



HOUSING AND DEVELOPMENT BOARD

(Established under the Housing and Development Act, Chapter 129)

\$7,000,000,000 **Medium Term Note Programme** (the “Programme”)

The following selling restriction applies prior to the coming into force of the amendments to Part XIII of the Securities and Futures Act (to be amended by the Securities and Futures (Amendment) Act 2005):

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (“Notes”) to be issued from time to time by Housing and Development Board (the “Issuer”) pursuant to the Programme may not be circulated or distributed, nor may Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor specified in Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a sophisticated investor, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

The following selling restriction applies subsequent to the coming into force of the amendments to Part XIII of the Securities and Futures Act (as amended by the Securities and Futures (Amendment) Act 2005):

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Notes to be issued from time to time by the Issuer pursuant to the Programme may not be circulated or distributed, nor may Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

- (a) a corporation (which is not an accredited investor) 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 is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Notes under Section 275 of the SFA except:

- (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA;
- (2) where no consideration is given for the transfer; or
- (3) by operation of law.

The Notes have not been and will not be registered under the Securities Act (as defined herein), and may not be offered or sold in the United States (“U.S.”) or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. The Notes are subject to certain U.S. securities and tax law requirements. See “Subscription, Purchase and Distribution”.

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

Arranger



CITICORP INVESTMENT BANK (SINGAPORE) LIMITED

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The establishment of the Programme has been authorised by HDB pursuant to the approval of its Board dated 15 December 1998.

Citicorp has been authorised by HDB to arrange the Programme described herein. Under the Programme, HDB may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in Singapore dollars and/or any other currencies. HDB is no longer gazetted as a public authority for the purposes of the Companies Act and is subject to the provisions of the SFA.

HDB has made all reasonable enquiries to ascertain that the information in this Information Memorandum relating to HDB and its subsidiaries is true and accurate in all material respects. The opinions, expectations and intentions of HDB expressed herein have been carefully considered and there are no other facts the omission of which would make any such information or expression 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, bearing interest on the same basis and on identical terms, except in relation to interest commencement dates, issue prices and related matters. Each Series may be issued in one or more Tranches on different issue dates. The Notes may be issued in bearer or registered form and may be listed on a stock exchange. Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of not less than 12 months nor more than 25 years from their respective issue dates and may be subject to redemption in whole or in part. The Notes may bear interest at a fixed, floating or variable rate and may 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 applicable pricing supplement issued in relation to each Series or Tranche of Notes. Details applicable to each Series or Tranche of Notes will be specified in the applicable pricing supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Notes to be issued, when added to the aggregate principal amount of all Notes outstanding (as defined in the Agency Agreement referred to below) shall not exceed S\$7,000,000,000 (or its equivalent in any other currencies) or such further amount as may be approved by the Board and the Minister for National Development. On 1 February 2002, the maximum aggregate principal amount of all Notes which may be issued from time to time pursuant to the Programme and which remain outstanding was increased from S\$3,000,000,000 to S\$7,000,000,000 and the range of the maturities of Notes which may be issued pursuant to the Programme was increased from 12 months to ten years to 12 months to 25 years from their respective issue dates.

The information contained in this Information Memorandum should be read in conjunction with HDB's annual reports and/or published financial statements which are incorporated by reference. Citicorp has not verified the correctness or completeness of HDB's annual reports or published financial statements.

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 HDB, Citicorp or any of the Dealers. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of HDB or any of its subsidiaries. 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 HDB, Citicorp or any of the Dealers to subscribe for or purchase, the Notes in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations. Where any material changes occur, HDB may make an announcement of the same to the SGX-ST or by publication of the same in a leading English language

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newspaper having general circulation in Singapore or by a press release of the same. All recipients of this Information Memorandum should take note of any such announcement and, upon release of such an announcement by HDB to the SGX-ST or publication of the same in such leading English language newspaper or by a press release of the same, shall be deemed to have notice of such material changes.

The Notes have not been, and will not be, registered under the Securities Act and are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the U.S. or to U.S. persons.

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

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

None of HDB, Citicorp, any of the Dealers or any of their respective officers or employees is making any representation or warranty expressed or implied as to the merits of the Notes or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of HDB or its subsidiaries. Further, neither Citicorp nor any of the Dealers gives any representation or warranty as to HDB or its subsidiaries or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

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

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) any audited consolidated accounts or unaudited interim results of HDB and its subsidiaries and (2) any supplement or amendment to this Information Memorandum issued by HDB. This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to

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

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

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Notes set out under "Subscription, Purchase and Distribution" on page 46 of this Information Memorandum.

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

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

DEFINITIONS

For the purpose of this Information Memorandum, the following definitions have been used:-

"Agency Agreement"	:	The Agency Agreement dated 1 February 1999 made between (1) HDB, as issuer, and (2) Citicorp, as fiscal agent, paying agent and agent bank, as supplemented by the Supplemental Agency Agreement and the Second Supplemental Agency Agreement
"Agent Bank"	:	Citicorp or such other person for the time being appointed by HDB as agent bank
"Arranger"	:	Citicorp
"Board"	:	The Members of the Board of HDB under the H&D Act
"CDP" or "Depository"	:	The Central Depository (Pte) Limited
"Citicorp"	:	Citicorp Investment Bank (Singapore) Limited
"Companies Act"	:	Companies Act, Chapter 50, as amended or modified from time to time
"Dealers"	:	Citicorp and/or such other Dealers as may be appointed in accordance with the Programme
"Fiscal Agent"	:	Citicorp or such other person for the time being appointed by HDB as fiscal agent
"HDB" or "Issuer"	:	Housing and Development Board
"H&D Act"	:	Housing and Development Act, Chapter 129, as amended or modified from time to time
"Income Tax Act"	:	Income Tax Act, Chapter 134, as amended or modified from time to time
"Issue Date"	:	The date of issue of each Series or Tranche of Notes
"Issue Price"	:	The price at which each Series or Tranche of Notes is issued, being at par or at a discount, or premium, to par
"MAS"	:	The Monetary Authority of Singapore
"Noteholders"	:	The holders for the time being of the Notes
"Notes"	:	The notes which may be issued by HDB under the Programme
"Paying Agent"	:	Citicorp or such other person for the time being appointed by HDB as paying agent
"Pricing Supplement"	:	Pricing supplement issued relating to each Tranche or, as the case may be, Series of Notes
"Programme"	:	S\$7,000,000,000 Medium Term Note Programme of HDB
"Programme Agreement"	:	The Programme Agreement dated 1 February 1999 made

DEFINITIONS

		between (1) HDB, as issuer, (2) Citicorp, as arranger, and (3) Citicorp, as dealer, as supplemented by the Supplemental Programme Agreement and the Second Supplemental Programme Agreement
"Second Supplemental Agency Agreement"	:	The Second Supplemental Agency Agreement dated 27 August 2003 made between (1) HDB, as issuer, and (2) Citicorp, as fiscal agent, paying agent and agent bank
"Second Supplemental Programme Agreement"	:	The Second Supplemental Programme Agreement dated 27 August 2003 made between (1) HDB, as issuer, and (2) Citicorp, as arranger and dealer
"Securities Act"	:	Securities Act of 1933 of the United States of America, as amended or modified from time to time
"Series"	:	A series of Notes comprising one or more Tranches, whether or not issued on the same date, that (except in respect of the first payment of interest and their issue price) have identical terms on issue and are expressed to have the same series number
"SFA"	:	Securities and Futures Act, Chapter 289, as amended or modified from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Supplemental Agency Agreement"	:	The Supplemental Agency Agreement dated 1 February 2002 made between (1) HDB, as issuer, and (2) Citicorp, as fiscal agent, paying agent and agent bank
"Supplemental Programme Agreement"	:	The Supplemental Programme Agreement dated 1 February 2002 made between (1) HDB, as issuer, and (2) Citicorp, as arranger and dealer
"S\$" or "\$"	:	Singapore dollars
"Tranche"	:	In relation to a Series, those Notes of such Series that are issued on the same issue date and in respect of which the first interest payment is identical and (save in relation to a tender Tranche) at the same issue price
"U.S." or "United States"	:	United States of America
"%" or "per cent"	:	Per centum or percentage

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 H&D Act, the SFA or any statutory modification thereof and used in this Information Memorandum shall, unless otherwise defined herein, have the meaning ascribed to it under the H&D Act, the SFA or statutory modification (as the case may be).

CORPORATE INFORMATION

Issuer	:	Housing and Development Board
Registered Office	:	HDB Hub 480 Lorong 6 Toa Payoh Singapore 310480
The Board	:	Dr Aline Wong, Chairman Mr James Koh Cher Siang, Deputy Chairman COL(Ret) David Wong Mr Edmund Koh Mr Ravi Menon Mdm Halimah Yacob Mr Tan Boon Huat BG Tay Lim Heng RADM (NS) Lui Tuck Yew
Auditors	:	Auditor-General 40 Scotts Road 10th Storey Environment Building Singapore 228231
Arranger and Dealer	:	Citicorp Investment Bank (Singapore) Limited 3 Temasek Avenue #17-00 Centennial Tower Singapore 039190
Fiscal Agent, Paying Agent and Agent Bank	:	Citicorp Investment Bank (Singapore) Limited 300 Tampines Avenue 5 #07-00 Tampines Junction Singapore 529653
Legal Adviser to the Programme	:	Allen & Gledhill One Marina Boulevard #28-00 Singapore 018989

PROGRAMME SUMMARY

The following does not purport to be complete and is a summary of, and is qualified in its entirety by, this Information Memorandum (and any relevant supplement to this Information Memorandum), the Programme Agreement, the Agency Agreement and the relevant Pricing Supplement.

Issuer	:	Housing and Development Board
Arranger	:	Citicorp
Dealers	:	Citicorp and/or such other Dealers as may be appointed in accordance with the Programme Agreement
Fiscal Agent, Paying Agent and Agent Bank	:	Citicorp
Description	:	Medium Term Note Programme
Programme Size	:	The maximum aggregate principal amount of Notes outstanding under the Programme at any time shall not exceed S\$7,000,000,000 (or its equivalent in any other currencies) or such further amount as may be approved by the Board and the Minister for National Development
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer(s)
Method of Issue	:	Notes may be issued from time to time under the Programme on a syndicated or non-syndicated basis or by way of tender. The Notes will be issued in Series. Each Series may be issued in Tranches, on the same or different issue dates. The specific terms of each Tranche will be specified in the relevant Pricing Supplement
Maturities	:	Subject to compliance with all relevant laws, regulations and directives, the Notes shall have maturities of not less than 12 months and not more than 25 years from their respective issue dates
Issue Price	:	Notes may be issued at par or at a discount, or premium, to par
Interest Basis	:	Notes may bear interest at fixed, floating or variable rates
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be repayable in arrear on specified dates and at maturity
Floating Rate Notes	:	<p>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 such other benchmark as may be agreed between HDB and the relevant Dealer(s)) as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be selected by HDB prior to their issue</p> <p>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 HDB and the relevant Dealer(s)</p>

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Variable Rate Notes	:	Variable Rate Notes will bear interest calculated in accordance with the "Terms and Conditions of the Notes – Interest on Floating Rate Notes or Variable Rate Notes and other Calculations" below and interest will be payable on the first or on the last day of each interest period relating to the Variable Rate Notes
Form and Denomination of Notes	:	The Notes may be issued in bearer form or in registered form only, and in such denominations as may be agreed between HDB and the relevant Dealer(s)
Custody of the Notes	:	Notes which are to be listed on the SGX-ST may be cleared through CDP. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository
Status of the Notes	:	The Notes will be direct, unconditional and unsecured obligations of HDB and shall at all times rank <i>pari passu</i> and without preference among themselves. The payment obligations of HDB under the Notes shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of HDB
Optional Redemption	:	If so provided in the relevant Pricing Supplement, Notes may be redeemed in whole or in part prior to their stated maturity at the option of the Issuer and/or the holders of Notes
Redemption for Taxation Reasons	:	Except as provided in "Optional Redemption" above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See the section on "Terms and Conditions of the Notes – Redemption and Purchase" below
Taxation	:	Payments of principal and interest on the Notes will be made without withholding or deduction for or on account of any taxes or duties of whatever nature imposed by Singapore except as provided in the "Terms and Conditions of the Notes – Taxation" below. For further details, see the section on "Taxation" below
Noteholders' Option	:	If, as a result of any amendment to the H&D Act or any other statute, HDB ceases to be an authority or body established by written law to discharge functions of a public nature, or the Notes cease to be the obligations of the Issuer and any such event would materially and adversely affect the interests of the Noteholders, the Issuer will, at the option of the holder of any Note, purchase such Note at its redemption amount (together with interest accrued to (but excluding) the date fixed for purchase)
Listing	:	Application has been made to the SGX-ST for permission to deal in and for quotation of any Notes issued under the Programme which are agreed at the time of issue thereof, and approved by the SGX-ST, to be so listed on the SGX-ST. The in-principle approval by the SGX-ST for the listing of the Notes issued under the Programme shall not be taken as an indication of the merits of the Issuer or its subsidiaries or of the Notes. In addition, the Notes may, if so agreed between HDB

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and the relevant Dealer(s), be listed on any stock exchange(s) as may be agreed between HDB and the relevant Dealer(s), subject to all necessary approvals having been obtained

- Selling Restrictions : For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see the section on "Subscription, Purchase and Distribution" below. Further restrictions may apply in connection with any particular Series or Tranche of Notes
- Governing Law : Notes issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore

RISK FACTORS

Prior to making an investment or divestment decision, prospective investors or existing holders in the Notes should carefully consider all the information set forth in this Information Memorandum including the following risk factors:-

Limitations of this Information Memorandum

This Information Memorandum does not purport to nor does it contain all information that a prospective investor or existing holder in the Notes may require in investigating the Issuer, prior to making an investment or divestment decision in relation to the Notes issued under the Programme. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Notes (nor any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by HDB or Citicorp that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Notes. Each person receiving this Information Memorandum acknowledges that such person has not relied on HDB or Citicorp or any person affiliated with each of them in connection with its investigation of the accuracy of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Notes should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and its subsidiaries, the terms and conditions of the Notes and any other factors relevant to its decision, including the merits and risks involved.

Limited Liquidity of the Notes issued under the Programme

There can be no assurance regarding the future development of the market for the Notes issued under the Programme, the ability of such Noteholders, or the price at which such Noteholders may be able, to sell their Notes.

Although the issue of additional Notes may increase the liquidity of the Notes, there can be no assurance that the price of such Notes will not be adversely affected by the issue in the market of such additional Notes.

Fluctuation of Market Value of Notes issued under the Programme

Trading prices of the Notes are influenced by numerous factors, including the operating results of the Issuer and/or its subsidiaries, political, economic, financial and any other factors that can affect the capital markets generally. Adverse economic developments, in Singapore and countries with significant trade relations with Singapore, could have a material adverse effect on the Singapore economy and the results of operations and/or the financial condition of the Issuer and/or its subsidiaries.

Financial Risk

Interest payment and principal repayment for debts occur at specified periods regardless of the performance of HDB. Notes issued under the Programme are not guaranteed by the Government and should HDB suffer a serious decline in its net operating cash flows, it may be unable to make interest payments or principal repayments under the Notes.

RISK FACTORS

Interest Rate Risk

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

Inflation Risk

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

Change in Legislation

HDB is constituted under the H&D Act, Chapter 129, which together with the relevant subsidiary legislation, sets out the powers and functions of HDB. If there is any change made to the H&D Act or the relevant subsidiary legislation, such change may adversely affect the ability of HDB to comply with its obligations under the documents relating to the Programme and the Notes.

Change in Government Funding

HDB's annual deficit is fully covered by Government grant. In addition, the Ministry of Finance will act as a lender of last resort to HDB for its funding requirements. In the event there is a change in the funding arrangement with the Government, this may affect the ability of HDB to comply with its payment obligations under the documents relating to the Programme and the Notes.

HISTORY AND BUSINESS

HDB, a statutory board of the Ministry of National Development, was established on 1 February 1960 with the mission of providing quality and affordable public housing for Singaporeans.

As the public housing authority in Singapore, the principal activities of HDB are:

- (i) To develop public housing and related facilities in a total living environment

This includes planning new HDB towns, upgrading and redeveloping older ones and designing and overseeing the construction of HDB flats, commercial properties, industrial properties and other ancillary facilities including car parks and other amenities in the housing estates.

- (ii) To allocate properties

This includes the sale and rental of HDB flats, commercial properties and industrial properties, and the provision of mortgage financing. From 1 January 2003, HDB flat buyers who are not eligible for HDB's concessionary loans would have to obtain market rate loans from banks or financial institutions licensed by MAS.

- (iii) To manage public housing and related facilities

This includes lease and tenancy matters for all its residential, commercial and industrial properties.

In its initial years, HDB was tasked to address the housing shortage problem in Singapore and, to this end, HDB built low-cost rental housing to meet the accommodation needs of the population. HDB has since improved the standards for public housing and living conditions in Singapore, encouraged home ownership among Singaporeans, and created communities in modern self-contained towns.

Since 1960, HDB has built approximately 976,962 residential units in 26 public housing towns and estates across the island. An estimated 83 per cent. of the population in Singapore live in HDB flats, of which more than 90 per cent. are home ownership flats.

HDB conducts regular reviews and surveys to ensure that its products and services are continually improving and that it keeps pace with the changing tastes of its customers. In line with this, HDB offers a variety of flat types to suit different family needs and incomes. Standard Apartments have features that bring out the functionality and optimum usage of the internal spaces, for customers who prefer their own choice of finishes for the living/dining rooms and bedrooms. On the other hand, Premium Apartments are for customers who look for special design attributes and full finishes. Later this year, HDB will tender out land to private developers for public housing development under the Design, Build and Sell Scheme. The developer, who is awarded the tender, will undertake the entire development from planning, design and construction, to the sale of the flats.

To meet the needs of Singapore's ageing society, HDB also launched the Studio Apartment Scheme, offering flats specially designed for those aged 55 and above. In addition, HDB has in place the Special Housing Assistance Programme (SHAP), consolidating various home ownership schemes for low-income families.

In addition, HDB has undertaken an estate renewal strategy, on behalf of the Government, to rejuvenate its older towns. This involves upgrading older housing precincts and equipping them with better design features, as well as redeveloping old apartment blocks en bloc, to make way for newer ones. For the greater convenience of HDB residents, HDB also recently introduced a programme called the Lift Upgrading Programme, LUP, to install new lifts and lift shafts in older apartment blocks that do not have lifts that stop at every floor. Our plan is to complete the entire LUP within 10 years from now.

HISTORY AND BUSINESS

By delivering quality and excellence, HDB has received both local and international recognition for its public housing programme as well as its organisational strengths. These awards include the World Habitat Award by the United Nations in 1991, the Asian Management Award by the Asian Institute of Management in 1994, the Singapore Quality Award in 1997, the People Developer Award in 1999, and the Distinguished Public Service Award for Organisational Excellence in 2000.

From 1 July 2003, HDB has been restructured. The restructured HDB focuses on its primary role as the public housing authority in policy formulation and implementation to meet housing needs. A subsidiary, HDB Corporation Pte Ltd ("HDB Corp") became operational on 1 July 2003 to carry out its building and consultancy services. HDB Corp was sold to Temasek Holdings (Private) Limited in 2004 to give it the autonomy and flexibility to leverage on its strengths and venture into overseas projects.

Financing of Housing and Development Board

HDB's annual deficit is fully covered by Government grant. In addition, HDB receives Government grant to preserve the capital gains realised and attributable to past Governments on disposal of the protected properties.

The main Government loans which finance HDB's operations are:-

- (i) The housing development loans which finance the development programmes and operational requirements.
- (ii) The mortgage financing loans which finance the mortgage loans granted to the purchasers of HDB flats.

HDB will continue to access the capital market to fund its development programmes and operational requirements. The Ministry of Finance will act as the lender of last resort to HDB for its funding requirements.

USE OF PROCEEDS

The net proceeds of the Notes to be issued by HDB under the Programme will be used to finance the development programmes of HDB and its working capital requirements as well as to refinance the existing housing development loans.

FINANCIAL HIGHLIGHTS

Financial Highlights of HDB Group

\$ million

	2004/2005	2003/2004	2002/2003	2001/2002	2000/2001
FINANCIAL RESULTS					
Operating surplus/(deficit) from:					
Home ownership	(366)	(414)	(113)	(675)	(683)
Upgrading	(374)	(338)	(271)	(277)	(254)
Residential ancillary functions	(220)	(240)	(218)	(226)	(203)
Rental flats	(99)	(177)	(275)	(205)	(183)
Other rental and related businesses	396	278	265	339	325
Mortgage financing	17	35	41	38	37
Agency and others	37	35	13	23	21
Deficit from operations	(609)	(821)	(558)	(983)	(940)
FINANCIAL POSITION					
Fixed assets	21,583	21,583	21,594	20,744	20,450
Loans receivable	56,658	60,005	64,377	63,085	60,204
Properties under construction	3,009	3,435	4,081	6,456	8,847
Other assets	3,866	4,342	5,642	6,842	6,916
Total assets	85,116	89,365	95,694	97,127	96,417
Less:					
Loans payable	(67,383)	(70,905)	(77,548)	(78,245)	(76,781)
Other liabilities	(2,102)	(2,798)	(2,460)	(3,149)	(3,838)
Total net assets	15,631	15,662	15,686	15,733	15,798
Capital and reserves	15,631	15,662	15,686	15,733	15,798

TERMS AND CONDITIONS OF THE NOTES

Housing and Development Board S\$7,000,000,000 Medium Term Note Programme

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

The Notes are issued pursuant to an Agency Agreement (as amended, varied or supplemented from time to time, the "Agency Agreement") dated 1 February, 1999 made between Housing and Development Board (the "Issuer"), Citicorp Investment Bank (Singapore) Limited as fiscal agent (the "Fiscal Agent"), Citicorp Investment Bank (Singapore) Limited as paying agent (together with the Fiscal Agent, the "Paying Agents"), and Citicorp Investment Bank (Singapore) Limited as agent bank (the "Agent Bank") and (where applicable) with the benefit of a deed of covenant (as amended, varied or supplemented from time to time, the "Deed of Covenant") dated 1 February, 1999 relating to the Notes executed by the Issuer. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement. The Noteholders (as defined below) and the holders of the coupons (the "Coupons") appertaining to interest-bearing Notes in bearer form (the "Couponholders") are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

Copies of the Agency Agreement and the Deed of Covenant are available for inspection at the specified offices of each of the Paying Agents.

1. Form, Denomination, Title and Transfer

(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 (the "Bearer Notes") or in registered form (the "Registered Notes") in each case in the Denomination Amount(s) shown hereon.
- (ii) This Note is a Fixed Rate Note, a Floating Rate Note or a Variable Rate Note (depending upon the Interest Basis shown on its face).
- (iii) Bearer Notes are serially numbered and are issued with Coupons attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to default interest referred to in Condition 5(f)) in these Conditions are not applicable.
- (iv) Registered Notes are represented by registered certificates (the "Certificates") and, save as provided in Condition 1(c)(ii) below, each Certificate shall represent the entire holding of Registered Notes by the same holder.

TERMS AND CONDITIONS OF THE NOTES

(b) Title

- (i) Subject as set out below, title to the Bearer Notes and the Coupons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register (the "Register") to be kept by or on behalf of the Issuer.
- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note or Coupon shall be deemed to be and may be treated as the absolute owner of such Note or of such Coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note or Coupon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof (or that of the related Certificate) or any writing on it (or on the Certificate representing it) made by anyone, and no person shall be liable for so treating the holder.
- (iii) For so long as any of the Notes is represented by a Global Note or, as the case may be, a Global Certificate and such Global Note or, as the case may be, Global Certificate is held by The Central Depository (Pte) Limited (the "Depository"), each person who is for the time being shown in the records of the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Fiscal Agent, the Paying Agents, the Agent Bank and all other agents of the Issuer 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 Note or, as the case may be, the person(s) shown on the Register at the close of business on the Record Date (defined below) shall be treated by the Issuer, the Fiscal Agent, the Paying Agents, the Agent Bank and all other agents of the Issuer as the holder of such Notes in accordance with and subject to the terms of the Global Note 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 Note or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of the Depository.
- (iv) In these Conditions, "Global Note" means the relevant Temporary Global Note representing each Series or the relevant Permanent Global Note representing each Series, "Global Certificate" means the relevant Global Certificate representing each Series, "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 Bearer Note or Coupon) means the bearer of any Bearer Note or Coupon or the person in whose name a Registered Note is registered (as the case may be).
- (v) Words and expressions defined in the Agency Agreement or used in the applicable Pricing Supplement 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 Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

(c) Transfer of Registered Notes

- (i) One or more Registered Notes may be transferred in whole or in part, by the transferee depositing the Certificate representing such Registered Notes for transfer and registration with the Issuer or with such other person as the Issuer may designate, together with the form of transfer endorsed on such Certificate duly completed and executed and any other evidence as the Issuer may reasonably

TERMS AND CONDITIONS OF THE NOTES

require and subject to the regulations relating to, *inter alia*, the registration and transfer of Registered Notes set out in the Agency Agreement or such other regulations as the Issuer may from time to time reasonably prescribe. 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.

- (ii) In the case of an exercise of any option by the Issuer or any Noteholder 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 Issuer. 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.
- (iii) Each new Certificate to be issued pursuant to paragraph (c)(i) or (c)(ii) above shall be available for delivery within 30 business days of receipt of the request for exchange, form of transfer or surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the head office of the Issuer or at the specified office of its agent or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, 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 Issuer the costs of such other method of delivery and/or such insurance as it may specify.
- (iv) Exchange and transfer of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected at a fee of S\$30 for each registration, transfer, redemption or exercise and the Issuer may require the payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Issuer may require).
- (v) No Noteholder may require the transfer of a Registered Note to be registered (1) during the period of seven business days ending on the due date for redemption of that Note, (2) during the period of seven business days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 4(d), (3) after any such Note has been called for redemption, or (4) during the period of seven days ending on (and including) any Record Date.

2. Status

The Notes and Coupons of all Series constitute direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without preference among themselves. The payment obligations of the Issuer under the Notes and Coupons shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer.

TERMS AND CONDITIONS OF THE NOTES

3. Interest and other Calculations

(I) Interest on Fixed Rate Notes

(a) *Interest Rate and Accrual*

Each Fixed Rate Note bears interest on its Calculation Amount (as defined in Condition 3(II)(g)) 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 Reference Date or Reference 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 a Reference Date.

The first payment of interest will be made on the Reference Date next following the Interest Commencement Date (and, if the Interest Commencement Date is not a Reference 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 a Reference Date, interest from the preceding Reference Date (or from the Interest Commencement Date, as the case may be) to (but excluding) the Maturity Date will amount to the Final Broken Amount shown on the face of such Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation, payment of principal 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 3(I) to (but excluding) the Relevant Date (as defined in Condition 6).

(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 Fixed Rate Day Basis shown on the face of such Note.

(II) Interest on Floating Rate Notes or Variable Rate Notes and other Calculations

(a) *Interest Payment Dates*

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation 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 date ("Interest Payment Date") which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period (as defined below) on the face of such 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 3(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 would otherwise fall on a day which is not a business day, it shall be postponed to the next day which is a business day unless it would thereby fall into the next

TERMS AND CONDITIONS OF THE NOTES

calendar month. In any such case as aforesaid or if there is no date in the relevant month which corresponds numerically with the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date (i) the Interest Payment Date shall be brought forward to the immediately preceding business day and (ii) each subsequent Interest Payment Date shall be the last business day of the month which is the last of the Specified Number of Months after the month in which the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall have fallen.

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

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal 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 3(II) to (but excluding) the Relevant Date.

(b) Rate of Interest - Floating Rate Notes

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

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The "Spread" is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to paragraph (d) 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 MASX Page (or such other replacement page thereof) and as adjusted by the Spread (if any);
- (B) if no such rate appears on the Reuter Screen MASX Page (or such other replacement page thereof), the Agent Bank will, at or about

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the Relevant Time on such Interest Determination Date, determine the Rate of Interest for such Interest Period which shall be the rate which appears on Telerate Page 7310 of the Dow Jones Telerate Service (or such other replacement page thereof), being the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period;

- (C) if no such rate appears on Telerate Page 7310 (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if Telerate Page 7310 (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore inter-bank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;
- (D) 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 (C) above on the basis of the quotations of those Reference Banks providing such quotations; and
- (E) if on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotations, 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 1/16 per cent.) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes by whatever means they determine to be most appropriate and as adjusted by the Spread (if any) or if on such Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

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(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 which shall be the Average Swap Rate for such Interest Period (determined by the Agent Bank as being the rate which appears under the caption "ASIAN CURRENCY SWAP OFFER RATE FIXING AT 11 A.M. SINGAPORE TIME" and the row headed "SGD" on Telerate Page 44178 of the Dow Jones Telerate Service (or such other page as may replace Telerate Page 44178 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 Telerate Page 44178 (or such other replacement page as aforesaid) or Telerate Page 44178 (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will determine the Average Swap Rate (which shall be rounded up, if necessary, to the nearest 1/16 per cent.) for such Interest Period in accordance with the following formula:-

In the case of Premium:-

$$\begin{aligned} \text{Average Swap Rate} &= \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(T \times \text{Spot Rate})} \\ &+ \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360} \end{aligned}$$

In the case of Discount:-

$$\begin{aligned} \text{Average Swap Rate} &= \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(T \times \text{Spot Rate})} \\ &- \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360} \end{aligned}$$

where:-

SIBOR = the rate which appears under the caption "SINGAPORE INTERBANK OFFER RATES (US\$)" and the column headed "Fixing" on Telerate Page 7311 of the Dow Jones Telerate Service (or such other page as may

TERMS AND CONDITIONS OF THE NOTES

replace Telerate Page 7311 for the purpose of displaying Singapore inter-bank United States dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

Spot Rate = the rate (determined by the Agent Bank) to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates quoted by the Reference Banks and which appear under the caption "SINGAPORE BANKS RATES AT 11 A.M. SGP TIME" and the column headed "Spot" on Telerate Page 44173 of the Dow Jones Telerate Service (or such other page as may replace Telerate Page 44173 for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

Premium or Discount = the rate (determined by the Agent Bank) to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates quoted by the Reference Banks for a period equal to the duration of the Interest Period concerned which appear under the caption "SINGAPORE BANKS RATES AT 11 A.M. SGP TIME" on Telerate Page 44173 of the Dow Jones Telerate Service (or such other page as may replace Telerate Page 44173 for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned; and

T = the number of days in the Interest Period concerned.

The Rate of Interest for such Interest Period shall be the Average Swap Rate (as determined by the Agent Bank) and as adjusted by the Spread (if any);

TERMS AND CONDITIONS OF THE NOTES

- (C) if on any Interest Determination Date any one of the components for the purposes of calculating the Average Swap Rate under (B) above is not quoted on the relevant Telerate Page (or such other replacement page as aforesaid) or the relevant Telerate Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of the Reference Banks to provide the Agent Bank with quotations of their Swap Rates for the Interest Period concerned at or about the Relevant Time on that Interest Determination Date and the Rate of Interest for such Interest Period shall be the Average Swap Rate for such Interest Period (which shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the Swap Rates quoted by the Reference Banks to the Agent Bank) and as adjusted by the Spread (if any). The Swap Rate of a Reference Bank means the rate at which that Reference Bank can generate Singapore dollars for the Interest Period concerned in the Singapore inter-bank market at or about the Relevant Time on the relevant Interest Determination Date and shall be determined as follows:-

In the case of Premium:-

$$\begin{aligned} \text{Swap Rate} &= \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(T \times \text{Spot Rate})} \\ &+ \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360} \end{aligned}$$

In the case of Discount:-

$$\begin{aligned} \text{Swap Rate} &= \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(T \times \text{Spot Rate})} \\ &- \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360} \end{aligned}$$

where:-

SIBOR = the rate per annum at which United States dollar deposits for a period equal to the duration of the Interest Period concerned are being offered by that Reference Bank to prime banks in the Singapore inter-bank market at or about the Relevant Time on the relevant Interest Determination Date;

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Spot Rate	=	the rate at which that Reference Bank sells United States dollars spot in exchange for Singapore dollars in the Singapore inter-bank market at or about the Relevant Time on the relevant Interest Determination Date;
Premium	=	the premium that would have been paid by that Reference Bank in buying United States dollars forward in exchange for Singapore dollars on the last day of the Interest Period concerned in the Singapore inter-bank market;
Discount	=	the discount that would have been received by that Reference Bank in buying United States dollars forward in exchange for Singapore dollars on the last day of the Interest Period concerned in the Singapore inter-bank market; and
T	=	the number of days in the Interest Period concerned; and

(D) if on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with quotations of their Swap Rate(s), the Average Swap Rate 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 1/16 per cent.) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes by whatever means they determine to be most appropriate and the Rate of Interest for the relevant Interest Period shall be the Average Swap Rate (as so determined by the Agent Bank) and as adjusted by the Spread (if any), or if on such Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any); 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

TERMS AND CONDITIONS OF THE NOTES

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 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;
 - (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 1/16 per cent.) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date; and
 - (C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.
- (iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(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 a.m. (Singapore time) on the ninth business day nor later than 3 p.m. (Singapore time) on the third business day prior to the

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commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:-

- (A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;
 - (B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and
 - (C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an "Agreed Rate") and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and
- (2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.
- (iii) The Issuer has undertaken to the Fiscal 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 Fiscal 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 Fiscal 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(s) 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).

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Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note(s). The "Spread" is the percentage rate per annum specified on the face of such Variable Rate Note(s) as being applicable to the rate of interest for such Variable Rate Note(s). The rate of interest so calculated shall be subject to paragraph (d) 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 3(II)(b)(ii) above (*mutatis mutandis*) and references therein to "Rate of Interest" shall mean "Fall Back Rate".

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

(d) *Determination of Rate of Interest and Calculation of Interest Amounts and Redemption Amounts*

The Agent Bank will, as soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Agent Bank may be required to calculate any Redemption Amount in respect of any Notes, 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 or Variable Rate Notes for the relevant Interest Period or calculate the Redemption Amount in respect of such Notes. The Interest Amounts shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying such product by the actual number of days in the Interest Period concerned (including the first, but excluding the last, day of such Interest Period), divided by the FRN Day Basis or, as the case may be, VRN Day Basis shown on the face of such Note and rounding the resultant figure to the nearest cent. The determination of the Rate of Interest, the Interest Amounts and the Redemption Amount by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(e) *Notification of Rate of Interest and Interest Amounts*

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount to be notified to the Fiscal Agent, the Issuer and each of the Paying Agents and (in the case of Floating Rate Notes) to be notified to Noteholders in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth business day thereafter. 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. If the Floating Rate Notes or, as the case may be, Variable Rate Notes become due and payable under Condition 8, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes or, as the case may be, Variable Rate Notes shall nevertheless continue to be calculated as previously in accordance with this

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Condition but no publication of the Rate of Interest and Interest Amounts need to be made (other than to the Noteholders at their request).

(f) *Agent Bank and Reference Banks*

The Issuer will procure that, so long as any Floating Rate Note or Variable Rate Note remains outstanding, there shall for the purpose of determining the Rate of Interest applicable to such Notes and calculating the Interest Amounts at all times be three Reference Banks and 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 or the Redemption Amount, the Issuer will appoint the Singapore office of some other reputable bank or merchant bank to act as such in its place. The Agent Bank may not resign its duties without a successor having been appointed as aforesaid.

(g) *Definitions*

As used in these Conditions:-

"business day" means:-

- (i) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday or Sunday) on which commercial banks are open for business in Singapore; and
- (ii) (in the case of Notes denominated in a currency other than Singapore dollars), a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for 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;

"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;

"Reference Banks" means the institutions specified as such hereon or, if none, three major banks selected by the Agent Bank in the inter-bank 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

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Issuer has concluded 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 inter-bank market in the Relevant Financial Centre; and

"Screen Page" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuters Monitor Money Rates Service ("Reuters") and the Dow Jones Telerate Service ("Telerate")) as may be specified hereon for the purpose of providing a Relevant Rate, 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 that Relevant Rate.

4. 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) 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 or Variable Rate Note).

(b) *Purchase at the Option of Issuer*

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes or Variable Rate Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to any Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 8 and 9.

(c) *Purchase at the Option of Noteholders*

- (i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest

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Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit any Variable Rate Notes to be purchased with any Paying Agent at its specified office (in the case of Bearer Notes) or the Certificate representing such Variable Rate Notes with the Issuer at its head office or at the specified office of its agent (in the case of Registered Notes) together with all Coupons relating to such Variable Rate Notes which mature after the date fixed for purchase (in the case of Bearer Notes), together with a duly completed option exercise notice in the form obtainable from any Paying Agent or the Issuer (as applicable) within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes or Certificates so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered to any Paying Agent for cancellation. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 8 and 9.

- (ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes or Floating Rate Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit any Notes to be purchased with any Paying Agent at its specified office (in the case of Bearer Notes) or the Certificate representing such Fixed Rate Notes or Floating Rate Notes with the Issuer at its head office or at the specified office of its agent (in the case of Registered Notes) together with all Coupons relating to such Notes which mature after the date fixed for purchase (in the case of Bearer Notes), together with a duly completed option exercise notice in the form obtainable from any Paying Agent or the Issuer (as applicable) within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes or Certificates so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered to any Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 8 and 9.
- (iii) If, as a result of any amendment to the Housing and Development Act, Chapter 129 or any other statute, the Issuer ceases to be an authority or body established by written law to discharge functions of a public nature or the Notes cease to be the obligations of the Issuer and any such event would materially and adversely affect the interests of the Noteholders, the Issuer will, at the option of the holder of any Note, purchase such Note at its Redemption Amount (together with interest accrued to (but excluding) the date fixed for purchase) on the date falling 30 days from the date of the exercise by the holder of such option. The Issuer will give prompt notice to the Noteholders of the occurrence of the event referred to in this Condition 4(c)(iii) in accordance with Condition 13. To exercise such option, a Noteholder shall deposit any Notes to be purchased with any Paying Agent at its specified office (in the case of Bearer Notes) or the Certificate representing such Notes with the Issuer at its head office or at the specified office of its agent (in the case of Registered Notes) together with all Coupons relating to such Notes which mature after the date

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fixed for purchase (in the case of Bearer Notes), together with a duly completed option exercise notice in the form obtainable from any Paying Agent or the Issuer (as applicable), no later than ten business days from the date of the Issuer's notice to the Noteholders of the occurrence of such event (or such longer period, not exceeding 30 business days, as the Issuer may notify to the Noteholders in such notice). Any Notes or Certificates so deposited may not be withdrawn. Such Notes may be held, resold or surrendered to any Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 8 and 9.

(d) Redemption at the Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to (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, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws. So long as the Notes are listed on the Singapore Exchange Securities Trading Limited and the rules of such Stock Exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in Singapore a notice specifying the aggregate principal amount of Notes outstanding and a list of the Notes drawn for redemption but not surrendered.

(e) Redemption at the Option of Noteholders

If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to (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) with any Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note with the Issuer at its head office or at the specified office of its agent, together with a duly completed option exercise notice in the form obtainable from any Paying Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face hereof. No Note or Certificate so deposited may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

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(f) Redemption for Taxation Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Reference Date or Interest Payment Date (as the case may be) 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 (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by a duly authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) Purchases

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

Notes purchased by the Issuer or any of its subsidiaries may be surrendered by the purchaser through the Issuer to the Fiscal Agent or any Paying Agent for cancellation or may at the option of the Issuer or relevant subsidiary be held or resold.

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

(h) Cancellation

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

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5. Payments

(a) *Principal and Interest*

- (i) 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.
- (ii)
 - (1) Payment of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates representing such Notes at the head office of the Issuer or at the specified office of its agent and in the manner provided in subparagraph (2) below.
 - (2) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the seventh business day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note shall be made in the currency in which such payments are due by cheque drawn on a bank in the principal financial centre for the currency concerned 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 head office of the Issuer or the specified office of its agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre for that currency.

(b) *Payments subject to law etc.*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 6. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(c) *Appointment of Agents*

The Fiscal Agent, the Paying Agent and the Agent Bank initially appointed by the Issuer and their respective specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any Paying Agent or the Agent Bank and to appoint additional or other Paying Agents, provided that it will at all times maintain (i) a Fiscal Agent, (ii) a Paying Agent having a specified office in Singapore and (iii) an Agent Bank where the Conditions so require.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 13.

(d) *Unmatured Coupons*

- (i) Bearer Notes which are Fixed Rate Notes should be surrendered for payment together with all unmaturing Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing

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unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 7).

- (ii) Subject to the provisions of the relevant Pricing Supplement, upon the due date for redemption of any Bearer Note which is a Floating Rate Note or Variable Rate Note, unmaturing Coupons relating to such Bearer Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Where any Bearer Note which is a Floating Rate Note or Variable Rate Note is presented for redemption without all unmaturing Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (iv) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note or Certificate representing it, as the case may be.

(e) *Non-Business Days*

Subject as provided in the relevant Pricing Supplement, 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 payment in respect of any such delay.

(f) *Default Interest*

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum shall not be made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to (but excluding) 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 Fiscal Agent to be equal to one per cent. per annum above (in the case of a Fixed Rate Note) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note) 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. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Fiscal Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Fixed Rate Day Basis (in the case of a Fixed Rate Note), the FRN Day Basis (in the case of a Floating Rate Note) or the VRN Day Basis (in the case of a Variable Rate Note) and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

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6. Taxation

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

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder who is 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 13 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 and all other amounts in the nature of principal payable pursuant to Condition 4, "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 3 and any reference to "principal" and/or "premium" and/or "Redemption Amounts" and/or "interest" shall be deemed to include any additional amounts which may be payable under these Conditions.

7. Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons shall be prescribed and become void unless made within five years from the appropriate Relevant Date in respect of them.

8. Events of Default

If any of the following events ("Events of Default") occurs and is continuing, the holder of any Note may give written notice to the Fiscal Agent that such Note is immediately repayable, whereupon the Redemption Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable:-

- (a) the Issuer fails to pay the principal of (whether becoming due upon redemption or otherwise) or any interest on any of the Notes of any Series when due, and such default continues for a period of seven business days; or

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- (b) the Issuer defaults in the performance or observance of or compliance with any of its other obligations set out in any of the Notes of any Series or the Agency Agreement which default is incapable of remedy or, if capable of remedy, is not remedied within 30 days after notice of such default shall have been given to the Issuer by any holder thereof; or
- (c)
 - (i) any other present or future indebtedness (in an aggregate amount of not less than S\$30,000,000 (or its equivalent in any other currency or currencies)) of the Issuer for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer or any such indebtedness is not paid when due or, as the case may be, within any applicable grace period; or
 - (ii) the Issuer fails to pay when due any amount (in an aggregate amount of not less than S\$30,000,000 (or its equivalent in any other currency or currencies)) payable by it under any present or future guarantee for any moneys borrowed or raised; or
- (d) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer over the whole or any substantial part of the undertaking, property, assets or revenues of the Issuer is enforced; or
- (e) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under any of the Notes of any Series, any of the Coupons or the Agency Agreement; or
- (f) any action, condition or thing (including obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into and perform and comply with its obligations under the Notes, the Coupons and/or the Agency Agreement, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes, the Coupons and the Agency Agreement admissible in evidence in the courts of Singapore is not taken, fulfilled or done; or
- (g) a moratorium is agreed or declared in respect of all or any material part of the indebtedness of the Issuer or the Government of Singapore or any court or other authority in Singapore takes any action for the distribution of the assets of the Issuer or any material part thereof among any creditors of the Issuer.

9 Meeting of Noteholders and Modifications

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including modification by Extraordinary Resolution (as defined in the Agency Agreement) of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than ten per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals by the Issuer, *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, (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

TERMS AND CONDITIONS OF THE NOTES

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, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders. For the avoidance of doubt, the Issuer is not bound by any modification to any of these Conditions unless the Issuer has agreed to such modification.

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.

10. Replacement of Notes, Certificates and Coupons

If a Note, Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, at the specified office of any Paying Agent (in the case of Bearer Notes or Coupons) or at the head office of the Issuer or at the specified office of its agent (in the case of Certificates), or at the specified office of such other Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 13 in each case, 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 or Coupon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note, Certificate or Coupon) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates or Coupons must be surrendered before replacements will be issued.

11. Further Issues

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

12. Fiscal Agent, Paying Agents and Agent Bank

In acting under the Agency Agreement, the Fiscal Agent, the Paying Agents and the Agent Bank act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any holder except that (without affecting the obligations of the Issuer to the holders to make payment in respect of the Notes and Coupons in accordance with their terms) any funds received by the Fiscal Agent for the payment of any amounts in respect of the Notes or Coupons shall be held by it in trust for the relevant holders until the expiration of the period of prescription specified in Condition 7.

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

TERMS AND CONDITIONS OF THE NOTES

13. Notices

Notices to the holders of Bearer Notes will be valid if published in a daily newspaper in the English language 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). Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders in accordance with this Condition. Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register (in the case of joint holders to the address of the holder whose name stands first in the Register) and deemed to have been given on the second day after the date of despatch.

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

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

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

14. Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note or Coupon is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note or Coupon that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so or, in the case of a dissolution or analogous process of the Issuer, at the rate of exchange on the latest date permitted by applicable law for the determination of liabilities in such dissolution or analogous process). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note or Coupon, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other

TERMS AND CONDITIONS OF THE NOTES

judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or Coupon or any other judgment or order.

15. Governing Law

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

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

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

The Notes have not been and will not be registered under the Securities Act. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the U.S. or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the same meaning as set out in Regulation S issued pursuant to the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code 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 may be used in connection with an offer or solicitation by any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each issue of Notes shall be subject to such additional selling restrictions as may be agreed between HDB and the relevant Dealer(s) and each of the Dealers has undertaken that it will at all times comply with all such selling restrictions.

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

The following selling restriction applies prior to the coming into force of the amendments to Part XIII of the SFA (to be amended by the Securities and Futures (Amendment) Act 2005):

Each Dealer acknowledges that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer represents, warrants and agrees that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to the

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

public or any member of the public in Singapore other than (i) to an institutional investor specified in Section 274 of the SFA, (ii) to a sophisticated investor, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

The following selling restriction applies subsequent to the coming into force of the amendments to Part XIII of the SFA (as amended by the Securities and Futures (Amendment) Act 2005):

Each Dealer acknowledges that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer represents, warrants and agrees that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Each Dealer further represents, warrants and agrees to notify (whether through the distribution of this Information Memorandum or otherwise) each of the following relevant persons specified in Section 275 of the SFA which has subscribed or purchased Notes from or through that Dealer, namely a person which is:

- (a) a corporation (which is not an accredited investor) 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 is an accredited investor,

that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Notes under Section 275 of the SFA except:

- (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA;
- (2) where no consideration is given for the transfer; or
- (3) by operation of law.

Each Dealer has agreed that it will procure that any purchaser from it of any of the Notes or any interest therein or rights in respect thereof undertakes to comply with the foregoing provisions, including the requirement under this paragraph to procure a similar undertaking from any subsequent purchaser from it of the Notes.

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

CLEARING AND SETTLEMENT

Introduction

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

The Depository

The Depository, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. The Depository 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 the Depository.

Clearance and Settlement under the Depository System

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

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

General

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

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

TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines issued by MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws or administrative guidelines, or the interpretation of those laws or guidelines, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Information Memorandum are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements do not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Prospective holders of the Notes who are in doubt about their respective tax positions or any such tax implications of the purchase, ownership or transfer of Notes or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisers.

Interest Payments etc.

Subject to the following paragraphs, income within Section 12(6) of the Income Tax Act, Chapter 134 of Singapore (the “**ITA**”) (including interest and certain discount income) in connection with the Notes derived by any persons would generally be subject to tax in Singapore. In addition, where any payment of income within Section 12(6) of the ITA (including interest and certain discount income) is made to a person not known to be a resident in Singapore for tax purposes, such payment would be subject to withholding of Singapore tax at the rate of 20 per cent. with effect from Year of Assessment 2005. However, if the payment is due and payable on or after 28 February 1996, and is derived by a person not resident in Singapore from sources other than its trade, business, profession or vocation carried on or exercised in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the withholding tax rate is 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

If the Dealers in respect of more than half of the principal amount of any tranche of the Notes (the “**Relevant Notes**”) are Financial Sector Incentive (Bond Market) Companies or financial institutions in Singapore, such Relevant Notes are “qualifying debt securities” for the purposes of the ITA. In relation to any Relevant Notes which are “qualifying debt securities”:

- (a) subject to certain conditions being fulfilled (including the submission by HDB of a return on debt securities to the Comptroller of Income Tax (the “**Comptroller**”)), interest on the Relevant Notes and discount income* on the Relevant Notes the tenor of which is one year or less received by a holder who is not resident in Singapore and who does not have any permanent establishment in Singapore is exempt from Singapore tax. Non-residents with permanent establishments in Singapore will also benefit from this exemption, provided that the funds used by them to acquire the Relevant Notes are not obtained from any operation in Singapore and subject to HDB including in all offering documents a statement to the effect that where interest or discount is derived from the Relevant Notes by any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption referred to above does not apply if such person acquires the Notes using funds from Singapore operations. For the purposes of this paragraph, “offering documents” means the prospectuses, offering circulars, information memoranda, pricing supplements or other documents issued to investors in connection with the issue of the Relevant Notes and “funds from Singapore operations” means, in relation to a person, the funds and profits of that person’s operations through a permanent establishment in Singapore; and

* For this purpose, discount income does not include discount from secondary trading.

TAXATION

- (b) interest on the Relevant Notes and discount income* on the Relevant Notes the tenor of which is one year or less derived by any company or body of persons in Singapore is subject to tax at a concessionary rate of ten per cent., subject to certain conditions being fulfilled (including the submission by HDB of a return on debt securities to the Comptroller).

However, notwithstanding the foregoing:

- (a) if during the primary launch of any Relevant Notes, any Relevant Notes are issued to less than four persons and 50 per cent. or more of the principal amount of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of HDB, such Relevant Notes would not qualify as “qualifying debt securities”;
- (b) even though any Relevant Notes are “qualifying debt securities”, if, at any time during the tenor of such Relevant Notes, 50 per cent. or more of the principal amount of such Relevant Notes is held beneficially or funded, directly or indirectly, by related parties of HDB, interest and discount income* on the Relevant Notes the tenor of which is one year or less derived from such Relevant Notes held by (1) any related party of HDB, or (2) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of HDB, shall not be eligible for the withholding tax exemption or the concessionary rate of tax of ten per cent; and
- (c) subject to:
 - (i) HDB including in all offering documents relating to any Relevant Notes a statement to the effect that any person whose interest or discount income derived from such Relevant Notes is not exempt from tax shall include such interest or discount income in a return of income made under the ITA; and
 - (ii) HDB, or such other person as the Comptroller may direct, furnishing to the Comptroller a return on the debt securities within such period as the Comptroller may specify and such other particulars in connection with those securities as the Comptroller may require,

interest derived from such Relevant Notes and discount income* on the Relevant Notes the tenor of which is one year or less is not subject to withholding of tax by HDB.

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.

Accordingly, notwithstanding that HDB is permitted to make payment on the Relevant Notes without deduction or withholding for tax under Section 45(1) of the ITA, any person who is not exempt from tax on any interest or discount income derived from the Relevant Notes must declare any such interest or discount income received in its income tax return submitted to the Comptroller of Income Tax in Singapore.

Certain Singapore-sourced investment income (such as interest from debt securities and discount income from debt securities the tenor of which is one year or less) derived by individuals from financial instruments will be exempted from tax on or after 1 January 2004, provided such income is not derived by individuals through a partnership in Singapore and is not considered as gains or profits from any trade, business or profession.

* For this purpose, discount income does not include discount from secondary trading.

TAXATION

Capital Gains

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

GENERAL INFORMATION

1. Issued Debentures

- (a) Save as disclosed below, no debentures of HDB have been issued, or agreed or proposed to be issued, as fully or partly paid in cash or otherwise than in cash during the last two years preceding the date of this Information Memorandum:-

Date of Issue	Description of Debentures	Issue Price	Consideration
23 February 2004	S\$250,000,000 2.42 per cent. Notes Due 2009 (the "Series 007 Notes")	100 per cent.	S\$250,000,000
23 February 2004	S\$250,000,000 3.56 per cent. Notes Due 2014 (the "Series 008 Notes")	100 per cent.	S\$250,000,000
3 November 2004	S\$300,000,000 2.52 per cent. Notes Due 2009 (the "Series 009 Notes")	100 per cent.	S\$300,000,000
21 April 2005	S\$500,000,000 3.375 per cent. Notes Due 2015 (the "Series 010 Notes")	100 per cent.	S\$500,000,000

- (b) As at 21 September 2005, being the latest practicable date prior to the printing of this Information Memorandum, no person has been, or is entitled to be, given any option to subscribe for any debentures of HDB.

2. The Board and Management

The Board and management are entrusted with the responsibility for the overall management of HDB.

Members of the Board

The name and occupation of each of the Members are as follows:-

Name	Occupation
Dr Aline Wong	Chairman, HDB
Mr James Koh Cher Siang	Deputy Chairman, HDB
COL(Ret) David Wong	Board Member, HDB
Mr Edmund Koh	Managing Director & Head, Consumer Banking Group, DBS Bank Ltd
Mr Ravi Menon	Deputy Secretary (Policy), Ministry of Finance

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Mdm Halimah Yacob	Asst Secretary-General & Director (Legal Services), National Trade Union Congress
Mr Tan Boon Huat	Chief Executive Director, People's Association
BG Tay Lim Heng	Chief Executive, Maritime and Port Authority of Singapore
RADM (NS) Lui Tuck Yew	Chief Executive Officer, HDB

Key Management Team

The name and appointment of each member of the key management team are as follows:-

Name	Appointment
RADM (NS) Lui Tuck Yew	Chief Executive Officer
Dr John Keung Kam Yin	Deputy Chief Executive Officer (Building)
Ms Tan Poh Hong	Deputy Chief Executive Officer (Estates & Corporate)
Mr Tan Kim Chwee	Director (Development & Procurement)
Mr Raymond Toh Chun Pang	Director (Research & Planning)
Mr Tan Teck Khiam	Director (Building Quality)
Mr Lau Joo Ming	Director (Building Technology)
Mr Yap Chin Beng	Director (Estate Administration & Property)
Mr Khoo Teng Seong	Director (Housing Administration)
Mr Loh Loon Tong	Director (Properties & Land)
Mr Sng Cheng Keh	Director (Industrial Properties)
Ms Lau Chay Yean	Acting Director (Corporate Development)
Miss Mah Lai Seong	Director (Finance)
Mr Leong Chin Yew	Director (Information Services)
Miss Balakrishna Madhubala	Director (Legal)
Mrs Soh-Leo Lan Hiang	Director (Internal Audit)

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3. Related Companies

As at 21 September 2005, being the latest practicable date prior to the printing of this Information Memorandum, the corporations which would be deemed to be related to HDB by virtue of the definition set out in Section 6 of the Companies Act are as follows:-

- (a) Subsidiary of the Issuer
E M SERVICES PRIVATE LIMITED
- (b) Subsidiaries of E M SERVICES PRIVATE LIMITED
EM (CHINA) PRIVATE LIMITED
E M PROPERTY MANAGEMENT PRIVATE LIMITED
YI AN PROPERTY AGENCY PRIVATE LIMITED

4. Expenses

Save for a commission of S\$250,000 which was paid to the Dealers of the Series 007 Notes, S\$500,000 which was paid to the Dealers of the Series 008 Notes, S\$450,000 which was paid to the Dealers of the Series 009 Notes and S\$1,000,000 which was paid to the Dealers of the Series 010 Notes, no commissions, discounts or brokerage have been paid or other special items granted within the two years preceding 21 September 2005 being the latest practicable date prior to the printing of this Information Memorandum or are payable to any Member, expert, or any other person for subscribing or agreeing to subscribe, or procuring or agreeing to procure, subscriptions for any debentures of HDB.

5. Material Contracts

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by HDB within the two years preceding the date of this Information Memorandum.

6. Consents

The Arranger and the Dealer, the Fiscal Agent, the Paying Agent and the Agent Bank and the Legal Adviser to the Programme have given and have not withdrawn their respective written consents to the issue of this Information Memorandum with the inclusion herein of their names and all references thereto, in the form and context in which they respectively appear in this Information Memorandum.

7. General

- (a) The nature of the business of HDB is stated under "History and Business" of this Information Memorandum.
- (b) As disclosed under "Use of Proceeds" of this Information Memorandum, HDB proposes to utilise the proceeds of the Notes to be issued under the Programme to finance the development programmes of HDB and its working capital requirements as well as to refinance the existing housing development loans.

Save as disclosed above, no property has been, or is proposed to be, purchased or acquired by HDB which is to be paid for wholly or partly out of the proceeds of the Notes issued or to be issued under the Programme or the purchase or acquisition of which has not been completed at the date of issue of this Information Memorandum other than property the contract for the purchase or acquisition whereof was entered into in the

GENERAL INFORMATION

ordinary course of HDB's business, the contract not being made in contemplation of the issuance of such Notes nor the issuance of such Notes made in consequence of the contract.

- (c) The limit which HDB may borrow under the Programme is S\$7,000,000,000.
- (d) HDB shall reserve the right to accept or retain over-subscriptions as specified in the relevant Pricing Supplement or any other supplement to this Information Memorandum relating to a Series of Notes.
- (e) HDB undertakes that it will, on or about the Issue Date of any Series or Tranche of Notes and in any event within two months after the acceptance of any money from any person in respect of any Series or Tranche of Notes in response to this Information Memorandum, deposit the Global Notes with CDP evidencing the indebtedness of HDB in respect of the Notes of such Series or Tranche.

8. Documents Available for Inspection

Copies of the following documents are available for inspection at the registered office of HDB at HDB Hub, 480 Lorong 6 Toa Payoh, Singapore 310480 during normal business hours for a period of six months from the date of this Information Memorandum:

- (a) the annual report of HDB for the last two financial years ended 31 March 2004 and 31 March 2005; and
- (b) the letters of consent referred to in paragraph 6 above.

APPENDIX

The information in this Appendix has been reproduced from the audited consolidated accounts of HDB and its subsidiaries for the financial year ended 31 March 2005 and has not been specifically prepared for inclusion in this Information Memorandum.

Audited consolidated accounts of HDB and its subsidiaries for the financial year ended 31 March 2005

APPENDIX

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF THE HOUSING AND DEVELOPMENT BOARD FOR THE YEAR ENDED 31 MARCH 2005

The financial statements of the Housing and Development Board, set out on pages 2 to 28, have been audited under my direction and in accordance with the provisions of the Housing and Development Act (Cap. 129, 2004 Revised Edition). These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on the audit.

The audit was conducted in accordance with the Housing and Development Act (Cap. 129, 2004 Revised Edition) and Singapore Standards on Auditing. Those Standards require that the audit be planned and performed in order to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board's management, as well as evaluating the overall financial statements presentation. I believe that the audit provides a reasonable basis for my opinion.

In my opinion,

- (a) the consolidated financial statements of the Group and the financial statements of the Board are properly drawn up in accordance with the provisions of the Housing and Development Act (Cap. 129, 2004 Revised Edition) and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Board as at 31 March 2005, and the results and changes in equity of the Group and of the Board, and the cash flows of the Group for the year ended on that date;
- (b) proper accounting and other records of the Board have been kept, including records of all assets of the Board whether purchased, donated or otherwise; and
- (c) receipts, expenditure and investment of moneys and the acquisition and disposal of assets by the Board during the financial year have been in accordance with the provisions of the Housing and Development Act (Cap. 129, 2004 Revised Edition) and the Constitution.



CHUANG KWONG YONG
AUDITOR-GENERAL
SINGAPORE

27 May 2005

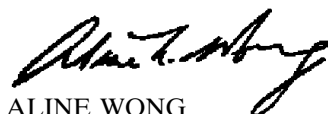
APPENDIX

HOUSING AND DEVELOPMENT BOARD AND SUBSIDIARY COMPANIES

BALANCE SHEETS AS AT 31 MARCH 2005

		HDB		Group	
		2004/2005	2003/2004	2004/2005	2003/2004
	Note	S\$'000	S\$'000	S\$'000	S\$'000
CAPITAL AND RESERVES					
Capital account		2,463,681	2,465,623	2,468,181	2,470,613
Capital gains reserve		5,045,809	5,037,400	5,045,809	5,037,400
Asset revaluation reserve		7,980,890	8,069,151	7,980,890	8,069,151
Foreign currency translation reserve		—	—	(36)	(456)
Retained earnings		—	—	100,746	52,428
		15,490,380	15,572,174	15,595,590	15,629,136
MINORITY INTERESTS					
		—	—	35,671	33,078
		15,490,380	15,572,174	15,631,261	15,662,214
NON-CURRENT ASSETS					
Fixed assets	3	21,576,588	21,571,441	21,582,600	21,583,033
Loans receivable	4	53,967,927	57,326,421	53,968,758	57,327,591
Investments	5	1,500	144,100	115,194	173,562
Deferred tax asset		—	—	2,945	3,139
		75,546,015	79,041,962	75,669,497	79,087,325
CURRENT ASSETS					
Properties under construction	6	3,009,200	3,438,862	3,009,200	3,435,013
Properties for sale	7	3,329,043	3,725,346	3,329,043	3,725,346
Stocks of building materials		55,450	62,687	57,748	64,766
Loans receivable within 1 year	4	2,688,974	2,677,485	2,689,259	2,677,864
Debtors and prepayments	8	278,860	242,955	285,380	267,357
Amount due from associated companies		—	—	—	100
Cash and deposits with banks		47,141	49,881	75,479	107,766
		9,408,668	10,197,216	9,446,109	10,278,212
Less: CURRENT LIABILITIES					
Loans payable within 1 year	9	5,375,566	3,879,838	5,375,566	3,879,838
Provisions, creditors and other payables	10	1,306,210	1,933,343	1,326,431	1,992,866
Amount due to subsidiary companies		179	23,746	—	—
Amount due to associated companies		—	—	—	138
Government grant received in advance	11	160,444	192,697	160,444	192,697
		6,842,399	6,029,624	6,862,441	6,065,539
NET CURRENT ASSETS					
		2,566,269	4,167,592	2,583,668	4,212,673
NON-CURRENT LIABILITIES					
Loans payable	9	62,007,391	67,025,095	62,007,391	67,025,095
Deferred income	12	614,513	612,285	614,513	612,285
Deferred tax liability		—	—	—	404
		62,621,904	67,637,380	62,621,904	67,637,784
		15,490,380	15,572,174	15,631,261	15,662,214

The accompanying notes form part of the financial statements.



ALINE WONG
Chairman

26 May 2005



MAH LAI SEONG
Director (Finance)

APPENDIX

HOUSING AND DEVELOPMENT BOARD AND SUBSIDIARY COMPANIES

INCOME AND EXPENDITURE STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

	<i>Note</i>	<i>HDB</i>		<i>Group</i>	
		<i>2004/2005</i>	<i>2003/2004</i>	<i>2004/2005</i>	<i>2003/2004</i>
		<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Sale proceeds		1,968,218	3,031,062	1,968,218	3,031,062
Cost of sales		(1,936,736)	(2,953,283)	(1,936,736)	(2,953,283)
Gross profit on sales		31,482	77,779	31,482	77,779
Income	13	3,130,364	3,143,634	3,212,358	3,230,438
Financial expenses		(1,930,962)	(2,100,224)	(1,930,962)	(2,100,224)
Operating expenses		(1,868,013)	(1,966,407)	(1,921,612)	(2,029,085)
DEFICIT FROM OPERATIONS		(637,129)	(845,218)	(608,734)	(821,092)
Restructuring		—	(31,102)	—	(31,102)
Gain/(Loss) on divestment/transfer of related companies	14	(25,785)	97,610	(50)	(2,411)
Share of results of associated companies and joint ventures		—	—	2,080	6,281
Taxation		—	—	(5,146)	(7,987)
Minority interests		—	—	(3,236)	(3,079)
NET DEFICIT BEFORE GOVERNMENT GRANT	15	(662,914)	(778,710)	(615,086)	(859,390)
Government grant	11	732,067	849,778	732,067	849,778
NET SURPLUS/(DEFICIT) AFTER GOVERNMENT GRANT		69,153	71,068	116,981	(9,612)
RETAINED EARNINGS AT THE BEGINNING OF THE YEAR		—	—	52,428	133,108
Transfer from asset revaluation reserve		56,072	79,486	56,072	79,486
Transfer from capital account		—	—	490	—
Transfer to capital gains reserve		(125,225)	(150,554)	(125,225)	(150,554)
RETAINED EARNINGS AT THE END OF THE YEAR		—	—	100,746	52,428

The accompanying notes form part of the financial statements.

APPENDIX

HOUSING AND DEVELOPMENT BOARD AND SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN CAPITAL AND RESERVES FOR THE YEAR ENDED 31 MARCH 2005

	<i>HDB</i>		<i>Group</i>	
	<i>2004/2005</i>	<i>2003/2004</i>	<i>2004/2005</i>	<i>2003/2004</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
CAPITAL ACCOUNT				
Balance as at 1 April	2,465,623	2,465,670	2,470,613	2,470,660
Adjustments	(1,942)	(47)	(2,432)	(47)
Balance as at 31 March	<u>2,463,681</u>	<u>2,465,623</u>	<u>2,468,181</u>	<u>2,470,613</u>
CAPITAL GAINS RESERVE				
Balance as at 1 April	5,037,400	4,886,846	5,037,400	4,886,846
Transfer from retained earnings	125,225	150,554	125,225	150,554
Return of reserve to the Government (Note 14)	(116,816)	—	(116,816)	—
Balance as at 31 March	<u>5,045,809</u>	<u>5,037,400</u>	<u>5,045,809</u>	<u>5,037,400</u>
ASSET REVALUATION RESERVE				
Balance as at 1 April	8,069,151	8,165,562	8,069,151	8,165,562
Reversal in respect of land for return to the Government	(33,714)	(14,587)	(33,714)	(14,587)
Transfer to retained earnings on sale and demolition of assets	(56,072)	(79,486)	(56,072)	(79,486)
Adjustment in respect of assets (over)/ understated in previous years	1,525	(2,338)	1,525	(2,338)
Balance as at 31 March	<u>7,980,890</u>	<u>8,069,151</u>	<u>7,980,890</u>	<u>8,069,151</u>
FOREIGN CURRENCY TRANSLATION RESERVE				
Balance as at 1 April	—	—	(456)	(8)
Share of associated companies' and joint ventures' foreign currency translation reserves	—	—	(94)	(448)
Transfer to Income and Expenditure Statement on disposal of associated companies and joint ventures	—	—	514	—
Balance as at 31 March	<u>—</u>	<u>—</u>	<u>(36)</u>	<u>(456)</u>
RETAINED EARNINGS				
Balance as at 31 March	<u>—</u>	<u>—</u>	<u>100,746</u>	<u>52,428</u>
TOTAL CAPITAL AND RESERVES	<u>15,490,380</u>	<u>15,572,174</u>	<u>15,595,590</u>	<u>15,629,136</u>

The accompanying notes form part of the financial statements.

APPENDIX

HOUSING AND DEVELOPMENT BOARD AND SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN CAPITAL AND RESERVES FOR THE YEAR ENDED 31 MARCH 2005

Notes to the Statements of Changes in Capital and Reserves:

Capital Account

The capital account represents:

- (a) the effects of identification and valuation of all properties and changes in accounting when Housing and Development Board (HDB) adopted the present conventional accounting system on 1 April 1985; and
- (b) the premium on the sale of land under the previous accounting system.

The adjustments made during the year related to the over/understatement of assets when fixed assets records were set up to implement the present accounting system on 1 April 1985.

Capital Gains Reserve

Under the Constitution of the Republic of Singapore, reserves of the HDB which were not accumulated during the current term of office of the Government cannot be drawn on without the approval of the President. The capital gains reserve was created to enable HDB to preserve the capital gains attributable to past governments on disposal of assets held at the changeover date of the Government.

Asset Revaluation Reserve

When HDB adopted the present conventional accounting system in 1985, all properties owned by HDB at 1 April 1985 were valued. The asset revaluation reserve represents the difference between the valuation and the historical cost of the properties. The valuation of the properties carried out in 1985 and 1986 is disclosed in Note 2 (f) (i) on the accounting policy for properties.

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HOUSING AND DEVELOPMENT BOARD AND SUBSIDIARY COMPANIES

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	<i>Note</i>	<i>Group</i>	
		<i>2004/2005</i>	<i>2003/2004</i>
		<i>S\$'000</i>	<i>S\$'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net deficit before government grant		(615,086)	(859,390)
Adjustments for:			
Interest expense		1,931,218	2,100,201
Depreciation		329,942	327,817
Provision for doubtful debts		31,816	8,056
Write-back of unutilised provision		(73,988)	—
Amortisation of deferred income		(70,198)	(72,706)
Amortisation of premium/discount on bonds		(256)	23
(Gain)/Loss on disposal/write-off of fixed assets		(31,832)	27,239
Deferred gain adjustments for inter-company transactions		(3,849)	2,836
Investment income		(6,023)	(7,285)
Loss on disposal of subsidiary companies		50	2,411
Share of results of associated companies and joint ventures		(1,566)	(4,610)
Income tax expense		5,146	7,987
Minority interests		3,236	3,079
Surplus before working capital changes		1,498,610	1,535,658
(Increase)/Decrease in working capital			
Properties under construction		226,148	493,529
Properties for sale		424,146	1,180,190
Stocks of building materials		7,018	10,536
Debtors and prepayments		(70,472)	102,446
Provisions, creditors and other payables		(534,798)	258,813
Amount due to associated companies		(38)	(36)
Repayment of loans receivable		52,004	2,045,478
Loans granted		5,806,719	7,356,943
Interest paid		(2,481,759)	(2,992,976)
Income tax paid		(2,019,329)	(2,264,600)
Deferred income received		(4,606)	(3,725)
		73,668	51,727
Net cash from operating activities		2,925,307	5,728,505
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of fixed assets		89,086	50,967
Capital expenditure		(167,407)	(231,939)
Purchase of fixed assets		(16,588)	(18,185)
Interest received		3,561	3,680
Dividends received from investments		1,604	1,443
Dividends received from associated companies		—	6,561
Proceeds from disposal of investments		14,192	12,087
Purchase of investments		(8,136)	(38,304)
Net proceeds from disposal of subsidiary companies	14	(52,000)	10,384
Net cash used in investing activities		(135,688)	(203,306)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings received		12,058,220	11,412,018
Repayment of loans payable		(15,579,940)	(18,054,673)
Net government grant received		699,814	1,145,152
Net cash used in financing activities		(2,821,906)	(5,497,503)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(32,287)	27,696
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		107,766	80,070
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	17	75,479	107,766

The accompanying notes form part of the financial statements.

APPENDIX

HOUSING AND DEVELOPMENT BOARD AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2005

1. GENERAL

The Housing and Development Board (HDB) is a statutory body incorporated under the Housing and Development Act (Cap. 129, 2004 Revised Edition). The address of HDB is HDB Hub 480 Lorong 6 Toa Payoh, Singapore 310480.

The principal activities of HDB consist of the sale and rental of residential flats, the upgrading and redevelopment of older estates, and the granting of mortgage financing to the eligible purchasers of HDB flats. In addition, HDB constructs and manages ancillary facilities such as commercial properties, industrial properties, car parks, markets, hawker centres, and other amenities in the housing estates.

The activities of the subsidiary companies are disclosed in Note 5.

As at 31 March 2005, HDB's staff strength was 5,020 (31 March 2004 : 5,116) and the Group's staff strength was 5,949 (31 March 2004 : 7,588).

The financial statements of the HDB and the consolidated financial statements for HDB and its subsidiary companies for the year ended 31 March 2005 were authorised for issue in accordance with the approval of the Board on 25 May 2005.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) *Accounting Convention*

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

The financial statements, expressed in Singapore dollars, are prepared under the historical cost convention, modified by the revaluation of certain properties.

(b) *Basis of Consolidation*

The consolidated accounts include the accounts of HDB and its subsidiary companies prepared up to the end of the financial year after the elimination of all material inter-company transactions.

In the consolidated financial statements, subsidiary companies are accounted for using the purchase method. Interest in associated companies and joint ventures are accounted for using the equity method of accounting. Equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

Subsidiary companies are consolidated from the date of formation up to the effective date of disposal.

(c) *Subsidiary Companies*

A subsidiary company is a company in which more than 50% of the issued share capital is held by HDB. The investments held in the subsidiary companies are stated at cost less any impairment loss in HDB's balance sheet. An assessment of investments in subsidiary companies is performed when there is an indication that an investment has been impaired or the impairment losses recognised in the prior year no longer exist.

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(d) Associated Companies and Joint Ventures

An associated company is a company in which the Group has a long-term equity interest of between 20% and 50%. Joint ventures are corporations, partnerships or other entities over which there is an agreement on sharing of control by the Group with one or more parties. The Group's investments in the associated companies and joint ventures are stated at cost less any impairment loss in the balance sheet. An assessment of investments in associated companies and joint ventures is performed when there is an indication that an investment has been impaired or the impairment losses recognised in the prior year no longer exist. The Group's share of the operating results of the associated companies and joint ventures are included in the consolidated income and expenditure statement. The Group's share of the retained profit of the associated companies and joint ventures are reflected in the book value of the investments in the consolidated balance sheet.

(e) Investments

Investments held on a long-term basis are stated at cost. Provision for impairment in the value of an investment is made for the decline in value when the decline is other than temporary.

(f) Fixed Assets and Depreciation

(i) Properties

The previous system did not maintain individual asset accounts and HDB was unable to identify the historical cost of each asset. All properties owned by HDB at 1 April 1985 were valued at that date for the purpose of creating fixed asset accounts arising from a change in accounting policy. The bases of valuation were:

- Land and buildings of residential properties together with ancillary facilities such as car parks, markets and hawker centres were valued at replacement cost less depreciation since the date of completion of construction; and
- Land and buildings for commercial and industrial properties were valued at open market value.

HDB conducted a second valuation for the commercial and industrial properties on 31 March 1986. The valuations were conducted by HDB's in-house valuers.

The surplus over the estimated historical cost of the properties which could be reasonably identified is carried forward as the asset revaluation reserve. The asset revaluation reserve is transferred directly to retained earnings upon the sale or demolition of the assets.

All new properties acquired or constructed after 1 April 1985 are recorded at cost. Cost of properties includes the cost of land, construction cost, development overheads and financing cost until completion of the project.

When the carrying amount of a property is greater than its determined recoverable amount, it is written down to its recoverable amount. For properties where the fees and charges recoverable from the rental of these properties are gazetted, or applicable only to eligible tenants under criteria which are in line with Government's housing and social policies, no review for impairment is carried out since the overall net deficit will be met by government grant.

(ii) Other Assets

All other fixed assets are stated at cost less depreciation. Assets costing less than S\$2,000 each are written off in the year of acquisition.

APPENDIX

(iii) *Depreciation*

No depreciation is provided on freehold land and leasehold land of 999 years and artworks. All other fixed assets are depreciated from their dates of purchase or completion on a straight-line basis over their estimated useful lives, as follows:

Leasehold land	—	99 years or the remaining life of the lease
Buildings	—	60 years
Plant and machinery	—	3–10 years
Office equipment, furniture, fixtures and fittings	—	3–12 years
Motor vehicles	—	6 years

(iv) *Subsequent Expenditure*

Subsequent expenditure relating to fixed assets that have been recognised is added to the carrying amount of the asset when it is probable that the expenditure will result in an increase in the future economic benefits expected to be obtained from the use of the fixed assets beyond the originally assessed standard of performance. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

(g) *Property Leases*

The sale premium and cost of sales of financial leases are taken to the income and expenditure statement in the year in which the lease is granted. Financial leases are:

- Land and buildings leased for a term of 50 years or more and for a fixed price; and
- Land and buildings leased for a period substantially the same as the remaining tenure owned by HDB.

All other leases are treated as operating leases. Income and expenses are recognised over the life of the lease.

(h) *Properties under Construction*

Properties under construction are stated at cost. They include cost of upgrading sold properties which is recoverable from lessees and improvements to properties.

The cost includes cost of land, construction cost, professional fees, interest and other development expenditure.

No provision is made for foreseeable losses on flats under construction since HDB receives government grant to cover its net deficit.

(i) *Properties for Sale*

Properties for sale are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis.

(j) *Stocks of Building Materials*

Stocks of building materials are stated at weighted average cost. The cost includes direct materials, labour, sub-contractors' cost and production overheads.

(k) *Loans Payable and Receivable*

(i) *Loans Payable*

Government loans and bank loans are carried at cost in the financial statements. Bonds are carried at book value.

(ii) *Loans Receivable*

Term loans receivable and deferred receivable are carried at cost in the financial statements.

APPENDIX

(l) Bad and Doubtful Debts

Bad debts are written off when identified and specific provisions are made for debts which are considered to be doubtful.

(m) Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

(n) Employee Benefits

Employee entitlement to annual leave is recognised when they accrue to employees. An accrual of the estimated liability for annual leave, based on services rendered by employees, is made at balance sheet date.

(o) Income Recognition

- (i) Proceeds from the sale of properties are recognised as income when the properties are sold.
- (ii) Rental income is recognised on the accrual basis over the period of the leases.
- (iii) The lessees' and Town Councils' (for Lift Upgrading only) share of the upgrading cost are recognised as income upon completion of the upgrading works.
- (iv) Interest income from mortgage loans granted to purchasers of HDB flats is calculated based on monthly rest and recognised on the accrual basis.
- (v) Season parking fees are recognised on the accrual basis. Other parking fees and related charges are recognised on the cash basis.
- (vi) Dividend income and interest income from fixed deposits are recognised on the accrual basis.

(p) Financial Expenses

(i) Housing Development Loans, Bank Loans and Bonds

HDB's development programmes and operational requirements are financed by housing development loans from the Government, bank loans and bonds. Financial expenses comprise interest incurred on these loans and net amortised discount/premium on bonds. Based on the funding requirements, financial expenses are apportioned and expensed off in the income and expenditure statement or capitalised in properties under construction until the completion of the properties.

(ii) Mortgage and Upgrading Financing Loans

HDB provides financing schemes to purchasers of HDB flats and lessees of upgraded flats. The schemes are financed by mortgage and upgrading financing loans from the Government. Financial expenses are expensed off in the income and expenditure statement when incurred.

(q) Government Grant

HDB's annual deficit is fully covered by government grant. In addition, a grant is given to HDB so that the reserves of past governments are protected in accordance with the Constitution. Government grant is accounted for on the accrual basis.

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(r) Taxation

HDB is exempt from tax under section 13 (1) (e) of the Income Tax Act (Cap. 134, 2004 Revised Edition).

Deferred taxation is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(s) Foreign Currency Translation

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The consolidated financial statements of HDB are presented in Singapore Dollars, which is the measurement currency of HDB.

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income and expenditure statement.

Foreign currency monetary assets and liabilities are translated into the measurement currency at the rates of exchange prevailing at the balance sheet date. Exchange differences arising are taken to the income and expenditure statement.

In respect of the results and financial position of Group entities (none of which has the currency of a hyperinflationary economy) that are in measurement currencies other than Singapore Dollars, the assets and liabilities for each balance sheet presented are translated into Singapore dollars at the closing rate at the balance sheet date, and the income and expenses for each income and expenditure statement are translated at average exchange rates. All resulting exchange differences are taken directly to the foreign currency translation reserve.

APPENDIX

3. FIXED ASSETS

	<i>HDB</i>				
	<i>Land</i>	<i>Buildings</i>	<i>Plant and Machinery</i>	<i>Office Equipment, Furniture and Vehicles</i>	<i>Total</i>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<i>Cost or valuation</i>					
At 1 April 2004	16,800,936	8,112,447	16,073	90,040	25,019,496
Additions	259,018	218,606	736	2,701	481,061
Disposals	(68,691)	(58,781)	(1,761)	(8,950)	(138,183)
Transfers	(40,835)	(15,379)	—	—	(56,214)
At 31 March 2005	<u>16,950,428</u>	<u>8,256,893</u>	<u>15,048</u>	<u>83,791</u>	<u>25,306,160</u>
<i>Representing:</i>					
<i>Valuation</i>					
1 April 1985	6,173,303	961,004	—	—	7,134,307
31 March 1986	1,496,464	776,146	—	—	2,272,610
<i>Cost</i>	<u>9,280,661</u>	<u>6,519,743</u>	<u>15,048</u>	<u>83,791</u>	<u>15,899,243</u>
	<u>16,950,428</u>	<u>8,256,893</u>	<u>15,048</u>	<u>83,791</u>	<u>25,306,160</u>
<i>Accumulated depreciation</i>					
At 1 April 2004	1,930,546	1,435,086	13,645	68,778	3,448,055
Additions	173,605	143,864	848	10,221	328,538
Disposals	(10,573)	(19,773)	(1,672)	(8,270)	(40,288)
Transfers	(2,557)	(4,176)	—	—	(6,733)
At 31 March 2005	<u>2,091,021</u>	<u>1,555,001</u>	<u>12,821</u>	<u>70,729</u>	<u>3,729,572</u>
Depreciation for FY 2003/2004	<u>170,782</u>	<u>141,397</u>	<u>986</u>	<u>12,740</u>	<u>325,905</u>
<i>Net book value</i>					
At 31 March 2005	<u>14,859,407</u>	<u>6,701,892</u>	<u>2,227</u>	<u>13,062</u>	<u>21,576,588</u>
At 31 March 2004	<u>14,870,390</u>	<u>6,677,361</u>	<u>2,428</u>	<u>21,262</u>	<u>21,571,441</u>

APPENDIX

3. FIXED ASSETS — (continued)

	<i>Group</i>				
	<i>Land</i>	<i>Buildings</i>	<i>Plant and Machinery</i>	<i>Office Equipment, Furniture and Vehicles</i>	<i>Total</i>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<i>Cost or valuation</i>					
At 1 April 2004	16,800,936	8,118,016	17,337	100,832	25,037,121
Additions	259,018	218,606	736	3,435	481,795
Disposals	(68,691)	(58,781)	(2,753)	(16,587)	(146,812)
Transfers	(40,835)	(15,379)	—	—	(56,214)
At 31 March 2005	<u>16,950,428</u>	<u>8,262,462</u>	<u>15,320</u>	<u>87,680</u>	<u>25,315,890</u>
<i>Representing:</i>					
Valuation					
1 April 1985	6,173,303	961,004	—	—	7,134,307
31 March 1986	1,496,464	776,146	—	—	2,272,610
Cost	<u>9,280,661</u>	<u>6,525,312</u>	<u>15,320</u>	<u>87,680</u>	<u>15,908,973</u>
	<u>16,950,428</u>	<u>8,262,462</u>	<u>15,320</u>	<u>87,680</u>	<u>25,315,890</u>
<i>Accumulated depreciation</i>					
At 1 April 2004	1,930,546	1,435,417	13,988	74,137	3,454,088
Additions	173,605	143,958	976	11,403	329,942
Disposals	(10,573)	(19,773)	(1,921)	(11,740)	(44,007)
Transfers	(2,557)	(4,176)	—	—	(6,733)
At 31 March 2005	<u>2,091,021</u>	<u>1,555,426</u>	<u>13,043</u>	<u>73,800</u>	<u>3,733,290</u>
Depreciation for FY 2003/2004	<u>170,782</u>	<u>141,492</u>	<u>1,164</u>	<u>14,379</u>	<u>327,817</u>
<i>Net book value</i>					
At 31 March 2005	<u>14,859,407</u>	<u>6,707,036</u>	<u>2,277</u>	<u>13,880</u>	<u>21,582,600</u>
At 31 March 2004	<u>14,870,390</u>	<u>6,682,599</u>	<u>3,349</u>	<u>26,695</u>	<u>21,583,033</u>

Land and buildings include markets and hawker centres for which the management was transferred to the National Environment Agency (NEA) from April 2004. The NEA shall handle the functions of letting the stalls, processing renewal, assignment and other changes of tenancy/lease and applications for alteration works as well as plan and implement the Hawker Centres Upgrading Programme. The net book value of these assets were as follows:

	<i>Land</i>	<i>Buildings</i>	<i>Total</i>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<i>Cost or valuation</i>			
At 31 March 2005	<u>408,726</u>	<u>233,287</u>	<u>642,013</u>
<i>Accumulated depreciation</i>			
At 31 March 2005	<u>56,922</u>	<u>61,029</u>	<u>117,951</u>
<i>Net book value</i>			
At 31 March 2005	<u>351,804</u>	<u>172,258</u>	<u>524,062</u>

APPENDIX

4. LOANS RECEIVABLE

	<i>HDB</i>		<i>Group</i>	
	<i>2004/2005</i>	<i>2003/2004</i>	<i>2004/2005</i>	<i>2003/2004</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
<i>Term loans receivable</i>				
Mortgage loans for flats	56,551,589	59,873,727	56,551,589	59,873,727
Loans for shops sold	16	43	16	43
Staff loans	3	2,898	1,119	4,447
	56,551,608	59,876,668	56,552,724	59,878,217
<i>Less:</i>				
Provision for doubtful debts	(16,600)	(720)	(16,600)	(720)
	56,535,008	59,875,948	56,536,124	59,877,497
<i>Deferred receivable</i>				
Upgrading cost due from lessees	121,893	127,958	121,893	127,958
Balance as at 31 March	56,656,901	60,003,906	56,658,017	60,005,455
Represented by amount receivable:				
Within 1 year	2,688,974	2,677,485	2,689,259	2,677,864
Later than 1 year but not more than 2 years	2,462,766	2,487,235	2,462,988	2,487,524
Later than 2 years but not more than 5 years	7,571,335	7,676,283	7,571,707	7,676,793
Later than 5 years	43,933,826	47,162,903	43,934,063	47,163,274
	53,967,927	57,326,421	53,968,758	57,327,591
	56,656,901	60,003,906	56,658,017	60,005,455

Term loans receivable

The movements of term loans receivable during the year for the Group:

	<i>Balance as at 1.4.2004</i>	<i>Loans Granted</i>	<i>Repayment</i>	<i>Balance as at 31.3.2005</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Mortgage loans for flats	59,873,727	2,481,478	5,803,616	56,551,589
Loans for shops sold	43	—	27	16
Staff loans	4,447	280	3,608	1,119
	59,878,217	2,481,758	5,807,251	56,552,724

The movements of provision for doubtful debts for mortgage loans for flats for the Group:

	<i>Balance as at 1.4.2004</i>	<i>Provisions for the year</i>	<i>Provisions utilised</i>	<i>Balance as at 31.3.2005</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Mortgage loans for flats	720	16,374	494	16,600

APPENDIX

4. LOANS RECEIVABLE — (continued)

Interest rates and repayment terms on the loans are:

	<u>Interest rate</u> (per annum)	<u>Repayment term</u>
Mortgage loans granted to lessees for purchase of HDB flats	2.60% to 3.50%	Up to 30 years
Loans granted to tenants for the purchase of shops	5.25%	4 years

Deferred receivable

Under the deferred payment scheme, lessees of upgraded flats can pay for their share of the upgrading costs through monthly instalments at interest rates ranging from 2.60% to 3.50% per annum over periods of up to 25 years.

5. INVESTMENTS

	<u>HDB</u>		<u>Group</u>	
	2004/2005	2003/2004	2004/2005	2003/2004
	S\$'000	S\$'000	S\$'000	S\$'000
<i>Subsidiary companies</i>				
Unquoted shares at cost	1,500	144,100	—	—
<i>Associated company</i>				
Unquoted shares at cost	—	—	525	12,130
Share of post-acquisition reserves	—	—	(10)	465
<i>Joint ventures</i>				
Unquoted shares at cost	—	—	—	1,519
Share of post-acquisition reserves	—	—	—	(718)
Loans to joint ventures	—	—	—	18,327
<i>Investment properties</i>	—	—	15,225	15,225
(Fair value : S\$15,225,000; FY 2003/2004 : S\$15,225,000)				
<i>Equity</i>				
Quoted shares at cost	—	—	8,066	10,960
(Market value : S\$9,633,000; FY 2003/2004 : S\$12,376,000)				
<i>Bonds and Unit trusts</i>				
Quoted bonds and unit trusts at cost	—	—	38,019	48,565
(Market value : S\$47,110,000; FY 2003/2004 : S\$51,891,000)				
Unquoted bonds at cost	—	—	48,369	61,563
<i>Other investments</i>	—	—	5,000	5,526
Balance as at 31 March	<u>1,500</u>	<u>144,100</u>	<u>115,194</u>	<u>173,562</u>

APPENDIX

5. INVESTMENTS — (continued)

The subsidiary and associated companies are:

		<i>Cost of investments</i>	
		<i>2004/2005</i>	<i>2003/2004</i>
		<i>S\$'000</i>	<i>S\$'000</i>
<i>Subsidiary companies of HDB</i>			
EM Services Pte Ltd ^(b)		1,500	1,500
HDB Corporation Pte Ltd ^(d)		—	142,600
		<u>1,500</u>	<u>144,100</u>
		<i>Country of incorporation</i>	<i>Percentage of equity held by the Group</i>
			<i>2004/2005</i> <i>2003/2004</i>
			<i>%</i> <i>%</i>
<i>Subsidiary companies of HDB</i>			
EM Services Pte Ltd ^(b)	Estate management services	Singapore	75 75
HDB Corporation Pte Ltd ^(d)	Investment holding	Singapore	— 100
<i>Subsidiary companies of EM Services Pte Ltd</i>			
EM (China) Pte Ltd ^(c)	Property management	Singapore	60 60
E M Property Management Pte Ltd ^(c)	Property management	Singapore	100 100
Yi An Property Agency Pte Ltd ^(b)	Real estate agency	Singapore	100 100
<i>Subsidiary companies of HDB Corporation Pte Ltd</i>			
Surbana Consultants Pte Ltd ^(d)	Architectural, engineering, quantity surveying and land survey consultancies and project management services	Singapore	— 100
HDBCorp International Pte Ltd ^(d)	Investment holding	Singapore	— 100
Surbana Technologies Pte Ltd ^(d)	Integrated estate management services	Singapore	— 100
Surbana Site Supervisors Pte Ltd ^(d)	Site supervision services	Singapore	— 100
Surbana Construction Resources Pte Ltd ^(d)	Procurement and supply services for construction materials	Singapore	— 100
Surbana Facilities Management Pte Ltd ^(d)	Property maintenance of commercial properties	Singapore	— 100
CESMA International Pte Ltd ^(d)	Building and property consultancy	Singapore	— 100

APPENDIX

5. INVESTMENTS — (continued)

	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Percentage of equity held by the Group</u>	
			<u>2004/2005</u>	<u>2003/2004</u>
			%	%
<i>Associated companies of EM Services Pte Ltd</i>				
Pengda Investment & Development Pte Ltd ^(c)	Investment & real estate developer	Singapore	35	35
Semtec Construction Pte Ltd ^{(a) (e)}	Consultant on retrofitting and construction of buildings	Singapore	49	49
<i>Associated companies of HDB Corporation Pte Ltd</i>				
ESMACO Pte Ltd ^(d)	Estate management and consultancy	Singapore	—	49
<i>Joint venture companies of related companies of HDB Corporation Pte Ltd</i>				
Cityone Township Development Pte Ltd ^(d)	Investment holding	Singapore	—	50
Chengdu Century Development Co Ltd ^(d)	Township development	People's Republic of China	—	51.05

(a) Audited by Ernst & Young.

(b) Audited by PricewaterhouseCoopers.

(c) Audited by SP Tan & Co.

(d) The investment in HDB Corporation Pte Ltd group of companies was disposed in September 2004.

(e) Full provision for diminution in value had been made for the investment in the company.

6. PROPERTIES UNDER CONSTRUCTION

	<u>HDB</u>		<u>Group</u>	
	<u>2004/2005</u>	<u>2003/2004</u>	<u>2004/2005</u>	<u>2003/2004</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Land	2,298,115	2,524,460	2,298,115	2,524,460
Buildings	572,998	755,340	572,998	751,491
Upgrading works	105,617	125,329	105,617	125,329
Improvement works	32,470	33,733	32,470	33,733
Balance as at 31 March	<u>3,009,200</u>	<u>3,438,862</u>	<u>3,009,200</u>	<u>3,435,013</u>
Interest capitalised during the year	<u>65,873</u>	<u>79,973</u>	<u>65,873</u>	<u>79,973</u>

Development of flats is expected to incur a loss on completion. The estimated loss on the properties under construction for FY 2004/2005 was S\$0.7 billion (FY 2003/2004 : S\$0.5 billion). Since the overall net deficit will be met by government grant, no provision for unrealised loss was made.

During the financial year, interest capitalised as properties under construction amounted to S\$66 million (FY 2003/2004 : S\$80 million) at a capitalisation rate of 3.91% (FY 2003/2004 : 4.23%).

APPENDIX

7. PROPERTIES FOR SALE

	<i>HDB and Group</i>	
	<i>2004/2005</i>	<i>2003/2004</i>
	<i>S\$'000</i>	<i>S\$'000</i>
Cost of flats	3,535,246	4,022,013
<i>Less:</i>		
Provision for unrealised loss	(206,203)	(296,667)
Balance as at 31 March	<u>3,329,043</u>	<u>3,725,346</u>

The properties for sale are stated at the lower of cost and net realisable value. When the flats are sold, the unrealised loss previously provided upon completion of development/acquisition is released to cost of sales. Additional provision for unrealised loss for flats developed/acquired during the current financial year is charged to operating expenses.

8. DEBTORS AND PREPAYMENTS

	<i>HDB</i>		<i>Group</i>	
	<i>2004/2005</i>	<i>2003/2004</i>	<i>2004/2005</i>	<i>2003/2004</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Debtors	255,193	210,661	259,412	232,122
<i>Less:</i>				
Provision for doubtful debts	(26,301)	(17,543)	(26,301)	(17,665)
	228,892	193,118	233,111	214,457
Prepayments	48,602	42,988	48,602	43,642
Others	1,366	6,849	3,667	9,258
	<u>278,860</u>	<u>242,955</u>	<u>285,380</u>	<u>267,357</u>

The movements of provision for doubtful debts for HDB and Group:

	<i>HDB</i>		<i>Group</i>	
	<i>2004/2005</i>	<i>2003/2004</i>	<i>2004/2005</i>	<i>2003/2004</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Balance as at 1 April	17,543	13,547	17,665	14,422
Provision for the year	15,442	7,174	15,442	7,280
Provisions utilised	(6,684)	(3,178)	(6,806)	(4,037)
Balance as at 31 March	<u>26,301</u>	<u>17,543</u>	<u>26,301</u>	<u>17,665</u>

APPENDIX

9. LOANS PAYABLE

	<i>HDB and Group</i>	
	<i>2004/2005</i>	<i>2003/2004</i>
	<i>S\$'000</i>	<i>S\$'000</i>
<i>Government loans</i>		
Housing development loans	5,896,461	7,406,892
Mortgage financing loans	56,551,589	59,937,624
Upgrading financing loans	116,071	125,825
	62,564,121	67,470,341
<i>Bonds</i>		
Principal	3,400,000	3,100,000
Add: Net unamortised premium/discount	3,336	3,592
	3,403,336	3,103,592
<i>Bank loans</i>	1,415,500	331,000
Balance as at 31 March	67,382,957	70,904,933
Represented by amount payable:		
Within 1 year	5,375,566	3,879,838
Later than 1 year but not more than 2 years	4,583,733	4,148,824
Later than 2 years but not more than 5 years	13,182,429	13,453,328
Later than 5 years	44,241,229	49,422,943
	62,007,391	67,025,095
	67,382,957	70,904,933

The movements during the year for the Group:

	<i>Balance as at</i>	<i>Borrowings</i>	<i>Repayment</i>	<i>Balance as at</i>
	<i>1.4.2004</i>			<i>31.3.2005</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
<i>Government loans</i>				
Housing development loans	7,406,892	—	1,510,431	5,896,461
Mortgage financing loans	59,937,624	2,244,837	5,630,872	56,551,589
Upgrading financing loans	125,825	19,883	29,637	116,071
	67,470,341	2,264,720	7,170,940	62,564,121
<i>Bonds</i>				
Principal	3,100,000	300,000	—	3,400,000
Premium/discount on bonds	3,592	—	256	3,336
	3,103,592	300,000	256	3,403,336
<i>Bank loans</i>	331,000	9,493,500	8,409,000	1,415,500
	70,904,933	12,058,220	15,580,196	67,382,957

APPENDIX

9. LOANS PAYABLE — (continued)

Interest rates and repayment terms on the loans are:

	<u>Interest rate</u> (per annum)	<u>Repayment term</u>
Housing development loans	4.50%	20 years
Mortgage financing loans	2.50% to 3.40%	Up to 30 years
Upgrading financing loans	2.50%	10 years
Bank loans	0.63% to 4.25%	Up to 10 years

Bonds relate to the following:

<u>Series no.</u>	<u>Principal</u> S\$M	<u>Coupon rate</u> (per annum)	<u>Maturity</u>
002	500	4.250%	7 years redeemable on 13 May 2006
003	600	5.070%	10 years redeemable on 21 September 2009
004	500	4.198%	5 years redeemable on 13 September 2005
005	500	3.520%	7 years redeemable on 13 February 2008
006	500	3.215%	5 years redeemable on 18 September 2006
007	250	2.420%	5 years redeemable on 23 February 2009
008	250	3.560%	10 years redeemable on 23 February 2014
009	300	2.520%	5 years redeemable on 3 November 2009

10. PROVISIONS, CREDITORS AND OTHER PAYABLES

	<u>HDB</u>		<u>Group</u>	
	<u>2004/2005</u>	<u>2003/2004</u>	<u>2004/2005</u>	<u>2003/2004</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Creditors	635,003	1,157,286	647,341	1,204,299
Deposits and advances	434,953	444,860	434,953	444,860
Deferred income (note 12)	70,147	68,838	72,406	71,164
Interest payable	144,990	167,228	144,990	167,228
Provisions	21,117	95,131	23,766	98,084
Provision for income tax	—	—	2,975	7,231
	<u>1,306,210</u>	<u>1,933,343</u>	<u>1,326,431</u>	<u>1,992,866</u>

Provisions are mainly for restoration works for quarry sites and cyclical maintenance for some rental properties.

During FY 2004/2005, unutilised provisions for one quarry site of S\$25,239,000 and the cyclical maintenance for rental properties of S\$48,749,000 were written-back to the Income and Expenditure Statement. The remaining provision for restoration works for another quarry site will be maintained until there are firm development plans for the site.

APPENDIX

10. PROVISIONS, CREDITORS AND OTHER PAYABLES — (continued)

The movement of provisions for HDB and Group is:

	<i>HDB</i>		<i>Group</i>	
	<i>2004/2005</i>	<i>2003/2004</i>	<i>2004/2005</i>	<i>2003/2004</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Balance as at 1 April	95,131	305,818	98,084	309,264
Provision for the year	—	9,154	—	9,154
Provisions utilised	(26)	(219,841)	(330)	(220,334)
Unutilised provisions written-back to Income and Expenditure Statement	(73,988)	—	(73,988)	—
Balance as at 31 March	<u>21,117</u>	<u>95,131</u>	<u>23,766</u>	<u>98,084</u>

11. GOVERNMENT GRANT RECEIVED IN ADVANCE

	<i>HDB and Group</i>	
	<i>2004/2005</i>	<i>2003/2004</i>
	<i>S\$'000</i>	<i>S\$'000</i>
Balance as at 1 April	192,697	(102,677)
Amount received	699,814	1,145,152
	892,511	1,042,475
Transfer to Income and Expenditure Statement	(732,067)	(849,778)
Balance as at 31 March	<u>160,444</u>	<u>192,697</u>

12. DEFERRED INCOME

Deferred income relates principally to amount receivable or received in advance in respect of land leases and the sale of its commercial and industrial properties under operating leases. The amount is amortised to the Income and Expenditure Statement over the life of the lease. Amount expected to be realised within the next twelve months is included under Note 10.

13. INCOME

	<i>HDB</i>		<i>Group</i>	
	<i>2004/2005</i>	<i>2003/2004</i>	<i>2004/2005</i>	<i>2003/2004</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Interest income	1,618,711	1,730,470	1,618,711	1,730,470
Rental income	690,169	677,155	686,251	672,913
Car park charges	326,313	371,740	325,786	371,217
Building resources, agency and consultancy fees	120,672	119,689	201,812	204,029
Gain on sale of fixed assets	58,210	18,048	58,210	18,048
Levy on resale flats and sales premium	41,233	79,231	41,233	79,231
Investment income	3,504	375	6,023	8,163
Recoveries, fees and others	271,552	146,926	274,332	146,367
	<u>3,130,364</u>	<u>3,143,634</u>	<u>3,212,358</u>	<u>3,230,438</u>

Interest income is derived mainly from mortgage loans granted to the purchasers of HDB flats.

APPENDIX

14. GAIN/(LOSS) ON DIVESTMENT/TRANSFER OF RELATED COMPANIES

In line with HDB's efforts to focus on its core role as the public housing authority in Singapore, HDB sold its total investment in HDB Corporation Pte Ltd to Temasek Holdings (Private) Limited in September 2004. The net book value of the assets disposed were as follows:

	<i>Group</i>
	<u>2004/2005</u>
	S\$'000
Fixed assets	4,856
Loans receivable	38
Investments	55,233
Debtors and prepayments	43,061
Cash and deposits with banks	52,000
Deferred tax asset	310
Provision, creditors and accruals	<u>(38,632)</u>
Net assets disposed	116,866
Loss on disposal of subsidiary company	<u>(50)</u>
Sale proceeds	116,816
Less: Cash of subsidiary company disposed	(52,000)
Return of reserve to the Government	<u>(116,816)</u>
Net cash outflow on disposal	<u><u>(52,000)</u></u>

15. NET DEFICIT BEFORE GOVERNMENT GRANT

	<i>HDB</i>		<i>Group</i>	
	<u>2004/2005</u>	<u>2003/2004</u>	<u>2004/2005</u>	<u>2003/2004</u>
	S\$'000	S\$'000	S\$'000	S\$'000
This is arrived at after charging/ (crediting) the following:				
Interest expense	1,997,091	2,180,174	1,997,091	2,180,174
CPF housing grant	230,035	238,015	230,035	238,015
Provision for unrealised loss on flats for sale	37,765	137,795	33,045	137,392
Upgrading and improvements	500,822	500,479	496,610	496,585
Doubtful debts provision	31,816	7,950	31,816	8,056
Bad debts written off	822	50	822	50
Board members' fees	54	58	54	58
Directors' fees and remuneration	—	—	2,183	3,036
Auditors' remuneration	600	750	708	871
Expenses capitalised (inclusive of interest capitalised)	(77,552)	(139,714)	(77,552)	(139,714)
And after crediting:				
Dividends from				
— Unquoted subsidiary companies	3,346	—	—	—
— Others	—	—	1,604	1,443

Interest expense is incurred on loans from the Government, bank loans and bonds and is inclusive of interest capitalised as properties under construction (see Note 6).

APPENDIX

16. EMPLOYEE BENEFIT COSTS

	<i>HDB</i>		<i>Group</i>	
	<i>2004/2005</i>	<i>2003/2004</i>	<i>2004/2005</i>	<i>2003/2004</i>
	S\$'000	S\$'000	S\$'000	S\$'000
Salaries and bonuses	279,356	297,122	365,207	402,116
Contribution to Central Provident Fund	31,961	39,936	41,836	52,996
Other staff related costs	5,235	6,012	7,880	8,339
	<u>316,552</u>	<u>343,070</u>	<u>414,923</u>	<u>463,451</u>

Employee benefit costs include the remuneration of a former HDB Board Member, which falls within the band of S\$500,000 to S\$750,000 (FY 2003/2004: S\$500,000 to S\$750,000).

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated cash flow statement comprise the following:

	<i>Group</i>	
	<i>2004/2005</i>	<i>2003/2004</i>
	S\$'000	S\$'000
Bank balances and cash	37,987	38,419
Fixed deposits	37,492	69,347
	<u>75,479</u>	<u>107,766</u>

18. GOVERNMENT GRANT

Cumulative grant from the Government since the establishment of HDB in 1960 amounts to:

	<i>2004/2005</i>	<i>2003/2004</i>
	S\$'000	S\$'000
Total grant as at 1 April	13,109,498	12,259,720
Grant for Financial Year	732,067	849,778
Total grant as at 31 March	<u>13,841,565</u>	<u>13,109,498</u>

APPENDIX

19. RELATED PARTY TRANSACTIONS

The following related party transactions took place during the year:

	2004/2005	2003/2004
	S\$'000	S\$'000
<i>Services rendered to HDB:</i>		
Consultancy, surveying and project management services	44,178	56,249
Site supervision	18,794	30,209
Construction material procurement and supply services	811	1,523
Property management	3,834	4,119
Telemonitoring management, mechanical and electrical services	2,084	1,389
Others	1,354	1,696
<i>Services rendered by HDB:</i>		
Rental of premises	4,400	4,699
Sales and services rendered	768	2,096

20. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to interest rate risk, credit risk and liquidity risk.

HDB's exposure to market risk for changes in interest rate relates primarily to the government loans. HDB manages its interest rate exposure by largely matching the terms of the government loans with that of the loans receivables. HDB uses various sources of funding to manage interest costs. In addition to government loans, HDB also accesses the capital market and financial institutions for its funding requirements. Information relating to the Group's interest rate exposure is disclosed in Note 9 on the Group's loans payable.

The Group's loans receivables comprise largely mortgage loans to purchasers of HDB flats. Policies on loan quantum and credit assessment are in place for the granting of mortgage loans to flat buyers with the flats as collateral. For non-performing loans where the collateral held is insufficient to discharge the outstanding mortgage loan, specific provision of S\$13 million for the doubtful mortgage loan is made in the financial statements.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations. Funding is also made available through an adequate amount of committed credit facilities. The Ministry of Finance will act as the lender of last resort to HDB for its funding requirements.

21. FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of the following financial assets and liabilities approximate their fair values: cash and deposits with banks, receivables and payables, loans receivable and payable. The Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

APPENDIX

22. SEGMENTAL INFORMATION BUSINESS SEGMENTS

The Group's results are presented under seven business segments in respect of the Group's main activities and the government programmes implemented:

Home Ownership

Home ownership focuses on providing home ownership flats to eligible purchasers of HDB flats under the various home ownership schemes.

Upgrading

Upgrading focuses on the upgrading programmes to renew and rejuvenate the older HDB estates.

Residential Ancillary Functions

Residential ancillary functions focus on implementing housing policies, managing ancillary facilities such as car parks in housing estates, and planning and building administration.

Rental Flats

Rental flats focuses on providing rental flats to eligible tenants under the various rental housing schemes.

Other Rental and Related Businesses

Other rental and related businesses focus on the tenancy and management of other property developments owned by HDB.

Mortgage Financing

Mortgage financing focuses on providing housing loans to eligible purchasers of HDB flats.

Agency and Others

Agency and others encompass estate management services, architectural and engineering consultancy services and agency projects on behalf of the Government.

APPENDIX

22. SEGMENTAL INFORMATION — (continued)

FY 2004/2005

	Home Ownership S\$M	Upgrading S\$M	Residential Ancillary Functions S\$M	Rental Flats S\$M	Other Rental & Related Businesses S\$M	Mortgage Financing S\$M	Agency & Others S\$M	Eliminations S\$M	Group S\$M
Sale proceeds	1,936	—	18	—	14	—	—	—	1,968
Cost of sales	(1,914)	—	(11)	—	(11)	—	—	—	(1,936)
Gross profit on sales	22	—	7	—	3	—	—	—	32
Income	50	86	448	17	865	1,628	118	—	3,212
— External	—	—	1	—	4	—	71	(76)	—
— Inter-segment	50	86	449	17	869	1,628	189	(76)	3,212
Total	(366)	(374)	(220)	(99)	396	17	37	—	(609)
Results from operations									2
Share of results of associated companies and joint ventures									(5)
Taxation									(3)
Minority interests									(615)
Segment assets	5,543	243	9,247	2,714	9,947	56,624	666	—	84,984
Unallocated assets									132
Total assets									85,116
Segment liabilities	3,667	201	4,140	9	3,931	56,694	489	—	69,131
Unallocated liabilities									353
Total liabilities									69,484
Capital additions	—	—	245	—	234	—	3	—	482
Depreciation	(3)	—	(131)	(44)	(138)	—	(13)	—	(329)
CPF housing grant	(230)	—	—	—	—	—	—	—	(230)
Provision for unrealised loss on flats for sale	(38)	—	—	—	—	—	—	5	(33)
Upgrading and improvements	—	(415)	(35)	(29)	(22)	—	—	4	(497)
Doubtful debts provision	—	—	—	(3)	(13)	(16)	—	—	(32)

APPENDIX

22. SEGMENTAL INFORMATION — (continued)

FY 2003/2004

	Home Ownership	Upgrading	Residential Ancillary Functions	Rental Flats	Other Rental & Related Businesses	Mortgage Financing	Agency & Others	Eliminations	Group
	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M
Sale proceeds	3,029	—	2	—	—	—	—	—	3,031
Cost of sales	(2,952)	—	(1)	—	—	—	—	—	(2,953)
Gross profit on sales	77	—	1	—	—	—	—	—	78
Income									
— External	91	48	471	14	739	1,739	128	—	3,230
— Inter-segment	—	—	1	—	4	—	91	(96)	—
Total	91	48	472	14	743	1,739	219	(96)	3,230
Results from operations	(414)	(338)	(240)	(177)	278	35	35	—	(821)
Restructuring									(31)
Loss on divestment/transfer of related companies									(2)
Share of results of associated companies and joint ventures									6
Taxation									(8)
Minority interests									(3)
									(859)
Segment assets	6,383	267	8,991	2,808	9,984	59,911	884	(29)	89,199
Unallocated assets									166
Total assets									89,365
Segment liabilities	4,585	319	4,071	7	3,688	59,978	703	(25)	73,326
Unallocated liabilities									377
Total liabilities									73,703
Capital additions	—	—	138	—	326	—	10	—	474
Depreciation	(3)	—	(129)	(46)	(133)	—	(17)	—	(328)
CPF housing grant	(238)	—	—	—	—	—	—	—	(238)
Provision for unrealised loss on flats for sale	(138)	—	—	—	—	—	—	—	(138)
Upgrading and improvements	—	(354)	(37)	(93)	(17)	—	—	4	(497)
Doubtful debts provision	—	—	—	—	(7)	(1)	—	—	(8)

APPENDIX

23. COMMITMENTS FOR CAPITAL EXPENDITURE

The following commitments for capital expenditure are not provided for in the financial statements:

	<i>HDB</i>		<i>Group</i>	
	<i>2004/2005</i>	<i>2003/2004</i>	<i>2004/2005</i>	<i>2003/2004</i>
	S\$'000	S\$'000	S\$'000	S\$'000
Authorised and contracted for	966,438	929,364	966,487	951,757
Authorised but not contracted for	892,410	705,633	892,410	705,633
	<u>1,858,848</u>	<u>1,634,997</u>	<u>1,858,897</u>	<u>1,657,390</u>

24. SUBSEQUENT EVENT

OUTSOURCING OF CAR PARK ENFORCEMENT OPERATIONS

HDB has called for a tender to outsource its remaining car park enforcement operations to the private operators with effect from August 2005. On successful award of the tender, estimated termination benefits of about S\$10 million under the Special Resignation Scheme would be payable to affected staff.

25. COMPARATIVE FIGURES

Comparative figures have been reclassified to conform to the current year's presentation.

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