

Goodwill, intellectual property and order backlog from acquisitions of subsidiaries

Goodwill and order backlog arising from the construction business acquired on 30 December 2020 were provisionally determined as the Group is still in the midst of assessing the fair value of identified assets and liabilities acquired.

The goodwill, intellectual property and order backlog arising from the education and construction businesses acquired in last quarter of 2019 were provisionally determined as the final results of the independent valuation of the assets and liabilities acquired have not been determined by the independent valuer by the date the 2019 financial statements was authorised for issue. Following the completion of the final purchase price allocation in 2020, adjustments were made to the provisional fair values of the identifiable assets and liabilities in respect of the construction business previously recorded in 2019. The effect of the adjustments made during the 12 months period from acquisition date is set out under Note 14.

Impairment testing of goodwill and other intangible assets

Goodwill and other intangible assets acquired through business combinations have been allocated to the respective cash generating units ("CGU") for impairment testing.

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The weighted average cost of capital rate ("WACC") applied to the cash flow projections and the terminal yield rate used to extrapolate cash flow projections beyond the five-year period are as follows:

	Goodwill and other intangible assets		**WACC**		**Terminal growth rate**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
	$'000	**$'000 (restated)**	**%**	**%**	**%**	**%**
White Lodge	15,086	15,264	10.0	10.2	1.7	2.5
Invictus	8,962	9,287	14.1	14.1	1.5	1.5
CEM	6,480	6,480	13.3	13.3	–	2.0
SDC	14,555	16,469	8.4	8.4	–	–
BSWS	4,434	–	–	–	–	–

Impairment loss recognised

In 2019, an impairment loss was recognised to write-down the carrying amount of goodwill which were not recoverable through use. The impairment loss of $460,000 was recognised in the "Administrative expenses" line item in the income statement.

There was no impairment loss recognised in 2020.

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020	**2019**
	$'000	**$'000**
Shares, at cost	124,192	81,642

Details regarding subsidiaries are set out in Note 1.

The Company's contingent liabilities in respect of its investments in subsidiaries are disclosed in Note 30.

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

There are no subsidiaries with NCI that are material to the Group in 2020.

The Group has the following subsidiaries with NCI that are material to the Group in 2019.

Name of Subsidiary	**Principal place of business**	**Proportion of ownership interest held by NCI**	**(Loss)/Profit allocated to NCI during the reporting period**	**Accumulated NCI at the end of reporting period**	**Dividends paid to NCI**
		%	**$'000**	**$'000**	**$'000**
31 December 2019					
Fernvale Development Pte. Ltd.	Singapore	40	(1,267)	28,435	29,200
CEL Unique Pte. Ltd. and its subsidiaries	Singapore	40	1,745	(3,670)	–

14. INVESTMENTS IN SUBSIDIARIES – *Continued*

Summarised financial information about subsidiaries with material NCI

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interest is as follows:

	CEL Unique Pte. Ltd. and its subsidiaries 2019 $'000	Fernvale Development Pte. Ltd. 2019 $'000
Summarised balance sheets		
Current		
Assets	705,267	120,157
Liabilities	(26,297)	(37,240)
Net current assets	678,970	82,917
Non-current		
Assets	2,701	–
Liabilities	(690,846)	(11,830)
Net non-current liabilities	(688,145)	(11,830)
Net (liabilities)/assets	(9,175)	71,087
Summarised statement of comprehensive income		
Revenue	362,962	45,011
Profit/(Loss) before tax	5,258	(3,819)
Income tax (expense)/credit	(895)	651
Profit/(Loss) after tax and total comprehensive income	4,363	(3,168)
Other summarised information		
Net cash flows generated from operating activities	60,773	414,456
Net cash flows used in financing activities	(72,000)	(391,000)

14. INVESTMENTS IN SUBSIDIARIES – *Continued*

Acquisitions of subsidiaries

Acquisition in 2020

On 30 December 2020, the Group acquired 100% equity interest in Boustead Salcon Water Solutions Pte. Ltd. ("BSWS").

BSWS is a fully integrated engineering, procurement, construction and maintenance contractor. The acquisition presents an opportunity for the Group to extend the footprint of its existing civil infrastructure business to include design, engineering, supply and commissioning of water and wastewater treatment technologies and solutions. In addition, BSWS is qualified to tender for public sector contracts in Singapore with unlimited tender sums.

The provisional fair values of the identifiable assets and liabilities of BSWS as at the acquisition date were:

	Fair value recognised on acquisition $'000
Property, plant and equipment	129
Intangible assets	2,359
Investment in joint venture	252
Trade and other receivables	5,613
Contract assets	5,666
Cash and cash equivalents	7,223
	21,242
Trade and other payables	(3,059)
Contract liabilities	(12,331)
Other liabilities	(610)
Lease liabilities	(37)
	(16,037)
Total identifiable net assets at fair value	5,205
Goodwill arising from acquisition	2,075
Total consideration paid in cash	7,280
Effect of the acquisition of subsidiary on cash flows	
Total consideration paid in cash	7,280
Less: Cash and cash equivalents of subsidiary acquired	(7,223)
Net cash outflow on acquisition	57

14. INVESTMENTS IN SUBSIDIARIES – *Continued*

Acquisitions of subsidiaries – *Continued*

Acquisition in 2020 – *Continued*

Goodwill arising from acquisition

The goodwill of $2,075,000 comprises the value of expected synergy and opportunity arising from the acquisition. None of the goodwill recognised is expected to be deductible for income tax purposes.

Impact of the acquisition on profit or loss

As the acquisition was completed on 30 December 2020, there was no contribution from BSWS to the Group's results for the year. If the acquisition had taken place at the beginning of the year, BSWS would have contributed revenue of $16,030,000 and net loss of $1,182,000 to the Group's results.

Provisional accounting of the acquisition of subsidiary

Goodwill and order backlog have been provisionally identified as intangible assets arising from the acquisition. The fair values of the assets and liabilities have been determined on a provisional basis as the final results of the independent valuations have not been received by the date the financial statements was authorised for issue. Upon finalisation of the purchase price allocation exercises, adjustments may be made on a retrospective basis.

Acquisition of additional interest in subsidiary in 2020

During the financial year, the Group increased its equity interest in Invictus International School Pte. Ltd. ("Invictus") via subscription of shares amounting to $25,290,000 and acquisition of shares from non-controlling interest for a purchase consideration of $3,000,000. As a result, the Group's effective interest in Invictus increased to 92.65% from 55.4%.

Following is a reconciliation of how the interest in Invictus acquired has been accounted for:

	$'000
Consideration paid to non-controlling shareholders	3,000
Carrying value of the net liabilities attributable to additional interest in Invictus	3,901
Difference recognised in other reserves	6,901

14. INVESTMENTS IN SUBSIDIARIES – *Continued*

Acquisitions of subsidiaries – *Continued*

Acquisitions in 2019

On 12 April 2019, the Group's 70%-owned subsidiary, White Lodge Education Group Services Pte. Ltd. ("WL") acquired a 64.64% equity interest in Invictus, an education service provider. Upon acquisition, Invictus became a 45.25% subsidiary of the Group.

Acquisition of additional interest in Invictus in 2019

Subsequent to the acquisition, the Group through its subsidiary, CES WL Pte. Ltd., increased another 10.15% equity interest in Invictus for a purchase consideration of $2,540,000. As a result, Invictus became a 55.4% subsidiary of the Group.

The carrying value of the net assets of Invictus (excluding goodwill on the original acquisition) was $6,118,000. Following is a schedule of additional interest acquired in Invictus:

	$'000
Consideration paid to non-controlling shareholders	2,540
Carrying value of the additional interest in Invictus	(621)
Difference recognised in other reserves	1,919

The Group has acquired Invictus to bring synergy to the WL's operations and expansion plans. In particular, Invictus presents a ready opportunity for expansion into the international primary school education segment.

On 12 December 2019, the Group acquired a 100% equity interest in CES Education (Malaysia) Pte. Ltd. ("CEM"), an education service provider. Upon acquisition, CEM became a wholly-owned subsidiary of the Group.

On 12 December 2019, the Group acquired a 100% equity interest in CES_SDC Pte. Ltd. ("SDC"), which is principally engaged in the building construction and construction project management businesses.

The Group has elected to measure the above non-controlling interests at the non-controlling interest's proportionate share of net identifiable assets of the respective subsidiaries.

14. INVESTMENTS IN SUBSIDIARIES – *Continued*

Acquisitions of subsidiaries – *Continued*

Acquisitions in 2019 – *Continued*

For the subsidiaries acquired in 2019, the fair values of the assets and liabilities have been determined on a provisional basis as the final results of the independent valuations have not been received by the date the financial statements ended 31 December 2019 was authorised for issue. Following the completion of the final purchase price allocation in 2020, adjustments were made to the provisional fair values of the identifiable assets and liabilities of SDC previously recorded in 2019. The effect of the adjustments made during the 12 months period from acquisition date is set out below:

	Fair value recognised on acquisition (provisional) 2019 $'000	Adjustments $'000	Fair value recognised on acquisition (restated) 2019 $'000
Intangible assets	–	7,500	7,500
Contract assets	9,520	(3,953)	5,567
Deferred tax liabilities	(38)	(1,275)	(1,313)
Other assets and liabilities	29,349	–	29,349
Total identifiable net assets at fair value	38,831	2,272	41,103
Goodwill arising from acquisition	11,241	(2,272)	8,969
Total consideration paid in cash	50,072	–	50,072

Purchase price adjustments in respect of SDC have been applied retrospectively in accordance with SFRS(I) 3 *Business Combinations*, as these adjustments, which relate to balance sheet effects, are considered material to the Group. As the difference between the provisional and finalised fair values of Invictus and CEM were not material, the comparative figures in respect of these subsidiaries have not been adjusted.

14. INVESTMENTS IN SUBSIDIARIES – *Continued*

Acquisitions of subsidiaries – *Continued*

Acquisitions in 2019 – *Continued*

	Fair value recognised on acquisition		
	Invictus and CEM	**SDC**	**Total**
	$'000	**$'000 (restated)**	**$'000 (restated)**
Property, plant and equipment	32,477	6,467	38,944
Intangible assets	1,123	7,500	8,623
Trade and other receivables	1,762	21,790	23,552
Contract assets	–	5,567	5,567
Tax recoverable	5	–	5
Inventories	3	–	3
Cash and cash equivalents	9,993	68,571	78,564
	45,363	109,895	155,258
Trade and other payables	(4,965)	(19,930)	(24,895)
Other liabilities	–	(42,026)	(42,026)
Income tax payable	–	(4,937)	(4,937)
Loans and borrowings	(9,823)	–	(9,823)
Lease liabilities	(2,543)	(586)	(3,129)
Deferred tax liabilities	(2,548)	(1,313)	(3,861)
	(19,879)	(68,792)	(88,671)
Total identifiable net assets at fair value	25,484	41,103	66,587
Non-controlling interest's proportionate share of subsidiaries' identifiable net assets	(2,658)	–	(2,658)
Non-cash consideration	(3,539)	–	(3,539)
Goodwill arising from acquisitions	14,645	8,969	23,614
Total consideration paid in cash	33,932	50,072	84,004
Effect of the acquisitions of subsidiaries on cash flows			
Total consideration paid in cash	33,932	50,072	84,004
Less: Cash and cash equivalents of subsidiaries acquired	(9,993)	(68,571)	(78,564)
Net cash outflow/(inflow) on acquisitions	23,939	(18,499)	5,440

14. INVESTMENTS IN SUBSIDIARIES – *Continued*

Acquisitions of subsidiaries – *Continued*

Acquisitions in 2019 – *Continued*

Goodwill arising from acquisitions

The goodwill of $23,614,000 comprise the value of expected synergies and opportunities arising from the acquisitions. $14,645,000 and $8,969,000 are allocated to the education segment and construction segment respectively.

Impact of the acquisitions on profit or loss

From the acquisition dates of respective subsidiaries, the subsidiaries have contributed $7,378,000 of revenue and $5,302,000 of net loss to the Group's results in the year of acquisitions. If the business combinations had taken place at the beginning of the year of acquisitions, the subsidiaries would have contributed revenue of $101,469,000 and net loss of $138,000 to the Group's results.

15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

	Note	Group		Company	
		2020	2019	2020	2019
		$'000	$'000	$'000	$'000
Investments in joint ventures	(a)	32,921	26,687	–	–
Investments in associates	(b)	6,352	6,084	650	650
		39,273	32,771	650	650

(a) Investments in joint ventures

Set out below are joint ventures that are material to the Group.

The Group has a 50% interest in the ownership and voting rights in a joint venture, Roxy-CES (NZ) Limited ("Roxy-CES") that is held through a subsidiary. This joint venture is incorporated in New Zealand and is a strategic venture in the business of property investment.

The Group has a 35% interest in Zeus EduTech Group (Cayman) and its subsidiaries ("Zeus Group"), whose principal business is education software, online K-12 education, education training and consulting services.

15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES – *Continued*

(a) Investments in joint ventures – *Continued*

The following table illustrates the summarised financial information of the Group's investment in Roxy-CES and Zeus Group:

	2020		2019
	Roxy-CES	**Zeus Group**	**Zeus Group**
	$'000	**$'000**	**$'000**
Current assets[1]	12,427	10,517	14,073
Non-current assets	198,202	443	3,723
Current liabilities[2]	(31,565)	(9,167)	(266)
Non-current liabilities[3]	(155,427)	(103)	(880)
Equity	23,637	1,690	16,650
Group's share	50%	35%	35%
Group's carrying amount of the investment	11,819	592	5,828
Add: Goodwill	–	9,539	9,014
Carrying value of Group's interest in joint ventures	11,819	10,131	14,842
Revenue	12,533	8,218	6,248
Interest income	69	5	–
Interest expense	3,218	249	220
Income tax expense	3,834	32	–
Net profit/(loss)	9,301	(13,263)	3,023
Other comprehensive income	–	224	(243)
Total comprehensive income	9,301	(13,039)	2,780
[1] Includes cash and cash equivalents	10,223	894	3,466
[2] Includes financial liabilities (excluding trade payables)	31,246	8,897	–
[3] Includes financial liabilities (excluding trade payables)	137,298	–	880

The following table summarises in aggregate, the carrying amount of Group's interest in all individually immaterial joint ventures and Group's share of profit and total comprehensive income of the Group's individually immaterial joint ventures accounted for using the equity method:

	Group	
	2020	**2019**
	$'000	**$'000**
Carrying value of individually immaterial joint ventures	10,971	11,845
(Loss)/Profit after tax and total comprehensive income	(1,566)	3,008

Details regarding joint ventures are set out in Note 1.

15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES – *Continued*

(b) Investments in associates

There are no associates which are material to the Group.

The following table summarises in aggregate, the Group's share of profit and total comprehensive income of the Group's individually immaterial associates accounted for using the equity method:

	Group	
	2020	**2019**
	$'000	**$'000**
Profit after tax	78	543
Other comprehensive income	178	–
Total comprehensive income	256	543

Details regarding associates are set out in Note 1.

16. JOINT OPERATIONS

The Group has a 50% and 40% equity interest in the ownership and voting rights in joint operations, Sinohydro - CES_SDC Joint Venture and Hock Lian Seng - CES_SDC JV respectively that are held through a subsidiary, CES_SDC Pte. Ltd.

All joint operations are incorporated in Singapore and are strategic ventures of the business. The Group controls the joint operations with the other partner under the contractual agreements which provide the Group with rights to assets and obligations for the liabilities relating to the joint operations.

Details regarding the joint operations are set out in Note 1.

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Current:				
Trade receivables	47,023	34,097	–	–
Accrued receivables	321,971	89,092	–	–
Deposits	6,892	7,621	255	3
Recoverables	5,338	10,406	–	10
GST receivables	3,952	2,024	–	–
Loan to investee company	21,567	21,987	–	–
Amounts due from subsidiaries, trade	–	–	86,157	16,268
Amount due from associate, non-trade	9,000	9,000	–	–
Amount due from joint venture, non-trade	646	–	–	–
Amounts due from related parties, trade	90	469	–	–
Others	2,762	1,640	–	110
	419,241	176,336	86,412	16,391
Non-current:				
Amounts due from subsidiaries, non-trade	–	–	349,813	346,605
Less: Allowance for impairment loss	–	–	(60,228)	–
Amount due from associate, non-trade	197	197	–	–
Amounts due from joint venture, non-trade	29,493	28,036	–	–
Other receivables	3,282	4,373	125	–
	32,972	32,606	289,710	346,605
Total trade and other receivables (excluding GST receivables)	448,261	206,918	376,122	362,996
Add: Cash and short-term deposits (Note 20)	374,040	378,487	4,439	57,729
Total financial assets carried at amortised cost	822,301	585,405	380,561	420,725

Trade and other receivables denominated in foreign currencies at 31 December are as follows:

	Group	
	2020	2019
	$'000	$'000
Vietnamese Dong	9,000	9,000
US Dollar	5,053	4,259
New Zealand Dollar	29,493	28,036
Renminbi	197	197

Trade receivables and amount due from subsidiaries and related parties, trade (current)

These amounts are non-interest bearing and are generally on 14 to 90 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Deposits

Included in the deposits are rental deposits amounting to $1,486,000 (2019: $4,589,000) and deposits paid for building and construction equipment amounting to $1,824,000 (2019: $1,685,000).

17. TRADE AND OTHER RECEIVABLES – *Continued*

Recoverables

Recoverables relate mainly to payment made on behalf of suppliers and advances to sub-contractors.

Loan to investee company

The loan is extended from the Company's subsidiary, Viet Investment Link Joint Stock Company ("VietLink") to Giai Loi Investment Joint Stock Company ("GL") pursuant to a loan agreement with the intention to acquire a 60% stake of a proposed investment in a real estate development project known as "Soai Kinh Lan Apartment – Commercial Center". The loan is secured by certain assets of the owner of GL.

The principal amount of the loan, together with any accrued interest, is payable within six months from the date on which the loan is drawn down. The loan is interest-free until the Company or its nominated purchaser is a shareholder of GL, upon which, interest will apply to the loan with reference to the market rate at that time. Pursuant to the loan arrangement, GL is obliged to repay the loan, together with any accrued interest, in full or in part within three business days of receipt of a payment notice from VietLink.

Amounts due from joint venture and associate, non-trade (current)

These amounts are unsecured, non-interest bearing and are repayable on demand. All amounts are to be settled in cash.

Amounts due from subsidiaries, non-trade (non-current)

These amounts are unsecured and bear interest at varying rates from 3.30% to 3.84% per annum (2019: $346,605,000 at varying rates from 2.81% to 4.84% per annum). The amounts have no fixed repayment terms and are repayable only upon demand by holding company.

Amounts due from joint venture and associate, non-trade (non-current)

These amounts are unsecured, non-interest bearing and are not expected to be repaid within the next twelve months. All amounts are to be settled in cash.

Other receivables (non-current)

These amounts are unsecured and non-interest bearing, except for loans amounting to $3,897,000 (2019: $3,897,000) at fixed rate of 7% (2019: 7%) per annum. The amounts are not expected to be repaid within the next twelve months. During the year, fair value loss of $2,347,000 and impairment loss of $2,138,000 have been recognised for the convertible loan and unsecured loan respectively included under 'Other receivables'.

Expected credit losses

The movement in allowance for expected credit losses of trade receivables of the Group and amount due from subsidiary of the Company computed based on lifetime ECL are as follows:

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Movement in allowance accounts:				
At 1 January	130	2,571	–	–
Charge for the year	159	–	60,228	–
Written off	(132)	(2,437)	–	–
Exchange differences	4	(4)	–	–
At 31 December	161	130	60,228	–

18. DEVELOPMENT PROPERTIES

	Group	
	2020	2019
	$'000	$'000
Properties under development, units for which revenue is recognised over time		
Land and land related cost	879,770	1,164,808
Development costs	103,444	108,979
	983,214	1,273,787
Properties under development, units for which revenue is recognised at a point in time		
Land and land related cost	90,929	77,855
Development costs	20,038	21,582
	110,967	99,437
Total development properties	1,094,181	1,373,224

	Group	
	2020	2019
	$'000	$'000
Development properties recognised as an expense in cost of sales	386,629	607,852

Included in development properties are land costs and borrowing costs that are attributable to the sold units, which are capitalised. These costs are expected to be recoverable and are amortised to profit or loss on a systemic basis as the Group recognises the related revenue.

The amount of fulfilment costs recognised in profit or loss is disclosed in Note 4(d).

During the financial year, borrowing costs of $2,323,000 (2019: $9,479,000) arising from borrowings obtained specifically for the development properties were capitalised under "Development cost". Interest rate for borrowing costs capitalised during the year range from 1.28% to 2.54% (2019: 2.32% to 2.92%) per annum.

The development properties are subject to legal mortgages for the purpose of securing bank loans (Note 21).

19. INVENTORIES

	Group	
	2020	2019
	$'000	$'000
Raw materials (at cost)	659	599
Finished goods (at cost or net realisable value)	1,405	1,285
Hotel supplies (at cost)	787	954
	2,851	2,838
Income statement: Inventories recognised as an expense in cost of sales	10,466	19,804

20. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Cash at banks and on hand	156,253	121,537	4,141	6,726
Short-term deposits	37,878	116,156	298	51,003
Project account – Cash at bank	52,015	15,918	–	–
Project account – Short-term deposits	127,894	124,876	–	–
	374,040	378,487	4,439	57,729

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 1 day and 12 months (2019: 1 day and 12 months), depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short term deposit rates. The interest rates for the year ended 31 December 2020 for the Group and the Company range from 0.02% to 1.74% (2019: 0.1% to 2.25%) per annum and from 0.05% to 1.55% (2019: 0.1% to 2.18%) per annum respectively.

As at 31 December 2020, the Group has a total balance of $179,909,000 (2019: $140,794,000) held under the Housing Developers (Project Account) Rules in Singapore and the use of which is also governed by these rules.

Cash and short-term deposits denominated in foreign currency at 31 December are as follows:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Australian Dollar	548	504	276	255
US Dollar	5,196	16,946	30	16,758
Vietnamese Dong	53	55	50	51
United Arab Emirates Dirham	214	–	–	–

The Group has pledged a part of its short-term deposits to fulfil collateral requirements.

For purposes of the consolidated cash flows statement, cash and cash equivalents comprise the following:

	Group	
	2020	2019
	$'000	$'000
Cash and short-term deposits (as above)	374,040	378,487
Less: short-term deposits pledged	(4,256)	(4,256)
Cash and cash equivalents per consolidated cash flows statement	369,784	374,231

21. LOANS AND BORROWINGS

	Maturity	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Current:					
Secured bank loans	2021	183,608	231,880	–	–
Unsecured bank loan	2021	1,000	–	–	–
Unsecured term notes	2021	13,000	–	13,000	–
		197,608	231,880	13,000	–
Non-current:					
Secured bank loans	2022 to 2040	1,470,872	1,428,214	–	–
Unsecured bank loan	2025	4,000	–	–	–
Unsecured term notes	–	–	13,000	–	13,000
Unsecured term notes	2022	25,250	25,250	25,250	25,250
Unsecured term notes	2022	100,000	100,000	–	–
		1,600,122	1,566,464	25,250	38,250
Total loans and borrowings		1,797,730	1,798,344	38,250	38,250

Secured bank loans

The Group's bank loans are denominated in Singapore Dollar, Malaysian Ringgit and US Dollar. For the year ended 31 December 2020, the bank loans bear interest at varying rates from 0.95% to 5.15% (2019: 2.32% to 5.15%) per annum.

The bank loans are secured by:

(a) legal mortgage on the school campus (Note 11), hotels (Note 11), precast yard (Note 11), investment properties (Note 12) and development properties (Note 18);
(b) assignment of sale and rental proceeds, present and future tenancy and sales agreements;
(c) assignment of construction contracts, performance bonds and fire insurance policies;
(d) subordination of shareholder's loan;
(e) fixed and floating charge on all the assets of the hotel;
(f) assignment of building agreements;
(g) assignment of dividends to be received;
(h) charge of bank accounts with the banker; and
(i) corporate guarantee from the Company.

21. LOANS AND BORROWINGS – *Continued*

Unsecured term notes

On 14 June 2016, the Company issued $120,000,000 of notes under the $500,000,000 Multicurrency Debt Issuance Programme (the "Programme"). These notes which are unsecured, bear interest at a fixed rate of 4.75% per annum, payable semi-annually in arrear and will mature in June 2021.

On 8 May 2017, the Company issued a Supplementary Deed of Covenant to increase the Programme limit from $500,000,000 to $750,000,000.

On 19 May 2017, the Company issued $125,000,000 of notes under the Programme. These notes which are unsecured, bear interest at a fixed rate of 4.90% per annum, payable semi-annually in arrear and will mature in May 2022.

On 11 December 2018, the Company redeemed $206,750,000 of the notes under the Programme.

On 15 March 2019, the Company's wholly-owned subsidiary, CES Treasury Pte. Ltd., issued $100,000,000 of notes under the Programme. These notes which are unsecured, bear interest at a fixed rate of 6.00% per annum, payable semi-annually in arrear and will mature in March 2022.

A reconciliation of liabilities arising from financing activities is as follows:

	Loans and term notes		Lease liabilities (Note 29)	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	1,798,344	1,811,133	74,097	15,296
Cash flows	407	(21,890)	(25,631)	(5,749)
Non-cash changes:				
- New leases	–	–	68,184	60,435
- Accretion of interest	–	–	4,045	1,507
- Rent concession	–	–	(1,062)	–
- Acquisition of subsidiary	–	9,823	37	3,129
- Foreign exchange movement	(1,021)	(722)	(1,921)	(521)
At 31 December	1,797,730	1,798,344	117,749	74,097

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Current:				
Trade payables	60,213	61,911	159	99
Other payables	25,277	21,856	67	–
Amounts due to subsidiaries, non-trade	–	–	27,769	14,000
Amount due to non-controlling interest, trade	5,211	1,199	–	–
Amount due to related parties, trade	29	–	–	–
Amount due to related parties, non-trade	101	–	–	–
GST payables	1,059	2,759	50	153
	91,890	87,725	28,045	14,252
Non-current:				
Trade payables	17,377	29,186	–	–
Amounts due to subsidiaries, non-trade	–	–	253,243	252,140
Amount due to non-controlling interest, non-trade	141,894	137,096	–	–
	159,271	166,282	253,243	252,140
Trade and other payables (excluding GST payables)	250,102	251,248	281,238	266,239
Add:				
- Other liabilities (excluding lease liabilities) (Note 23)	117,890	93,608	1,635	3,593
- Loans and borrowings (Note 21)	1,797,730	1,798,344	38,250	38,250
Total financial liabilities carried at amortised cost	2,165,722	2,143,200	321,123	308,082

Trade payables includes $455,000 denominated in USD as at 31 December 2020.

Trade payables, amounts due to subsidiaries, non-trade, amount due to related parties and amount due to non-controlling interest, trade (current)

The amounts are non-interest bearing, except for amounts due to subsidiaries of $25,250,000 in 2020 (2019: $14,000,000) which bears interest from 0.05% to 2.10% (2019: 1.63% to 1.75%) per annum. These amounts are normally settled on 30 to 90 days terms.

Amounts due to subsidiaries, non-trade and amount due to non-controlling interest, non-trade (non-current)

The amounts are unsecured and bear interest from 1.08% to 6.30% (2019: 1.63% to 6.30%) per annum. The amounts are to be settled in cash.

23. PROVISION AND OTHER LIABILITIES

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Current:				
Accrued project costs and operating expenses	110,785	87,530	1,635	3,593
Provision for onerous contracts	7,030	6,022	–	–
Lease liabilities	10,774	9,344	373	1,914
	128,589	102,896	2,008	5,507
Non-current:				
Accrued project costs and operating expenses	75	56	–	–
Lease liabilities	106,975	64,753	293	667
	107,050	64,809	293	667
Total provision and other liabilities	235,639	167,705	2,301	6,174

	Group	
	2020	2019
	$'000	$'000
Movement in provision for onerous contracts:		
At 1 January	6,022	11,795
Arose during the financial year	7,163	1,000
Acquisition of subsidiary	355	–
Utilised	(6,510)	(6,773)
At 31 December	7,030	6,022

Provision for onerous contracts is made when it is assessed that the costs to fulfil the performance obligation is unavoidable for loss-making contracts. It is expected that these costs will be incurred in the next financial year.

24. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities as at 31 December relate to the following:

	Group				Company	
	Consolidated Balance Sheet		Consolidated Income Statement		Balance Sheet	
	2020 $'000	2019 $'000 (restated)	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Deferred tax assets						
Unutilised tax losses	5,672	7,761	(1,444)	(1,805)	–	–
Deferred tax liabilities						
Differences in depreciation for tax purpose	(5,357)	(5,490)	(135)	1,367	(16)	–
Fair value adjustments on acquisition of subsidiary	(3,312)	(3,637)	(325)	–	–	–
Deferred tax liabilities on development properties	(17,547)	(26,837)	2,138	11,350	–	–
	(26,216)	(35,964)			(16)	–
Deferred tax expenses			234	10,912		

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses and allowances of approximately $96,334,000 (2019: $60,560,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses do not expire under current tax legislation.

25. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Group and Company			
	2020		2019	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares				
At 1 January	824,019	175,978	667,515	79,691
Issuance of shares	–	–	156,504	98,597
Transaction costs on issuance of shares	–	–	–	(2,310)
At 31 December	824,019	175,978	824,019	175,978

The holders of ordinary shares (except treasury 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 18 October 2019, the Company issued 156,503,515 ordinary shares pursuant to the Rights Issue approved by the Shareholders on 13 September 2019 at an exercise price of $0.63 per share.

25. SHARE CAPITAL AND TREASURY SHARES – *Continued*

(b) Treasury shares

	Group and Company			
	2020		2019	
	No. of shares '000	$'000	No. of shares '000	$'000
At 1 January	(41,501)	(30,034)	(41,501)	(30,034)
Reissued pursuant to Chip Eng Seng Performance Share Plan	500	362	–	–
Share buyback	(93)	(47)	–	–
At 31 December	(41,094)	(29,719)	(41,501)	(30,034)

Treasury shares relate to ordinary shares of the Company that are held by the Company.

On 6 January 2020, the Company reissued 500,000 treasury shares at $0.625 per share upon vesting of shares granted pursuant to the Chip Eng Seng Performance Share Plan.

On 22 April 2020, the Company bought back 92,800 shares at $0.50 per share.

26. OTHER RESERVES

	Note	Group		Company	
		2020 $'000	2019 $'000	2020 $'000	2019 $'000
Foreign currency translation reserve	(a)	(5,850)	(14,891)	–	–
Capital reserve	(b)	674	674	–	–
Asset revaluation reserve	(c)	2,789	2,611	–	–
Treasury shares reserve	(d)	(917)	(868)	(917)	(868)
Share-based compensation reserve	(e)	5,877	4,973	5,877	4,973
Other reserve	(f)	(8,820)	(1,919)	–	–
		(6,247)	(9,420)	4,960	4,105

26. OTHER RESERVES – *Continued*

(a) Foreign currency translation reserve

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.

	Group	
	2020 $'000	2019 $'000
At 1 January	(14,891)	(12,453)
Net effect of exchange difference arising from translation of financial statements of foreign operations	8,657	(2,347)
Share of other comprehensive income of associates and joint ventures	384	(91)
At 31 December	(5,850)	(14,891)

(b) Capital reserve

	Group	
	2020 $'000	2019 $'000
At beginning and end of the year	674	674

(c) Asset revaluation reserve

This represents the Group's share in fair value reserve of leasehold land and building of an associate.

	Group	
	2020 $'000	2019 $'000
At 1 January	2,611	2,611
Share of other comprehensive income of an associate	178	–
At 31 December	2,789	2,611

26. OTHER RESERVES – *Continued*

(d) Treasury shares reserve

This represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

	Group and Company	
	2020	2019
	$'000	$'000
At 1 January	(868)	(868)
Treasury shares reissued pursuant to Chip Eng Seng Performance Share Plan	(49)	–
At 31 December	(917)	(868)

(e) Share-based compensation reserve

Share-based compensation reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative fair value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

	Group and Company	
	2020	2019
	$'000	$'000
At 1 January	4,973	4,261
Fair value of employee services rendered during the year	1,217	712
Treasury shares reissued pursuant to employee share option scheme	(313)	–
At 31 December	5,877	4,973

(f) Other reserve

Other reserve represents the difference between the change in carrying amount of non-controlling interest acquired and the fair value of the consideration paid.

	Group	
	2020	2019
	$'000	$'000
At 1 January	(1,919)	–
Acquisition of non-controlling interest	(2,037)	(1,919)
Capital contribution to non-wholly owned subsidiary*	(4,864)	–
At 31 December	(8,820)	(1,919)

*This arises as the non-controlling interests did not contribute its share of capital contribution.

27. EMPLOYEE BENEFITS EXPENSE

	Group	
	2020	2019
	$'000	$'000
Employee benefits expense (including directors):		
Salaries and bonuses	75,459	60,190
Central Provident Fund contributions	7,314	7,406
Share-based compensation expenses	1,217	712
Other short term benefits	5,217	5,255
	89,207	73,563

Chip Eng Seng Employee Share Option Scheme 2013

The Chip Eng Seng Employee Share Option Scheme 2013 ("ESOS") was approved by the shareholders at the Extraordinary General Meeting of the Company held on 25 April 2013. Under the terms of the ESOS, options to subscribe for the Company's ordinary shares may be granted to employees (including executive directors) and non-executive directors of the Group and the associated companies over which the Company has control. The schemes are administered by the Remuneration Committee.

Options granted shall not exceed 15% of the total issued shares (excluding treasury shares) on the day immediately preceding the offer date of the ESOS. The exercise price of the granted options was determined based on the average of the last business done prices of the Company for five market days immediately preceding the date of grant of the option. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. The vesting period is 2 years for options granted at a discounted exercise price, and 1 year for options granted without discount. The share options expire in stages before the eighth anniversary from the date of grant.

On 3 June 2016, options were granted pursuant to the ESOS to an executive director of the Company to subscribe for 40,000,000 ordinary shares in the Company at the discounted exercise price of $0.55 per ordinary share.

On 9 April 2019, options were granted pursuant to the ESOS to two executive directors of the Company to subscribe for 15,000,000 ordinary shares in the Company at the discounted exercise price of $0.76 per ordinary share.

Movements in the number of unissued ordinary shares under the ESOS and their exercise prices are as follows:

	2020		2019	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at 1 January	50,000,000	0.61	35,000,000	0.55
Granted during the year	–	–	15,000,000	0.76
Outstanding at 31 December	50,000,000	0.61	50,000,000	0.61

The range of exercise prices for the options outstanding at the end of the year was $0.55 to $0.76 (2019: $0.55 to $0.76). The weighted average remaining contractual life of these options is 3.2 years (2019: 4.2 years).

<u>Fair value of share options granted</u>

The fair value of share options granted in 2019 was $0.123, estimated at date of grant using the binomial option pricing model, taking into account the terms and conditions upon which the share options were granted. The significant inputs into the model were share price of $0.80 at the date of grant, exercise price of $0.76, expected dividend yield of 5.00%, the expected weighted average life of 4 years and annual weighted average risk-free interest rate of 1.91%. The expected weighted average volatility of 23.87% based on historical volatility of the Company's share price over a period similar to the expected life of the options is indicative of future trends, which may not necessarily be the actual outcome.

There were no share options granted in 2020.

28. 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 significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2020	**2019**
	$'000	**$'000**
Management and other fees from associates	54	10
Contract of services paid to a director of the Company	605	–
Sale of development property to a family member of a director of the Company	1,202	–
Rental of premise from director of a subsidiary	98	98

(b) Compensation of key management personnel

	Group	
	2020	**2019**
	$'000	**$'000**
Short-term employee benefits	8,102	7,070
Central Provident Fund contributions	230	103
Share-based compensation expenses	1,217	712
Other short-term benefits	175	116
	9,724	8,001
Comprise amounts paid to:		
- Directors of the Company	3,867	4,733
- Other key management personnel	5,857	3,268
	9,724	8,001

(c) Others

	Group	
	2020	**2019**
	$'000	**$'000**
Interests on fixed rate notes paid/payable to directors/ key management personnel of the Company	2,003	1,523

29. LEASES

(a) Group as a lessee

The Group has entered into industrial property lease on a pre-cast yard, land lease for Maldivian lagoons and various commercial property leases. The leases generally have lease terms between 2 and 5 years (2019: 3 and 5 years) except for the leases for the lagoons which have lease term of 45 to 46 years (2019: 45 years). Generally, the Group is restricted from subleasing the leased assets.

The Group also has certain leases with lease terms of 12 months or less and lease of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movement during the period:

	Leasehold land $'000	Leasehold buildings $'000	Total $'000
Group			
As at 1 January 2020	10,275	61,332	71,607
Acquisition of subsidiary	–	37	37
Additions	33,390	34,794	68,184
Exchange differences	(1,481)	(645)	(2,126)
Depreciation expense	(954)	(15,196)	(16,150)
Impairment loss	–	(413)	(413)
As at 31 December 2020	41,230	79,909	121,139
As at 1 January 2019	10,644	4,652	15,296
Acquisition of subsidiary	–	3,071	3,071
Additions	–	60,435	60,435
Exchange differences	(131)	(382)	(513)
Depreciation expense	(238)	(6,444)	(6,682)
As at 31 December 2019	10,275	61,332	71,607

29. LEASES – *Continued*

(a) Group as a lessee – *Continued*

Set out below are the carrying amounts of liabilities (included under other liabilities) and the movement during the period:

	Group	
	2020	**2019**
	$'000	**$'000**
As at beginning of the year	74,097	15,296
Acquisition of subsidiary	37	3,129
Additions	68,184	60,435
Exchange differences	(1,921)	(521)
Accretion of interest	4,045	1,507
Rent concessions	(1,062)	–
Payments	(25,631)	(5,749)
As at end of the year	117,749	74,097
Current (Note 23)	10,774	9,344
Non-current (Note 23)	106,975	64,753

The maturity analysis of lease liabilities are disclosed in Note 32(b).

The following are the amounts recognised in income statement:

	Group	
	2020	**2019**
	$'000	**$'000**
Depreciation expense of right-of-use assets	16,150	6,682
Interest expenses on lease liabilities	3,408	1,507
Expenses relating to short-term leases (included in administrative expenses)	95	132
Expenses relating to leases of low-value assets (included in administrative expenses)	127	21
Variable lease payments (included in administrative expenses)	92	84
Total amount recognised in income statement	19,872	8,426

The Group had total cash outflows for leases of $25,945,000 in 2020 (2019: $6,077,000). The Group also had non-cash additions to right-of-use assets and lease liabilities of $68,184,000 in 2020 (2019: $60,435,000). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 36.

29. LEASES – *Continued*

(a) Group as a lessee – *Continued*

The Group has lease contract that contains variable payments pertaining to the reimbursement of operating costs incurred by the lessor. The Group's variable lease payments constituted less than 1% (2019: 2%) of the Group's fixed rent payments.

The Group has several lease contracts that include termination and extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercise significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3.1).

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Group		
	Within five years $'000	**Over five years $'000**	**Total $'000**
2020			
Extension options expected not to be exercised	7,546	126,516	134,062
2019			
Extension options expected not to be exercised	7,888	50,543	58,431
Termination options expected to be exercised	319	–	319
	8,207	50,543	58,750

(b) Group as a lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 5 years. Most leases have fixed rental with annual upward adjustments agreed upfront or determined by consumer price index. Certain longer term leases provide for market rent adjustments.

Future minimum rentals receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	2020 $'000	**2019 $'000**
Not later than one year	4,539	5,853
Later than one year but not later than five years	5,206	7,137
Later than five years	–	131
	9,745	13,121

30. CONTINGENT LIABILITIES

Guarantees

The Company has guaranteed the banking facilities and performance bonds of $2,089,845,000 (2019: $2,608,347,000) and $53,902,000 (2019: $51,240,000) granted to its subsidiaries and joint venture respectively. At 31 December 2020, the amounts utilised by subsidiaries and joint venture were $1,707,872,000 (2019: $1,624,022,000) and $53,902,000 (2019: $51,240,000) respectively.

Based on information currently available, the Company does not expect any liabilities to arise from the guarantees.

31. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group categorises 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) Assets and liabilities measured at fair value

No financial assets were measured at fair value as at 31 December 2020 and 31 December 2019.

	Fair value measurements at the end of the reporting period using			
Group	**Quoted prices in active markets for identical instruments (Level 1)**	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
31 December 2020	**$'000**	**$'000**	**$'000**	**$'000**
Non-financial assets:				
Investment properties (Note 12)				
Commercial properties	–	–	296,759	296,759
31 December 2019				
Investment properties (Note 12)				
Commercial properties	–	–	305,528	305,528

31. **FAIR VALUE OF ASSETS AND LIABILITIES – *Continued***

(c) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

Description	Fair value at 31 December 2020 $'000	Valuation techniques	Unobservable inputs	Range	Inter-relationship between key unobservable inputs and fair value measurement
Recurring fair value measurements					
Investment properties:					
Commercial properties in Singapore and Australia	296,759	Market comparable approach	Transacted price of comparable properties (psf)	$255 - $4,223	The estimated fair value increases with higher transacted price of comparable properties
		Capitalisation approach	Capitalisation rate	7.25%	The estimated fair value varies inversely against the capitalisation rate, discount rate and terminal yield rate
		Discounted cash flow approach	Discount rate	7.50%	
			Terminal yield rate	7.25%	
		Residual land value method	Gross development value	$2,420 psf	The estimated fair value increases with higher gross development value and decreases with higher estimated development cost
			Estimated development cost	$333 psf	

31. FAIR VALUE OF ASSETS AND LIABILITIES – *Continued*

(c) Level 3 fair value measurements – *Continued*

(i) Information about significant unobservable inputs used in Level 3 fair value measurements – *Continued*

Description	Fair value at 31 December 2019 $'000	Valuation techniques	Unobservable inputs	Range	Inter-relationship between key unobservable inputs and fair value measurement
Recurring fair value measurements					
Investment properties:					
Commercial properties in Singapore and Australia	305,528	Market comparable approach	Transacted price of comparable properties (psf)	$255 - $6,923	The estimated fair value increases with higher transacted price of comparable properties
		Capitalisation approach	Capitalisation rate	7.25%	The estimated fair value varies inversely against the capitalisation rate, discount rate and terminal yield rate
		Discounted cash flow approach	Discount rate	7.50%	
			Terminal yield rate	7.25%	
		Residual land value method	Gross development value	$2,500 psf	The estimated fair value increases with higher gross development value and decreases with higher estimated development cost
			Estimated development cost	$234 psf	

(ii) Movements in Level 3 assets measured at fair value

A reconciliation of the movements in Level 3 assets measured at fair value is presented in Note 12.

(iii) Valuation policies and procedures

The Group revalues its investment property portfolio on an annual basis. The fair values of investment properties are determined by external independent valuers who have appropriate recognised professional qualifications and experience in the location and category of property being valued. Management reviews the appropriateness of the valuation methodologies and assumptions adopted, and the reliability of the inputs used in the valuations.

32. 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. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

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 exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on 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 investment securities, cash and short-term deposits), 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 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.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – *Continued*

(a) Credit risk – *Continued*

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables and contract assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due.

Summarised below is the information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix:

31 December 2020	Current	1 to 30 days past due	31 to 60 days past due	61 to 90 days past due	More than 90 days past due	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Contract assets	329,211	–	–	–	–	329,211
Gross carrying amount	5,729	17,046	6,200	1,839	16,370	47,184
Loss allowance provision	–	(19)	–	(22)	(120)	(161)

31 December 2019	Current	1 to 30 days past due	31 to 60 days past due	61 to 90 days past due	More than 90 days past due	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Contract assets	411,325	–	–	–	–	411,325
Gross carrying amount	27,989	2,575	1,779	523	1,361	34,227
Loss allowance provision	–	–	(1)	–	(129)	(130)

Information regarding loss allowance movement of trade receivables are disclosed in Note 17.

During the financial year, the Group has written-off $132,000 (2019: $2,437,000) of trade receivables which are more than 120 days past due as the Group does not expect to receive future cash flows from and there are no recoveries from collection of cash flows previously written off.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – *Continued*

(a) Credit risk – *Continued*

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
- corporate guarantee provided by the Company for banking facilities granted to subsidiaries and joint venture (Note 30).

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables and contract assets on an on-going basis. The credit risk concentration profile of the Group's trade receivables and contract assets at the end of the reporting period is as follows:

	Group			
	2020		2019	
	$'000	% of total	$'000	% of total
By country:				
Singapore	696,933	100	533,883	100
Other countries	1,272	#	631	#
	698,205	100	534,514	100
By industry sector:				
Construction	72,697	10	43,861	9
Property development	618,595	89	487,403	91
Hospitality	4,621	1	1,470	#
Education	2,286	#	1,751	#
Property investment and others	6	#	29	#
	698,205	100	534,514	100

\# Less than 1%

At the end of the reporting period, approximately 5% (2019: 22%) of the Group's trade receivables were due from 3 major customers who are located in Singapore.

(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 standby credit facilities.

At the end of the reporting period, approximately 11% (2019: 13%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturity within twelve months can be rolled over with existing lenders.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – *Continued*

(b) Liquidity risk – *Continued*

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted payments:

	Group			
	One year or less $'000	**One to five years $'000**	**Over five years $'000**	**Total $'000**
31 December 2020				
Trade and other payables	92,025	160,267	–	252,292
Lease liabilities	13,773	58,829	87,061	159,663
Other liabilities (excluding lease liabilities)	117,815	75	–	117,890
Loans and borrowings	223,709	1,351,977	348,549	1,924,235
Total undiscounted financial liabilities	447,322	1,571,148	435,610	2,454,080
31 December 2019				
Trade and other payables	90,959	177,587	–	268,546
Lease liabilities	12,273	40,110	43,497	95,880
Other liabilities (excluding lease liabilities)	93,552	56	–	93,608
Loans and borrowings	283,326	1,479,989	234,511	1,997,826
Total undiscounted financial liabilities	480,110	1,697,742	278,008	2,455,860

	Company			
	One year or less $'000	**One to five years $'000**	**Over five years $'000**	**Total $'000**
31 December 2020				
Trade and other payables	37,415	256,083	–	293,498
Lease liabilities	389	300	–	689
Other liabilities (excluding lease liabilities)	1,635	–	–	1,635
Loans and borrowings	14,518	25,725	–	40,243
Total undiscounted financial liabilities	53,957	282,108	–	336,065
31 December 2019				
Trade and other payables	25,024	265,529	–	290,553
Lease liabilities	1,968	594	–	2,562
Other liabilities (excluding lease liabilities)	3,593	–	–	3,593
Loans and borrowings	1,855	40,243	–	42,098
Total undiscounted financial liabilities	32,440	306,366	–	338,806

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – *Continued*

(b) Liquidity risk – *Continued*

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Company			
	One year or less	**One to five years**	**Over five years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
31 December 2020				
Financial guarantees	247,944	1,200,867	312,963	1,761,774
31 December 2019				
Financial guarantees	320,165	1,173,565	181,532	1,675,262

(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 subsidiaries (Note 17).

The interest rate for loan and borrowings are based on floating rate except for the term notes and term loans amounting to $138 million (2019: $138 million) and $20 million respectively which are based on fixed rate (Note 21).

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 75 basis points ('bps') (2019: 75 bps) lower/higher with all other variables held constant, the Group's profit before tax would have been $12,296,000 (2019: $12,451,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

(d) Foreign currency risk

The functional currencies of the Group entities primarily comprise the Singapore Dollar ("SGD"), US Dollar ("USD"), Australian Dollar ("AUD"), Vietnamese Dong ("VND") and Malaysian Ringgit ("MYR"). All the sales and cost of sales are in their respective functional currencies of the Group entities.

The Group and the Company also hold cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in AUD and USD.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Australia, New Zealand, Vietnam, Maldives, Malaysia and China. The Group's net investments in foreign operations are not hedged as currency positions in the foreign operations are considered to be long-term in nature.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – *Continued*

(d) Foreign currency risk – *Continued*

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's (loss)/profit before tax to a reasonably possible change in the NZD, USD and VND exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group (Loss)/Profit before tax	
	2020	**2019**
	$'000	**$'000**
NZD		
- strengthened 3% (2019: 3%)	885	841
- weakened 3% (2019: 3%)	(885)	(841)
USD		
- strengthened 3% (2019: 3%)	294	636
- weakened 3% (2019: 3%)	(294)	(636)
VND		
- strengthened 3% (2019: 3%)	272	272
- weakened 3% (2019: 3%)	(272)	(272)

33. CAPITAL MANAGEMENT

Capital includes debt and equity items as disclosed in the table below.

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 2020 and 2019.

Management monitors capital based on the net debt-equity ratio, which is calculated as net debt divided by total capital. Net debt is calculated as loans and borrowings less cash and cash equivalents, and total capital is calculated as equity including non-controlling interests in subsidiaries.

33. **CAPITAL MANAGEMENT – *Continued***

	Group	
	2020	**2019**
	$'000	**$'000**
Loans and borrowings (Note 21)	1,797,730	1,798,344
Less:		
Cash and short-term deposits (Note 20)	(374,040)	(378,487)
Net debt	1,423,690	1,419,857
Total equity	817,285	947,271
Net debt-equity ratio (times)	1.74	1.50

34. **SEGMENT INFORMATION**

For management purposes, the Group is organised into business units based on their products and services, and has six reportable operating segments as follows:

(a) The construction segment is in the business of general building, infrastructure and civil engineering contractors.

(b) The property development segment is in the business of developing properties and management of development projects.

(c) The property investment segment is in the business of leasing and management of investment properties.

(d) The hospitality segment is in the business of hotel operations.

(e) The education segment is in the business of providing education services.

(f) The corporate and others segment is involved in Group-level corporate services, treasury functions and investments in marketable securities (if any).

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.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

34. SEGMENT INFORMATION – *Continued*

Year ended 31 December 2020	Construction $'000	Property development $'000
Revenue:		
Total segment sales	189,182	472,090
Intersegment sales	(44,590)	(7,921)
Sales to external customers	144,592	464,169
Interest income	1,281	656
Finance costs	(560)	(23,303)
Depreciation and amortisation	(8,824)	(368)
Share of results of associates and joint ventures	–	(142)
Net fair value loss on investment properties	–	–
Other non-cash items:		
Share-based compensation expenses	–	–
Provision for onerous contract	(7,163)	–
Impairment on property, plant and equipment and intangible assets	(2,040)	–
Fair value loss on investment security	–	–
Segment (loss)/profit	(35,010)	15,898
Assets and liabilities:		
Investments in joint ventures and associates	252	220
Additions to non-current assets:		
Property, plant and equipment	31,545	5
Investment properties	–	–
Intangible assets	4,434	–
Segment assets	267,085	1,980,303
Segment liabilities	205,197	1,618,266

Property investment $'000	Hospitality $'000	Education $'000	Corporate and others $'000	Total $'000
8,152	35,733	29,962	7,459	742,578
(2,861)	(1,099)	(4,024)	(7,450)	(67,945)
5,291	34,634	25,938	9	674,633
8	27	276	184	2,432
(3,985)	(4,579)	(5,202)	(1,741)	(39,370)
(187)	(11,446)	(18,372)	(704)	(39,901)
4,650	–	(6,209)	221	(1,480)
(11,043)	–	–	–	(11,043)
–	–	–	(1,217)	(1,217)
–	–	–	–	(7,163)
–	(3,264)	–	–	(5,304)
–	–	(2,347)	–	(2,347)
(6,185)	(11,531)	(40,554)	(19)	(77,401)
11,819	–	20,854	6,128	39,273
8	38,255	49,509	714	120,036
911	–	–	–	911
–	–	–	–	4,434
354,320	368,378	216,483	13,842	3,200,411
138,883	223,211	163,218	34,351	2,383,126

34. SEGMENT INFORMATION – *Continued*

Year ended 31 December 2019	Construction $'000	Property development $'000
Revenue:		
Total segment sales	261,411	801,086
Intersegment sales	(97,006)	(9,135)
Sales to external customers	164,405	791,951
Interest income	901	4,786
Finance costs	(422)	(43,428)
Depreciation and amortisation	(3,615)	(506)
Share of results of associates and joint ventures	–	159
Net fair value gain on investment properties	–	–
Other non-cash items:		
Share-based compensation expenses	–	–
Provision for onerous contract	(1,000)	–
Impairment on property, plant and equipment and intangible assets	–	–
Segment profit/(loss)	26	55,742
Assets and liabilities:		
Investments in joint ventures and associates	–	353
Additions to non-current assets:		
Property, plant and equipment	9,550	692
Intangible assets (restated)	16,469	–
Segment assets (restated)	214,784	2,089,995
Segment liabilities (restated)	150,287	1,662,981

Property investment $'000	Hospitality $'000	Education $'000	Corporate and others $'000	Total $'000
9,826	80,126	15,902	6,555	1,174,906
(2,545)	(1,945)	(2,091)	(6,545)	(119,267)
7,281	78,181	13,811	10	1,055,639
50	39	280	864	6,920
(4,911)	(6,500)	(2,176)	(1,453)	(58,890)
(199)	(13,167)	(7,540)	(599)	(25,626)
3,152	–	912	386	4,609
2,766	–	–	–	2,766
–	–	–	(712)	(712)
–	–	–	–	(1,000)
(315)	(4,268)	–	–	(4,583)
6,429	1,616	(15,563)	(4,193)	44,057
6,538	–	20,149	5,731	32,771
–	16,711	106,822	1,016	134,791
–	–	15,768	–	32,237
357,116	348,502	177,562	67,162	3,255,121
139,514	202,958	115,339	36,771	2,307,850

34. SEGMENT INFORMATION – *Continued*

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000 (restated)**
Singapore	649,186	996,894	608,881	578,178
Australia	7,131	23,983	58,660	64,477
Maldives	11,715	33,866	118,770	91,586
Malaysia	5,151	896	35,069	34,675
Hong Kong	1,351	–	49,714	51,580
Others	99	–	11,240	44
	674,633	1,055,639	882,334	820,540

Non-current assets information presented above consist of property, plant and equipment, investment properties and intangible assets as presented in the consolidated balance sheet.

Information about a major customer

During the financial year ended 31 December 2020, no revenue from transactions with a single customer contributed to 10% or more to the Group's revenue. In 2019, revenue from one major customer from the construction segment amounted to $141,716,000.

35. DIVIDENDS

	Company	
	2020	**2019**
	$'000	**$'000**
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- First and final tax-exempt (one-tier) dividend for 2019: 4.0 cents (2018: 4.0 cents) per share	31,317	25,041
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- First and final tax-exempt (one-tier) dividend for 2020: 2.0 cents (2019: 4.0 cents) per share	15,568	31,301

The proposed dividends are computed based on the number of issued ordinary shares (excluding treasury shares) as at 31 December.

36. COMMITMENTS

Committed lease contracts

The Group has not entered into lease contract that has not yet commenced as at 31 December 2020. In 2019, the future lease payments for non-cancellable lease contract are $775,000 within 1 year, $11,829,000 within 2 to 5 years and $18,600,000 thereafter.

Loan agreement entered into with Duowei

On 17 March 2020, the Group's subsidiary, CES Education (China) Pte. Ltd., had entered into a loan agreement with Dongguan Duowei Education Technology Co., Ltd. ("Duowei") for the provision of a S$4.9 million loan to Duowei. The disbursement of the loan is subject to fulfilment of certain conditions in the loan agreement. The provision of the loan is part of a larger potential investment which the Company is currently exploring with Duowei. Duowei has a 10-year track record in operating in a business of owning and operating tuition centres in Dongguan.

37. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Disposal of a development property

On 18 December 2020, the Company's subsidiary, CES Gladstone (Vic) Pty Ltd, had entered into an agreement to sell its development property located at 15-55 and 85 Gladstone Street, South Melbourne, Victoria, 3205 to a non-related party at a consideration of A$65,000,000, subject to customary adjustment on completion. The transaction was completed on 31 March 2021.

Further investment in Cybint International Pte. Ltd. ("CIPL")

On 4 February 2021, the Company's subsidiary, CES Edutech Pte. Ltd. had subscribed for additional 1,990,000 ordinary shares in the capital of CIPL for a consideration of approximately US$2.3 million, resulting in its interest in CIPL to increase from 33.33% to 41.14%.

38. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Directors on 5 April 2021.

CONDENSED INTERIM FINANCIAL STATEMENTS OF THE GROUP FOR THE HALF YEAR ENDED 30 JUNE 2021

The information in this Appendix V has been reproduced from the announcement on the condensed interim financial statements of the Group for the half year ended 30 June 2021 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial statements in conjunction with the related notes.

CHIP ENG SENG CORPORATION LTD.

Condensed interim financial statements for the half year ended 30 June 2021

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Condensed interim financial statements for the half year ended 30 June 2021

A (i) Condensed interim consolidated income statement

	Note	Group 1H2021 $'000	Group 1H2020 $'000	+/(-) %
Revenue				
- Property development		419,085	197,267	112.4
- Construction		164,644	58,339	182.2
- Hospitality		18,782	19,960	(5.9)
- Education		17,282	11,471	50.7
- Property investment & others		2,628	2,934	(10.4)
		622,421	289,971	114.6
Cost of sales		(543,987)	(255,612)	112.8
Gross profit		78,434	34,359	128.3
Other items of income				
Interest income		260	968	(73.1)
Other income	1	8,667	14,070	(38.4)
Other items of expense				
Marketing and distribution expenses	2	(2,969)	(6,426)	(53.8)
Administrative expenses	3	(51,168)	(47,005)	8.9
Finance costs	4	(15,669)	(22,264)	(29.6)
Share of results of associates and joint ventures	5	(6,658)	1,053	NM
Profit/(Loss) before tax		10,897	(25,245)	NM
Income tax expense		(1,718)	(439)	291.3
Profit/(Loss) after tax		9,179	(25,684)	NM
Profit/(Loss) attributable to:				
Owners of the Company		99	(24,415)	NM
Non-controlling interests		9,080	(1,269)	NM
		9,179	(25,684)	NM
Earnings/(Loss) per share attributable to owners of the Company (cents per share)				
Basic		0.01	(3.12)	
Diluted		0.01	(3.12)	

Note:-
NM - Not meaningful.

Notes to Condensed interim consolidated income statement

1 The decrease in other income in 1H2021 was due to lower government grants for the COVID-19 pandemic and lower foreign exchange gain. The lower foreign exchange gain in 1H2021 was due mainly to strengthening of United States dollars, partially offset by weakening of Australian dollars as compared to strengthening of both United States dollars and Australian dollars in 1H2020.

2 The decrease in marketing and distribution expenses in 1H2021 was due mainly to lower marketing expenses incurred on Kopar at Newton.

3 The increase in administrative expenses in 1H2021 was due mainly to fair value loss on investment property, higher depreciation and amortisation expense.

4 The decrease in finance costs in 1H2021 was in line with lower borrowings and interest rates.

5 Share of losses from associates and joint ventures was mainly attributable to fair value loss of investment property in Roxy-CES Pty Ltd as compared to a fair value gain in 1H2020, and share of loss from Cybint International Group which was acquired in September 2020.

A (ii) Condensed interim consolidated statement of comprehensive income

		Group		
	Note	1H2021 $'000	1H2020 $'000	+/(-) %
Profit/(Loss) after tax		9,179	(25,684)	NM
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Share of gain on property revaluation of associate		218	178	22.5
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences	1	(918)	1,528	NM
Share of foreign currency translation of associates and joint ventures		(214)	167	NM
		(1,132)	1,695	NM
Other comprehensive income for the period, net of tax		(914)	1,873	NM
Total comprehensive income for the period		8,265	(23,811)	NM
Total comprehensive income attributable to:				
Owners of the Company		(466)	(22,455)	(97.9)
Non-controlling interests		8,731	(1,356)	NM
		8,265	(23,811)	NM

Notes to Condensed interim consolidated statement of comprehensive income

1 Foreign currency translation differences arises from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. Translation loss in 1H2021 was mainly due to depreciation of Australian dollars against Singapore dollars on the Group's foreign net assets which are largely denominated in Australian dollars.

Note:-
NM - Not meaningful.

B. Condensed interim balance sheets

		The Group			The Company	
	Note	30 Jun 2021 $'000	31 Dec 2020 $'000	Note	30 Jun 2021 $'000	31 Dec 2020 $'000
Non-current assets						
Property, plant and equipment	1	565,947	535,695		1,790	2,166
Investment properties	2	230,166	296,759		-	-
Intangible assets		48,399	49,880		332	363
Investments in subsidiaries		-	-		124,192	124,192
Investments in joint ventures and associates	3	69,527	39,273		650	650
Deferred tax assets		8,257	5,672		-	-
Trade and other receivables	4	13,824	32,972	13	305,272	289,710
		936,120	960,251		432,236	417,081
Current assets						
Development properties	5	788,504	1,094,181		-	-
Assets held for sale	6	23,500	-		-	-
Inventories		4,511	2,851		-	-
Prepayments		9,116	5,515		42	77
Trade and other receivables	7	234,247	419,241	14	64,295	86,412
Contract assets	8	485,737	329,211		-	-
Deferred contract costs		16,861	15,121		-	-
Cash and short-term deposits		402,387	374,040		5,672	4,439
		1,964,863	2,240,160		70,009	90,928
Total assets		**2,900,983**	**3,200,411**		**502,245**	**508,009**
Current liabilities						
Loans and borrowings	9	496,016	197,608	15	25,250	13,000
Trade and other payables	10	80,399	91,890	16	147,859	28,045
Contract liabilities	11	47,948	59,385		-	-
Provision		5,673	7,030		-	-
Other liabilities		120,653	121,559		1,262	2,008
Income tax payable	12	18,722	12,995		817	586
		769,411	490,467		175,188	43,639
Net current assets/(liabilities)		**1,195,452**	**1,749,693**	17	**(105,179)**	**47,289**
Non-current liabilities						
Loans and borrowings	9	1,036,616	1,600,122	15	-	25,250
Trade and other payables		163,234	159,271	18	156,277	253,243
Other liabilities		102,533	107,050		137	293
Deferred tax liabilities	12	14,439	26,216		16	16
		1,316,822	1,892,659		156,430	278,802
Total liabilities		**2,086,233**	**2,383,126**		**331,618**	**322,441**
		814,750	**817,285**		**170,627**	**185,568**
Equity attributable to owners of the Company						
Share capital		175,978	175,978		175,978	175,978
Treasury shares		(29,357)	(29,719)		(29,357)	(29,719)
Retained earnings		653,792	669,361		18,955	34,349
Other reserves		(6,721)	(6,247)		5,051	4,960
		793,692	809,373		170,627	185,568
Non-controlling interests		21,058	7,912		-	-
Total equity		**814,750**	**817,285**		**170,627**	**185,568**

Notes to Condensed interim balance sheets

Note

The Group

1 The increase in property, plant and equipment was mainly due to a transfer of $40.4 million from investment property as it was decided that certain units in the investment property were redesignated for own use.

2 The decrease in investment properties was due to transfer of certain units in an investment property to 'Property, plant and equipment', transfer of 2 investment properties to 'Assets held for sale' and fair value loss on investment property.

3 The increase in investments in joint ventures and associates was mainly due to reclassification of loan to a joint venture to investment in joint venture.

4 The decrease in non-current trade and other receivables was due to reclassification of loan to a joint venture to investment in joint venture.

5 The decrease in development properties was mainly due to the progressive recognition of development costs in cost of sales in respect of units sold for Park Colonial and disposal of the development property located at Gladstone Street in South Melbourne.

6 During the half year ended 30 June 2021, the Company's subsidiary, CES Capital Holdings Pte. Ltd., has entered into separate agreements to sell its shophouses in Geylang and Tanjong Pagar for $13.5 million and $10.7 million respectively. The disposal for the property at Geylang is completed in July 2021 and the other property is expected to be completed by year end. Accordingly, these investment properties were reclassified to 'Assets held for sale'.

7 The decrease in current trade and other receivables was mainly due to receipts from purchasers of Grandeur Park Residences.

8 The increase in contract assets was mainly due to higher recognition of revenue for work completed but not billed for Park Colonial.

9 The decrease in total loans and borrowings was mainly due to repayment of bank borrowings for development properties and redemption of $13 million term notes upon its maturity in June 2021, partially offset by drawdowns of new working capital loans. The increase in current loans and borrowings was due mainly to reclassification of bank borrowings for Park Colonial and $125.3 million term notes as their maturities are within the next 12 months.

10 The decrease in current trade and other payables was mainly due to lower option fee received from purchasers of Park Colonial and Kopar at Newton and release of retention sum for High Park Residences.

11 The decrease in contract liabilities was mainly due to the lower progress payments billed as compared to recognition of revenue for work completed in development properties and construction projects.

12 The increase in income tax payables and decrease in deferred tax liabilities was due to reclassification of tax liabilities from non-current to current for completed project. The reduction in total tax liabilities was due mainly to tax paid during the period.

The Company

13 The increase in non-current trade and other receivables was due to working capital loans extended to subsidiaries.

14 The decrease in current trade and other receivables was due to repayment from subsidiaries.

15 $25.3 million term notes due for repayment in May 2022 was reclassified from non-current to current liabilities and $13.0 million term notes were redeemed upon its maturity in June 2021.

16 The increase in current trade and other payables was mainly due to a reclassification of loan from a subsidiary from non-current to current and additional loan extended from another subsidiary.

17 The negative working capital position as at 30 June 2021 was due to reclassification of loan from a subsidiary and $25.3 million term notes from non-current to current liabilities.

18 The decrease in non-current trade and other payables was mainly due to a reclassification of loan from a subsidiary from non-current to current.

C. Condensed interim statements of changes in equity

Group	Attributable to owners of the Company										
	Issued capital $'000	Treasury shares $'000	Treasury shares reserve $'000	Share-based compensation reserve $'000	Other reserves $'000	Asset revaluation reserve $'000	Currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2021	175,978	(29,719)	(917)	5,877	(8,146)	2,789	(5,850)	669,361	809,373	7,912	817,285
Total comprehensive income for the period	-	-	-	-	-	218	(783)	99	(466)	8,731	8,265
Dividends paid	-	-	-	-	-	-	-	(15,668)	(15,668)	-	(15,668)
Share-based compensation expenses	-	-	-	453	-	-	-	-	453	-	453
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	4,415	4,415
Treasury shares reissued pursuant to performance share plan	-	362	(139)	(223)	-	-	-	-	-	-	-
At 30 June 2021	175,978	(29,357)	(1,056)	6,107	(8,146)	3,007	(6,633)	653,792	793,692	21,058	814,750

Group	Attributable to owners of the Company										
	Issued capital $'000	Treasury shares $'000	Treasury shares reserve $'000	Share-based compensation reserve $'000	Other reserves $'000	Asset revaluation reserve $'000	Currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2020	175,978	(30,034)	(868)	4,973	(1,245)	2,611	(14,891)	781,745	918,269	29,002	947,271
Total comprehensive income for the period	-	-	-	-	-	178	1,782	(24,415)	(22,455)	(1,356)	(23,811)
Share buyback	-	(47)	-	-	-	-	-	-	(47)	-	(47)
Dividends paid to non-controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	(26,800)	(26,800)
Share-based compensation expenses	-	-	-	755	-	-	-	-	755	-	755
Treasury shares reissued pursuant to performance share plan	-	362	(49)	(313)	-	-	-	-	-	-	-
Capital contribution to non-wholly owned subsidiary	-	-	-	-	(3,214)	-	-	-	(3,214)	3,214	-
At 30 June 2020	175,978	(29,719)	(917)	5,415	(4,459)	2,789	(13,109)	757,330	893,308	4,060	897,368

Company	Issued capital $'000	Treasury shares $'000	Treasury shares reserve $'000	Share-based compensation reserve $'000	Retained earnings $'000	Total equity $'000
At 1 January 2021	175,978	(29,719)	(917)	5,877	34,349	185,568
Total comprehensive income for the period	-	-	-	-	274	274
Dividends paid	-	-	-	-	(15,668)	(15,668)
Share-based compensation expenses	-	-	-	453	-	453
Treasury shares reissued pursuant to performance share plan	-	362	(139)	(223)	-	-
At 30 June 2021	175,978	(29,357)	(1,056)	6,107	18,955	170,627

Company	Issued capital $'000	Treasury shares $'000	Treasury shares reserve $'000	Share-based compensation reserve $'000	Retained earnings $'000	Total equity $'000
At 1 January 2020	175,978	(30,034)	(868)	4,973	46,869	196,918
Total comprehensive income for the period	-	-	-	-	717	717
Share buyback	-	(47)	-	-	-	(47)
Share-based compensation expenses	-	-	-	755	-	755
Treasury shares reissued pursuant to performance share plan	-	362	(49)	(313)	-	-
At 30 June 2020	175,978	(29,719)	(917)	5,415	47,586	198,343

D. Condensed interim consolidated cash flow statement

	Group	
	1H2021	1H2020
	$'000	$'000
Cash flows from operating activities		
Profit/(Loss) before tax	**10,897**	**(25,245)**
Adjustments for:		
Interest income	(260)	(968)
Gain on disposal of property, plant and equipment	(227)	(26)
Finance costs	15,669	22,264
Property, plant and equipment written off	30	-
Provision for onerous contract	2,016	6,200
Depreciation of property, plant and equipment	20,238	18,679
Amortisation of intangible assets	1,481	283
Recognition of deferred contract costs	12,931	4,511
Net fair value loss on investment properties	3,000	-
Unrealised exchange differences	(624)	(2,719)
Rent concessions from landlords	(112)	(886)
Share of results of associates and joint ventures	6,658	(1,053)
Impairment loss on trade and other receivables	-	128
Share-based compensation expenses	453	755
Operating profit before changes in working capital	72,150	21,923
Changes in working capital:		
Development properties	281,840	121,410
Assets held for sale	23,500	-
Deferred contract costs	(14,673)	(4,708)
Inventories	(1,661)	(790)
Prepayments	(3,619)	(3,477)
Trade and other receivables and contract assets	27,895	(2,665)
Trade and other payables and contract liabilities	(15,192)	(11,710)
Other liabilities	(4,838)	(14,695)
Cash generated from operations	**365,402**	**105,288**
Interest paid	(16,222)	(24,676)
Interest received	197	1,177
Income taxes paid	(10,343)	(741)
Net cash generated from operating activities	**339,034**	**81,048**
Cash flows from investing activities:		
Purchase of property, plant and equipment	(5,767)	(10,118)
Proceeds from disposal of property, plant and equipment	564	41
Advances to joint ventures	(9,211)	-
Investments in joint ventures	(7,357)	-
Additions to investment properties	(286)	(468)
Net cash used in investing activities	**(22,057)**	**(10,545)**
Cash flows from financing activities:		
Repayment of loans and borrowings	(322,095)	(45,159)
Proceeds from loans and borrowings	69,179	10,000
Redemption of term notes	(13,000)	-
Dividends paid on ordinary shares	(15,668)	-
Dividends paid to non-controlling interest	-	(26,800)
Contribution from non-controlling interests	450	-
Decrease in short-term deposits pledged	3,233	-
Purchase of treasury shares	-	(47)
Payment of principal portion of lease liabilities	(7,267)	(17,900)
Net cash used in financing activities	**(285,168)**	**(79,906)**
Net increase/(decrease) in cash and cash equivalents	31,809	(9,403)
Effect of exchange rate changes on cash and cash equivalents	(229)	532
Cash and cash equivalents at beginning of the period	369,784	374,231
Cash and cash equivalents at end of the period	**401,364**	**365,360**

	Group	
	1H2021	1H2020
	$'000	$'000
Cash and cash equivalents comprise:		
Short term fixed deposits	153,818	190,940
Cash and bank balances	248,569	178,676
Cash and cash equivalents as shown on balance sheet	402,387	369,616
Less: Deposits pledged as security	(1,023)	(4,256)
	401,364	**365,360**

Net cash generated from operating activities

Higher net cash generated from operating activities in 1H2021 was mainly due to proceeds received from purchasers of Granduer Park Residences and Park Colonial.

Net cash used in investing activities

Higher net cash used in investing activities in 1H2021 was mainly due to investments and advances to joint ventures, partially offset by lower purchase of property, plant and equipment.

Net cash used in financing activities

Higher net cash used in financing activities in 1H2021 was mainly due to higher net repayment of loans, mainly from Granduer Park Residences and Park Colonial.

E. Notes to condensed interim financial statements

1 Basis of preparation

The condensed interim financial statements for the half year ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting*. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 1.1 and the below accounting policy which applies to a new asset class presented on the consolidated balance sheet as at 30 June 2021.

Assets held for sale

Assets that are highly probable to be recovered primarily through sale rather than through continuing use are classified as held for sale. The assets are remeasured in accordance with the applicable SFRS(I) immediately before the reclassification as held for sale.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

1.1 New and amended standards adopted by the Group

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The adoption of these amendments did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current financial period.

1.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The following are the critical accounting estimates in applying the Group's accounting policies in the financial statements for the half year ended 30 June 2021:

1.2(a) Revaluation of investment properties

The Group carries its investment properties at fair value with changes in fair value being recognised in proft and loss account, determined annually by independent professional valuers. The Group engaged real estate valuation experts to assess fair value of all investment properties of the Group as at 31 December 2020. The independent valuation reports have highlighted estimation uncertainty arising from the COVID-19 pandemic, a higher degree of caution should be exercised when relying upon the valuation. The valuations are based on the information available as at the date of valuation and values may change significantly and unexpectedly over a short period of time.

The fair values of investment properties are determined by independent real estate valuation experts using market comparable approach, capitalisation approach, discounted cash flow approach and residual land value approach.

The determination of the fair values of the investment properties requires the use of estimates on yield adjustments such as location, size, tenure, age and condition, and also involved estimation uncertainties on the capitalisation rate used.

For the purpose of this condensed interim financial statements for the half year ended 30 June 2021, the management reviewed the valuation reports prepared by professional valuers as at 31 December 2020 to determine whether the facts and assumptions used has materially changed. Valuation report was obtained from the independent professional valuer for significant investment property, and the resultant fair value change was recorded in the income statement.

1.2(b) Impairment of intangible assets

The carrying values of intangible assets are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired. The recoverable amounts of the cash generating units ("CGU") which goodwill, intellectual property, order backlog and brands have been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the weighted average cost of capital and terminal yield rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

For the purpose of this condensed interim financial statements for the half year ended 30 June 2021, management has reviewed and considered the cash flows projections for the CGU. As there were no impairment indicators at 30 June 2021, no impairment testing was performed.

1.2(c) Impairment of hotel assets

The carrying amounts of the Group's hotel assets as at 30 June 2021 are measured at cost less accumulated depreciation and any accumulated impairment losses. The carrying values are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. In assessing for impairment, the Group has considered the independent valuations as at 31 December 2020. The independent valuation reports have highlighted estimation uncertainty arising from the COVID-19 pandemic, a higher degree of caution should be exercised when relying upon the valuation. The valuations are based on the information available as at the date of valuation and values may change significantly and unexpectedly over a short period of time.

For the purpose of this condensed interim financial statements for the half year ended 30 June 2021, management has reviewed and considered the hotel asset's operating performance and development plan for the properties. As there were no impairment indicators at 30 June 2021, no impairment testing was performed.

1.2(d) Contract assets and contract liabilities

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. In applying the over time method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on total contract costs. Significant assumptions are required to estimate contract cost. In making these estimates, management has relied on past experience and knowledge of the project officials.

The carrying amounts of contract assets and contract liabilities are disclosed on balance sheet. If the estimated total contract cost had been 2% higher than management's estimate, contract assets and contract liabilities would have been $24.5 million lower and $7.1 million higher respectively.

1.2(e) Revenue recognition on development properties under construction

For the sale of development properties where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the development properties to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the development properties. The measure of progress is based on the costs incurred to date as a proportion of total estimated costs to be incurred up to the completion of the development properties.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred.

The revenue from sale of development properties (recognised on over time basis) are disclosed in Note 3. If the estimated total development cost had been 2% higher than management's estimate, the carrying amount of the development properties under construction would have been $15.4 million higher and profit before tax would have been $6.5 million lower.

2 Segment reporting

For management purposes, the Group is organised into business units based on their products and services, and has six reportable operating segments as follows:

(a) The construction segment is in the business of general building, infrastructure and civil engineering contractors.

(b) The property development segment is in the business of developing properties and management of development projects.

(c) The property investment segment is in the business of leasing and management of investment properties.

(d) The hospitality segment is in the business of hotel operations.

(e) The education segment is in the business of providing education services.

(f) The corporate and others segment is involved in Group-level corporate services, treasury functions and investments in marketable securities (if any).

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.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Business Segments

Half year ended 30 June 2021	Property Development $'000	Construction $'000	Property Investment $'000	Hospitality $'000	Education $'000	Corporate & Others $'000	Total $'000
Segment revenue							
Total segment sales	422,564	192,774	4,487	19,561	20,658	4,753	664,797
Intersegment sales	(3,479)	(28,130)	(1,859)	(779)	(3,376)	(4,753)	(42,376)
Sales to external customers	419,085	164,644	2,628	18,782	17,282	-	622,421
Interest income	96	126	6	3	18	11	260
Finance costs	(7,869)	(459)	(1,860)	(1,884)	(2,751)	(846)	(15,669)
Depreciation and amortisation	(94)	(5,531)	(16)	(5,066)	(10,705)	(307)	(21,719)
Share of results of associates and joint ventures	147	(81)	(3,329)	-	(3,452)	57	(6,658)
Net fair value loss on investment properties	-	-	(3,000)	-	-	-	(3,000)
Other non-cash items:							
Share-based compensation expense	-	-	-	-	-	(453)	(453)
Provision for onerous contract	-	(2,016)	-	-	-	-	(2,016)
Segment profit	35,632	3,113	(6,203)	(2,894)	(17,983)	(768)	10,897
As at 30 June 2021							
Assets and liabilities							
Investments in joint ventures and associates	365	171	37,433	-	25,155	6,403	69,527
Additions to non-current assets:							
Property, plant and equipment	3	2,702	38	2,303	3,388	84	8,518
Investment properties	-	-	469	-	-	-	469
Segment assets	1,698,519	257,722	353,701	370,541	206,330	14,170	2,900,983
Segment liabilities	1,349,990	205,318	136,301	219,925	154,879	19,820	2,086,233

Business Segments

Half year ended 30 June 2020	Property Development $'000	Construction $'000	Property Investment $'000	Hospitality $'000	Education $'000	Corporate & Others $'000	Total $'000
Segment revenue							
Total segment sales	201,625	77,965	4,354	20,533	13,153	4,710	322,340
Intersegment sales	(4,358)	(19,626)	(1,420)	(573)	(1,682)	(4,710)	(32,369)
Sales to external customers	197,267	58,339	2,934	19,960	11,471	-	289,971
Interest income	546	101	5	15	159	142	968
Finance costs	(14,239)	(188)	(2,100)	(2,629)	(2,326)	(782)	(22,264)
Depreciation and amortisation	(184)	(3,205)	(53)	(6,397)	(8,744)	(379)	(18,962)
Share of results of associates and joint ventures	75	-	1,542	-	(596)	32	1,053
Other non-cash items:							
Share-based compensation expense	-	-	-	-	-	(755)	(755)
Provision for onerous contract	-	(6,200)	-	-	-	-	(6,200)
Segment profit	3,338	(14,999)	2,410	(2,669)	(12,997)	(328)	(25,245)
As at 31 December 2020							
Assets and liabilities							
Investments in joint ventures and associates	220	252	11,819	-	20,854	6,128	39,273
Additions to non-current assets:							
Property, plant and equipment	5	31,545	8	38,255	49,509	714	120,036
Investment properties	-	-	911	-	-	-	911
Intangible assets	-	4,434	-	-	-	-	4,434
Segment assets	1,980,303	267,085	354,320	368,378	216,483	13,842	3,200,411
Segment liabilities	1,618,266	205,197	138,883	223,211	163,218	34,351	2,383,126

Geographical Segments

	Revenue		Non-current assets	
	1H2021 $'000	1H2020 $'000	30 Jun 2021 $'000	31 Dec 2020 $'000
Singapore	536,439	274,626	574,510	608,881
Australia	70,965	3,670	58,284	58,660
Maldives	9,641	8,454	119,610	118,770
Malaysia	2,250	3,059	34,618	35,069
Hong Kong	2,242	162	46,410	49,714
Others	884	-	11,080	11,240
Total	622,421	289,971	844,512	882,334

Non-current assets information presented above consist of property, plant and equipment, investment properties and intangible assets as presented in the consolidated balance sheet.

3 Revenue

Disaggregation of revenue from contracts with customers

	Property Development $'000	Construction $'000	Property Investment $'000	Hospitality $'000	Education $'000	Corporate & Others $'000	Total $'000
Half year ended 30 June 2021							
Primary geographical markets							
Singapore	352,748	164,644	2,222	4,919	11,906	-	536,439
Australia	66,337	-	406	4,222	-	-	70,965
Maldives	-	-	-	9,641	-	-	9,641
Malaysia	-	-	-	-	2,250	-	2,250
Hong Kong	-	-	-	-	2,242	-	2,242
Others	-	-	-	-	884	-	884
	419,085	164,644	2,628	18,782	17,282	-	622,421
Major product or service lines							
Construction contracts	-	142,651	-	-	-	-	142,651
Precast components	-	21,993	-	-	-	-	21,993
Development properties	419,085	-	-	-	-	-	419,085
Hotel operations	-	-	-	18,782	-	-	18,782
Rental of investment properties	-	-	2,628	-	-	-	2,628
School fee	-	-	-	-	17,254	-	17,254
Management fee	-	-	-	-	28	-	28
	419,085	164,644	2,628	18,782	17,282	-	622,421
Timing of transfer of goods or services							
At a point in time	66,337	21,993	2,628	18,782	589	-	110,329
Over time	352,748	142,651	-	-	16,693	-	512,092
	419,085	164,644	2,628	18,782	17,282	-	622,421
Half year ended 30 June 2020							
Primary geographical markets							
Singapore	197,267	57,816	2,566	8,204	8,773	-	274,626
Australia	-	-	368	3,302	-	-	3,670
Maldives	-	-	-	8,454	-	-	8,454
Malaysia	-	523	-	-	2,536	-	3,059
Hong Kong	-	-	-	-	162	-	162
Others	-	-	-	-	-	-	-
	197,267	58,339	2,934	19,960	11,471	-	289,971
Major product or service lines							
Construction contracts	-	49,951	-	-	-	-	49,951
Precast components	-	8,388	-	-	-	-	8,388
Development properties	197,267	-	-	-	-	-	197,267
Hotel operations	-	-	-	19,960	-	-	19,960
Rental of investment properties	-	-	2,934	-	-	-	2,934
School fee	-	-	-	-	11,471	-	11,471
	197,267	58,339	2,934	19,960	11,471	-	289,971
Timing of transfer of goods or services							
At a point in time	-	8,388	2,934	19,960	42	-	31,324
Over time	197,267	49,951	-	-	11,429	-	258,647
	197,267	58,339	2,934	19,960	11,471	-	289,971

4 Fair Value of Assets and Liabilities

(a) Fair value hierachy

The Group categorises 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.

(b) Assets and liabilities measured at fair value

No financial assets were measured at fair value as at 30 June 2021 and 31 December 2020.

	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments	**Significant observable inputs other than quoted prices**	**Significant unobservable inputs**	**Total**
30 June 2021				
Non-financial assets:				
Investment properties				
Commercial properties	-	-	230,166	230,166
31 December 2020				
Non-financial assets:				
Investment properties				
Commercial properties	-	-	296,759	296,759

(c) Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy as at 31 December 2020:

Valuation techniques	**Unobservable inputs**	**Range**	**Inter-relationship between key unobservable inputs and fair value measurement**
Market comparable approach	Transacted price of comparable properties (psf)	$255 - $4,223	The estimated fair value increases with higher transacted price of comparable properties
Capitalisation approach	Capitalisation rate	7.25%	The estimated fair value varies inversely against the capitalisation rate, discount rate and terminal yield rate
Discounted cash flow approach	Discount rate	7.50%	
	Terminal yield rate	7.25%	
Residual land value method	Gross development value	$2,420 psf	The estimated fair value increases with higher gross development value and decreases with higher estimated development cost
	Estimated development cost	$333 psf	

For the purpose of this condensed interim financial statements for the half year ended 30 June 2021, valuation was obtained from the independent professional valuer for certain investment property. The significant unobservable input used by the valuer falls within the range in the above table.
For investment properties in which no valuation is performed as at 30 June 2021, management has assessed that the inputs and assumptions used by the valuers in the valuation techniques for their valuation as at 31 December 2020, such as occupancy rate, cashflows, capitalisation rate and discount rate, remains appropriate.

A reconciliation of the movements in Level 3 assets measured at fair value is presented in Note 11.

5 Significant related party transactions

In addition to the related party information disclosed elsewhere in the interim condensed financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial period:

	Group	
	1H2021 $'000	1H2020 $'000
Sale of development property to a family member of a director of the Company	-	1,202
Contract of services paid to a director of the Company	352	300
Compensation to key management personnel	3,311	4,745
Interests on fixed rate notes paid/payable to directors/key management personnel of the Company	1,011	988

6 Other income

	Note	Group		
		1H2021 $'000	1H2020 $'000	+/(-) %
Rental income from non-investment holding companies		568	496	14.5
Sales of materials		192	273	(29.7)
Government grants	1	6,239	8,368	(25.4)
Rent concessions from landlords		112	886	(87.4)
Deposits forfeited from buyers		267	258	3.5
Gain on disposal of property, plant and equipment		227	26	773.1
Foreign exchange gain	2	235	3,346	(93.0)
Others		827	417	98.4
		8,667	14,070	

1 Included grants received from Singapore Government to help businesses deal with impact from COVID-19 and excluding those that the Group is obliged to pass on the benefits to its tenants in the form of rental rebates during the period.

2 Foreign exchange gain in 1H2020 was mainly due to strengthening of Australian dollars and United States dollars in 1H2020.

7 Profit/(Loss) after tax

The following items have been included in arriving at profit/(loss) after tax:

	Note	Group		
		1H2021 $'000	1H2020 $'000	+/(-) %
Employee benefits expenses	1	53,517	44,965	19.0
Depreciation of property, plant and equipment	2	20,238	18,679	8.3
Legal and professional fees		1,633	2,412	(32.3)
Property maintenance expenses		2,814	2,458	14.5
Amortisation of intangible assets		1,481	283	423.3
Provision for onerous contract		2,016	6,200	(67.5)
Fair value loss on investment properties		3,000	-	NM
One-off non-productive COVID-19 related expenses included in construction cost of sales	3	(1,293)	5,710	NM
One-off non-productive COVID-19 related expenses included in development property cost of sales		1,389	-	NM
Under/(Over)provision of tax in respect of previous years		344	(62)	NM

1 Higher employee benefits expenses was in tandem with higher revenue and contribution from CES_Salcon Pte. Ltd. which was acquired in December 2020.

2 The increase in depreciation charges was mainly due to higher depreciation of right-of-use assets arising from new leases signed for Invictus-brand international schools.

3 Net write-back in 1H2021 arose from write-back of settlement for lower COVID-19 claims, partially offset by non-productive costs incurred in relation to COVID-19 safety measures.

Note:-
NM - Not meaningful.

8 Earnings per share

	Group	
	1H2021	1H2020
Earnings per ordinary share for the period :-		
(i) Based on weighted average number of ordinary shares in issue (in cents)	0.01	(3.12)
(ii) On a fully diluted basis (in cents)	0.01	(3.12)

Notes:
(i) The computation of basic earnings per share was based on the weighted average of 783,408,201 ordinary shares (30 June 2020: 782,968,148 ordinary shares).
(ii) The computation of fully diluted basic earnings per share was based on the adjusted weighted average of 783,408,201 ordinary shares (30 June 2020: 782,968,148 ordinary shares).

9 Net asset value

	Group		Company	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on	101.31	103.38	21.78	23.70

The computation of net asset value per ordinary share was based on 783,424,776 ordinary shares (excluding treasury shares of 40,593,900) (31 December 2020 : 782,924,776 ordinary shares excluding treasury shares of 41,093,900).

10 Property, plant and equipment

	Land and buildings $'000	Right-of-use assets $'000	Others $'000	Total $'000
As at 31 December 2020				
Cost	419,280	143,938	92,779	655,997
Accumulated amortisation and impairment	(49,902)	(22,799)	(47,601)	(120,302)
Net book value	369,378	121,139	45,178	535,695
Half year ended 30 June 2021				
Opening net book value	369,378	121,139	45,178	535,695
Transfer from investment property	40,390	-	-	40,390
Additions	1,548	2,085	4,885	8,518
Disposals/Write-off	-	(220)	(147)	(367)
Exchange differences	633	1,462	200	2,295
Depreciation	(4,440)	(8,545)	(7,599)	(20,584)
Closing net book value	407,509	115,921	42,517	565,947
At 30 June 2021				
Cost	461,998	146,576	96,698	705,272
Accumulated amortisation and impairment	(54,489)	(30,655)	(54,181)	(139,325)
Net book value	407,509	115,921	42,517	565,947

During the half year ended 30 June 2021, there was a transfer of $40.4 million from investment property as it was decided that certain units in the investment property were redesignated for own use.

As at 30 June 2021, the future lease payments for non-cancellable lease contract are $2.0 million within 2 to 5 years, and $8.3 million thereafter.

11 Investment properties

	Group	
	30 Jun 2021 $'000	**31 Dec 2020 $'000**
At beginning of period	296,759	305,528
Net loss from fair value adjustments recognised in profit or loss	(3,000)	(11,043)
Additions (subsequent expenditure)	469	911
Transfer to property, plant and equipment	(40,390)	-
Transfer to Assets held for sale	(23,500)	-
Exchange differences	(172)	1,363
At end of period	230,166	296,759

During the half year ended 30 June 2021, the Company's subsidiary, CES Capital Holdings Pte. Ltd., has entered into separate agreements to sell its shophouses in Geylang and Tanjong Pagar for $13.5 million and $10.7 million respectively. The disposal for the property at Geylang is completed in July 2021 and the other property is expected to be completed by year end. Accordingly, these investment properties were reclassified to 'Assets held for sale'.

12 Development properties

	Group	
	30 Jun 2021 $'000	**31 Dec 2020 $'000**
Properties under development, units for which revenue is recognised over time		
Land and land related cost	663,146	879,770
Development costs	77,337	103,444
	740,483	983,214
Properties under development, units for which revenue is recognised at a point in time		
Land and land related cost	37,604	90,929
Development costs	10,417	20,038
	48,021	110,967
Total	788,504	1,094,181

13 Borrowings

	As at 30 Jun 2021 $'000	As at 31 Dec 2020 $'000
Amount repayable in one year or less, or on demand		
- Secured	361,450	180,602
- Unsecured	134,566	17,006
Amount repayable after one year		
- Secured	1,008,657	1,444,629
- Unsecured	27,959	155,493
	1,532,632	1,797,730

Details of any collateral

The Group's total borrowings of $1.5 billion are loans taken to finance property development projects, investment properties, school campus, hotels and for working capital.

The Group's secured borrowings are mainly secured by:

(a) legal mortgage on the development properties, investment properties, precast yard, school campus and hotels;
(b) assignment of sale and rental proceeds, present and future tenancy and sale agreements;
(c) assignment of construction contracts, performance bonds and insurance policies;
(d) subordination of shareholder's loan;
(e) fixed and floating charge on all the assets of certain hotels;
(f) assignment of building agreements;
(g) assignment of dividends to be received; and
(h) charge of bank accounts with the banker.

The Group's unsecured borrowings comprise mainly the following notes issued under its $750 million Multicurrency Debt Issuance Programme:

(a) $25.3 million 5-year fixed rate notes issued on 19 May 2017. The notes bear interest at the rate of 4.90 per cent. per annum payable semi-annually in arrear and will be due in May 2022.

(b) $100.0 million 3-year fixed rate notes issued on 15 March 2019. The notes bear interest at the rate of 6.0 per cent. per annum payable semi-annually in arrear and will be due in March 2022.

During the half year ended 30 June 2021, the Company redeemed $13.0 million of the notes upon its maturity on 14 June 2021.

14 Subsequent events

1. On 1 July 2021, the Company’s wholly-owned subsidiary, CES Grosvenor (SA) Pty Ltd had completed its acquisition of a commercial property located at 80-82 Hindley Street in Adelaide, Australia at a purchase price of A$2.5 million.
2. On 7 July 2021, the Company’s wholly-owned subsidiary, CES Edutech Pte. Ltd. had entered into a sale and purchase agreement to sell its entire share held in Cybint International Pte. Ltd. to a third party at a sales consideration of US$8.2 million. The completion of the disposal is expected in August 2021.
3. On 21 July 2021, the Company’s wholly-owned subsidiary, CES Capital Holdings Pte. Ltd. had completed its disposal of the property located at 115 Geylang Road, Singapore 389218 at a sales consideration of $13.5 million.
4. On 28 July 2021, the Company announced that the Group’s investment in Guangzhou Yuanda Information Development Co., Ltd will likely be affected by the recently announced regulatory measures in the People’s Republic of China targeting the tuition industry. However, as the new measures are currently couched in general terms, the Group is not able to assess the full impact of these measures at the point in time.

F Other Information Required by Listing Rule Appendix 7.2

Other information

1 Review

The condensed consolidated statement of financial position of the Company and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half year period then ended and certain explanatory notes have not been audited or reviewed.

2 Share capital

(i) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

The changes in the Company's issued share capital (excluding treasury shares) for the financial period ended 30 June 2021 were as follows:

	'000
Balance as at 1 January 2021	782,925
Treasury shares reissued pursuant to Chip Eng Seng Performance Share Plan	500
Balance as at 30 June 2021	783,425

As at 30 June 2021, the number of outstanding share options under the Company's Employee Share Option Scheme was 40,000,000 (31 December 2020: 50,000,000).

(ii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

The total number of issued shares excluding treasury shares of 40,593,900 (31 December 2020: 41,093,900) shares as at 30 June 2021 was 783,424,776 (31 December 2020: 782,924,776) shares.

(iii) 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

During the current financial period, 500,000 treasury shares were reissued upon vesting of shares granted pursuant to the Chip Eng Seng Performance Share Plan.

(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable.

3 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must include discussion of any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also include discussion of any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Half year results : 1H2021 vs 1H2020

Overall

Gross revenue increased by 114.6% from $290.0 million to $622.4 million. The sharp rebound was largely due to the low base in 1H2020 when most of construction progress ceased during the Circuit Breaker period from 7 April 2020. In tandem with higher revenue, gross profit increased by 128.3% from $34.4 million to $78.4 million. Other income was lower due to lower unrealised exchange gain and government grants to mitigate COVID-19 pandemic. While marketing and finance costs were lower, administrative expenses and share of losses from joint ventures were higher due mainly to fair value losses on investment properties and share of losses from Cybint International Group which was acquired in September 2020. Overall, the Group recorded a profit before tax of $10.9 million and profit after tax of $9.2 million, reversing from a loss before tax of $25.2 million and loss after tax of $25.7 million in 1H2020 respectively.

Property Development

Revenue increased by 112.4% from $197.3 million to $419.1 million mainly attributable to sale of development site at Gladstone Street, South Melbourne and higher contributions from Park Colonial and Kopar at Newton, partially offset by lower progressive revenue recognition from the fully sold and completed Grandeur Park Residences.

Construction

Revenue increased by 182.2% from $58.3 million to $164.6 million. The increase was mainly attributable to CAG, PUB C4A, Tampines N8C31 and Sengkang N4C39 & C40 and new revenue contribution from projects under CES_Salcon, which was acquired in December 2020.

Hospitality

Revenue decreased by 5.9% from $20.0 million to $18.8 million mainly due to lower contribution from Park Hotel Alexandra, partially offset by higher contributions from the other hotels.

Education

Revenue increased by 50.7% from $11.5 million to $17.3 million mainly due to higher contributions from the Invictus-brand international schools and Primus Schoolhouse.

Property Investment & Others

Revenue decreased by 10.4% from $2.9 million to $2.6 million mainly due to lower occupancy in CES Centre.

Group Statement of Financial Position Review

The Group's non-current assets decreased from $960.3 million to $936.1 million mainly due to reclassification of the shophouses in Geylang and Tanjong Pagar from 'Investment Properties' to 'Assets held for sale' as these properties are expected to be disposed before year end. Net current assets decreased by $554.2 million from $1.75 billion to $1.20 billion mainly due to receipts from purchasers of Grandeur Park Residences and lower development properties with progressive recognition of development costs in cost of sales in respect of units sold for Park Colonial. Non-current liabilities decreased from $1.89 billion to $1.32 billion due mainly to repayment of bank borrowings for Grandeur Park Residences and Park Colonial and reclassification of borrowings and $125.3 million term notes from non-current to current liabilities.

Total equity decreased from $817.3 million to $814.8 million, after taking into account a net profit of $9.2 million recorded in 1H2021 and capital contribution from non-controlling interest of $4.4 million, partially offset by dividend payment to shareholders of $15.7 million. With lower equity and lower borrowings, the Group's net-debt-to-equity ratio decreased from 1.74 as at 31 December 2020 to 1.39 as at 30 June 2021.

4 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable.

5 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Property Development

Singapore

Based on statistics released by the Urban Redevelopment Authority, the prices of private residential properties increased by 0.8% in 2Q2021, moderating from a stronger 3.3% increase in the previous quarter. As at the end of 2Q2021, there were 47,097 uncompleted private residential units (excluding ECs) in the pipeline with planning approvals, as compared with 48,139 units in the previous quarter. Of this number, 19,384 units remained unsold as at the end of 2Q2021, down from 21,602 units in the previous quarter.

Compared to the sales figures as at 14 March 2021, sales to-date based on options to purchase issued for Parc Komo climbed further from 51.4% to 67.0% and for Kopar at Newton, from 47.9% to 51.9%. Park Colonial is fully sold.

Australia

Data from the property consultant CoreLogic indicate that home prices rose 1.9% in June 2021, taking annual growth to 13.5% for the 12 months ended 30 June 2021. Notably, this is the highest annual rate of growth since April 2004.

The Group will remain cautious and committed in replenishing its land bank for its property development business in Singapore and overseas.

Construction

Based on advance estimates from the Ministry of Trade and Industry, the construction sector expanded by 98.8% on a year-on-year basis in 2Q2021, a turnaround from the 23.1% contraction in the preceding quarter. The sharp upturn was due to low base effects as the Circuit Breaker measures had resulted in a stoppage of most construction activities in the second quarter of last year. As at 30 June 2021, the Group's order book for its construction business segment stood at $1.40 billion, up from $1.31 billion as at 31 December 2021.

As the construction sector sees its recovery from the low base last year, the Group remains cautiously optimistic of its prospects. The Group will continue to leverage on its expanded capabilities in building, infrastructure, construction and project management, when bidding for public sector projects.

Hospitality

With international border restrictions still largely in place in Singapore and Australia, the domestic markets remain the key driver for their hospitality demand. On the other hand, the Maldives reopened its borders from 15 July 2020 and recorded a 33% year-on-year increase in international tourist arrivals in 1H2021.

Whilst the road to recovery for hospitality industry remains uncertain amid the global roll-out of vaccine and resurgence of new variants, the Group will focus on cost containment to mitigate the adverse impact from the curtailed international travel.

Education

The COVID-19 pandemic measures in Singapore and the region continue to impact the number of international families' relocation and international students obtaining study visas. These factors have led to a slower rate of enrolment growth in our various K-12 schools. Notwithstanding this, the schools have registered small increases in enrolments.

The two Invictus schools in Singapore have obtained EduTrust certification. With EduTrust, Invictus Singapore will be able to accept student pass holders as an additional source of enrolment growth when our border reopens.

The education group will continue to leverage our K-12 school brands and the digitalisation of education as the primary vehicle for growth in the region. We are strengthening blended learning, developing effective systems and applications to enhance the delivery of digital learning and increasing productivity to ride out any disruptions from future pandemics.

The planned regulatory tightening of the tuition industry in China will affect our investment in Yuanda Guangzhou (with carrying amount of S$11.7 million as of 30 June 2021), which has significant revenue from tuition. The Group is not able to assess the full impact of these measures at this point in time. When there is clarity on the actual impact, the Group will, if required, make the appropriate impairment for its investments in the later part of the year.

6 Dividend

(a) Current Financial Period Reported On

Any dividend declared 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) Record date

Not applicable.

7 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the

No dividend has been declared/recommended for the period ended 30 June 2021 as it is not the usual practice of the Group to declare interim dividends.

8 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). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have a shareholders' mandate for interested person transactions.

9 Confirmation pursuant to Rule 705(5)

We, Chia Lee Meng Raymond and Tan Tee How, being two of the Directors of Chip Eng Seng Corporation Ltd. (the "Company"), do hereby confirm on behalf of the Directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial statements of the Company and of the Group for the half year ended 30 June 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Chia Lee Meng Raymond	Tan Tee How
Executive Director and Group Chief Executive Officer	Executive Director

10 Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

The Company confirms that it has procured undertakings from all of its directors and executive officers under Rule 720(1).

BY ORDER OF THE BOARD

Chia Lee Meng Raymond
Executive Director and Group Chief Executive Officer
5 August 2021