

## INFORMATION MEMORANDUM DATED 17 MAY 2012



# HOUSING AND DEVELOPMENT BOARD

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

**S\$22,000,000,000**

## Multicurrency Medium Term Note Programme (the “Programme”)

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the “Notes”) 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 the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

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

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 276(7) of the SFA.

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 the 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*

**Citigroup**

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## NOTICE

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

Citicorp Investment Bank (Singapore) Limited (“**Citi**”) 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, and on identical terms (including as to listing) except (in the case of Notes other than variable rate notes) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each Series may be issued in one or more Tranches on the same or different issue dates. The Notes 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 or purchase 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\$22,000,000,000 (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. On 17 June 2011, 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 further increased from S\$7,000,000,000 to S\$12,000,000,000. On 17 May 2012, 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 further increased from S\$12,000,000,000 to S\$22,000,000,000.

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. Citi has not verified the correctness or completeness of HDB’s annual reports or published financial statements.

## NOTICE

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, Citi or any of the Dealers (as defined herein). 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, Citi 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 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 (as defined herein) or with any securities regulatory authority of any state or jurisdiction of the United States 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 (as defined in Regulation S under the Securities Act).

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.

## NOTICE

Citi and the Dealers have not separately verified the information contained in this Information Memorandum. None of HDB, Citi, 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 Citi 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, Citi 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, Citi, 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 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

## NOTICE

Memorandum shall (without any liability or responsibility on the part of HDB, Citi 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 pages 51 and 52 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, tax, financial and other advisers before purchasing or acquiring the Notes.**

## DEFINITIONS

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

<b>“Agency Agreement”</b>	:	The Agency Agreement dated 1 February 1999 made between (1) HDB, as issuer, and (2) Citi, as fiscal agent, paying agent and agent bank, as supplemented by the Supplemental Agency Agreement and the Second Supplemental Agency Agreement, and as amended and restated by the Amendment and Restatement Agency Agreement and the Second Amendment and Restatement Agency Agreement, and as further amended, varied or supplemented from time to time
<b>“Agent Bank”</b>	:	Citi or such other person for the time being appointed by HDB as agent bank
<b>“Amendment and Restatement Agency Agreement”</b>	:	The Amendment and Restatement Agency Agreement dated 17 June 2011 made between (1) HDB, as issuer, and (2) Citi, as fiscal agent, paying agent and agent bank
<b>“Amendment and Restatement Programme Agreement”</b>	:	The Amendment and Restatement Programme Agreement dated 17 June 2011 made between (1) HDB, as issuer, and (2) Citi, as arranger and dealer
<b>“Arranger”</b>	:	Citi
<b>“Board”</b>	:	The Members of the Board of HDB under the H&D Act
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Citi”</b>	:	Citicorp Investment Bank (Singapore) Limited
<b>“Companies Act”</b>	:	Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
<b>“Dealers”</b>	:	Citi and/or such other Dealers as may be appointed in accordance with the Programme Agreement
<b>“Fiscal Agent”</b>	:	Citi or such other person for the time being appointed by HDB as fiscal agent
<b>“Global Notes”</b>	:	Temporary global notes, or as the context may require, permanent global notes
<b>“Government”</b>	:	The government of Singapore
<b>“HDB” or “Issuer”</b>	:	Housing and Development Board
<b>“H&amp;D Act”</b>	:	Housing and Development Act, Chapter 129 of Singapore, as amended or modified from time to time



## DEFINITIONS

<b>“Income Tax Act”</b>	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time
<b>“Issue Date”</b>	:	The date of issue of each Series or Tranche of Notes
<b>“Issue Price”</b>	:	The price at which each Series or Tranche of Notes is issued, being at par or at a discount, or premium, to par
<b>“MAS”</b>	:	The Monetary Authority of Singapore
<b>“Noteholders”</b>	:	The holders for the time being of the Notes
<b>“Notes”</b>	:	The notes which may be issued by HDB under the Programme
<b>“Paying Agent”</b>	:	Citi or such other person for the time being appointed by HDB as paying agent
<b>“Pricing Supplement”</b>	:	Pricing supplement issued relating to each Tranche or, as the case may be, Series of Notes
<b>“Programme”</b>	:	S\$22,000,000,000 Multicurrency Medium Term Note Programme of HDB
<b>“Programme Agreement”</b>	:	The Programme Agreement dated 1 February 1999 made between (1) HDB, as issuer, (2) Citi, as arranger, and (3) Citi, as dealer, as supplemented by the Supplemental Programme Agreement and the Second Supplemental Programme Agreement, and as amended and restated by the Amendment and Restatement Programme Agreement and the Second Amendment and Restatement Programme Agreement, and as further amended, varied or supplemented from time to time
<b>“Second Amendment and Restatement Agency Agreement”</b>		The Second Amendment and Restatement Agency Agreement dated 17 May 2012 made between (1) HDB, as issuer, and (2) Citi, as fiscal agent, paying agent and agent bank
<b>“Second Amendment and Restatement Programme Agreement”</b>		The Second Amendment and Restatement Programme Agreement dated 17 May 2012 made between (1) HDB, as issuer, and (2) Citi, as arranger and dealer
<b>“Second Supplemental Agency Agreement”</b>	:	The Second Supplemental Agency Agreement dated 27 August 2003 made between (1) HDB, as issuer, and (2) Citi, as fiscal agent, paying agent and agent bank
<b>“Second Supplemental Programme Agreement”</b>	:	The Second Supplemental Programme Agreement dated 27 August 2003 made between (1) HDB, as issuer, and (2) Citi, as arranger and dealer



## DEFINITIONS

<b>“Securities Act”</b>	:	Securities Act of 1933 of the United States of America, as amended or modified from time to time
<b>“Series”</b>	:	(1) (in relation to Notes other than variable rate notes) a series of Notes comprising one or more Tranches, whether or not issued on the same date, that (except in respect of their respective dates of the first payment of interest and Issue Prices) have identical terms on issue and are expressed to have the same series number and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective Issue Prices and rates of interest
<b>“SFA”</b>	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Supplemental Agency Agreement”</b>	:	The Supplemental Agency Agreement dated 1 February 2002 made between (1) HDB, as issuer, and (2) Citi, as fiscal agent, paying agent and agent bank
<b>“Supplemental Programme Agreement”</b>	:	The Supplemental Programme Agreement dated 1 February 2002 made between (1) HDB, as issuer, and (2) Citi, as arranger and dealer
<b>“S\$” or “\$”</b>	:	Singapore dollars
<b>“Tranche”</b>	:	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
<b>“U.S.” or “United States”</b>	:	United States of America
<b>“%” or “per cent.”</b>	:	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	:	Mr James Koh Cher Siang, Chairman Mr Matthias Yao Chih Mrs Quek Bin Hwee Mr Tham Kui Seng Mrs Chng Sok Hui RADM Joseph Leong Weng Keong Mr Mohd Guntor Sadali Ms Ong Toon Hui Assoc Prof Yu Shi Ming Dr Cheong Koon Hean
Auditors for the financial year ended 31 March 2011	:	Deloitte & Touche LLP Certified Public Accountants 6 Shenton Way #32-00 DBS Building Tower Two Singapore 068809
Arranger and Dealer	:	Citicorp Investment Bank (Singapore) Limited 8 Marina View #21-01 Asia Square Tower 1 Singapore 018960
Fiscal Agent, Paying Agent and Agent Bank	:	Citicorp Investment Bank (Singapore) Limited 3 Changi Business Park Crescent #03-00 Changi Business Park Singapore 486026
Legal Adviser to the Programme	:	Allen & Gledhill LLP 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	:	Citi
Dealers	:	Citi and/or such other Dealers as may be appointed in accordance with the Programme Agreement
Fiscal Agent, Paying Agent and Agent Bank	:	Citi
Description	:	Multicurrency Medium Term Note Programme
Programme Size	:	The maximum aggregate principal amount of Notes outstanding under the Programme at any time shall not exceed S\$22,000,000,000 (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

## PROGRAMME SUMMARY

- |                                |   |  |
|--------------------------------|---|--|
| 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> |
| 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” 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  |

## PROGRAMME SUMMARY

- 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 HDB and any such event would materially and adversely affect the interests of the Noteholders, HDB 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 HDB or its subsidiaries or of the Notes. In addition, the Notes may, if so agreed between HDB 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 in or existing holder of 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 Citi that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Notes. This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Notes only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Notes is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such a determination. Each person receiving this Information Memorandum acknowledges that such person has not relied on HDB or Citi or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Notes should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely 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. A prospective investor should consult with its legal, tax, financial and other advisers prior to deciding to make an investment in the Notes.

### **Limited Liquidity of the Notes issued under the Programme**

There can be no assurance regarding the future development of the market for the Notes issued under the Programme or the ability of 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.

## RISK FACTORS

### 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.

### 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.

### Singapore Taxation Risk

The Notes to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2013 are intended to be “qualifying debt securities” for the purposes of the Income Tax Act subject to the fulfilment of certain conditions more particularly described in the section “Taxation”. However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

The Qualifying Debt Securities Plus Scheme (“**QDS Plus Scheme**”) has also been introduced as an enhancement of the Qualifying Debt Securities Scheme. Under the QDS Plus Scheme, subject to certain qualifications and conditions, income tax exemption is granted on interest, discount income (not including discount income from secondary trading), “prepayment fee”, “redemption premium” and “break cost” (as such terms are defined in the Income Tax Act) derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February 2008 to 31 December 2013;
- (b) have an original maturity of not less than 10 years;
- (c) cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

With respect to any tranche of the Notes issued with an original maturity of at least 10 years and which are “qualifying debt securities”, there is no assurance that holders of such Notes would enjoy any tax exemption under the QDS Plus Scheme as it is currently unclear how the above



## **RISK FACTORS**

requirements would be applicable in the context of certain events occurring or which may occur within 10 years from the date of issue of such Notes.

### **Change in Legislation**

HDB is constituted under the H&D Act 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 deficit is financed 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

- 1 HDB, a statutory board of the Ministry of National Development, was established on 1 February 1960. Its mission is to provide quality and affordable public housing for Singaporeans, create vibrant and sustainable towns and promote the building of active and cohesive communities.
- 2 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.
- 3 In its initial years, HDB was tasked with addressing 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.
- 4 Since 1960, HDB has built approximately 1,011,027 residential units in 26 public housing towns and estates across the island. An estimated 82 per cent. of the population in Singapore live in HDB flats, of which about 90 per cent. are home ownership flats.
- 5 HDB conducts regular reviews and surveys to ensure that its products and services are continually improving and that it keeps pace with the changing needs 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. HDB also tendered land to private developers for public housing development under the Design, Build and Sell Scheme (DBSS). Under the scheme, the private sector will undertake the entire development from planning, design and construction, to the sale of the flats. As for Studio Apartments, they are specially designed to meet the needs of elderly residents. In March 2012, the Ageing-in-Place Priority Scheme ("**APPS**") was introduced to help the elderly age-in-place. The APPS supports senior citizens who wish to right-size to a studio apartment while remaining in their current town, so they can age-in-place in a familiar environment.

## HISTORY AND BUSINESS

- 6 HDB provides targeted assistance through policies and schemes that catered for families and households at different stages of their life and circumstances. The Lease Buyback Scheme implemented in March 2009 provided low-income elderly Singaporeans the option to unlock the value of their flats and receive a life-long monthly income for retirement needs. The scheme was further expanded in March 2010 to enable more eligible elderly households to benefit from it. Following announcements in March 2012, details on enhancements to the scheme are expected to be announced in a few months' time. Another assistance measure, the Additional CPF Housing Grant Scheme ("**AHG**"), was implemented in 2006 and further enhanced in 2009 to help lower-income families become home owners. More measures were introduced in 2011 to ensure that public housing remains within the reach of Singaporeans buying their first flat. The Special CPF Housing Grant Scheme (SHG) was implemented in 2011, over and above the regular housing subsidy and the AHG, to enable low-income families to own a flat. More first-time home buyers are also set to benefit with an increase in Build-To-Order flats supply in 2011.
- 7 To equip HDB flats and public housing estates to meet the accessibility needs of our ageing population, HDB has embarked on a three-pronged approach comprising Lift Upgrading, Universal Design and Barrier Free Accessibility.
- 8 The Lift Upgrading Programme enables HDB residents to enjoy the convenience of direct lift access on their floors. The introduction of new technology like lighter building materials for lift shafts and machine-roomless lifts will reduce the cost and time taken to implement lift upgrading. The target is to complete the Lift Upgrading Programme by 2014 for all HDB blocks which currently do not have lifts that stop on every floor, as long as it is technically and economically feasible to do so. Universal Design was introduced for new HDB projects from July 2006 to make HDB estates more user-friendly to the elderly, disabled and those with young families. New HDB flats will henceforth be built with step-free interiors and wider corridors to facilitate wheelchair movement. At the precinct level, Barrier Free Accessibility will also be supported through provisions such as ramps. They will provide seamless access for the elderly and those on wheelchairs to carparks, bus stops and other facilities. The objective to make all HDB housing estates barrier-free by 2011 will enable residents of all ages to move about easily within the new estates and lead healthy and active lives.
- 9 In addition, HDB also undertakes the estate renewal strategy, on behalf of the Government, to rejuvenate its older towns. This includes the Selective En bloc Redevelopment Scheme's redevelopment of old apartment blocks to optimise land use, as well as two new upgrading programmes, the Home Improvement Programme ("**HIP**") and the Neighbourhood Renewal Programme ("**NRP**"). HIP helps flat owners deal with common maintenance problems related to ageing flats in a systematic and comprehensive manner. NRP focuses on precinct- and block-level improvements, and engages residents in the decision-making process on matters affecting their immediate neighbourhood by voting for items such as covered linkways and security systems. Both programmes have been well-received by residents, with the programmes providing more flexibility in the provision of upgrading items and greater resident consultation in the type of improvements within and outside their flats. Under the HIP, more options for the elderly will be introduced, following announcements in Parliament in March 2012. These improvements come under the Enhancement for Active Seniors (EASE) programme and aims to create a safer and more comfortable living environment.

## HISTORY AND BUSINESS

- 10 With an increasing number of HDB flats aged 40 to 50 years over the next 10 years, HDB has embarked on a programme to rejuvenate existing public housing estates. The 'Remaking Our Heartland' plans are on track to transform HDB estates into vibrant homes for Singaporeans. Punggol, Yishun and Dawson estate were the first three heartland towns to be rejuvenated. Punggol is well on its way to becoming 'A Waterfront Town of the 21st Century' - the town's water frontage and waterside lifestyle offering an array of activities for young and old. Yishun's remaking plans would give the town a revitalised town centre, outdoor facilities and heritage trails. Dawson would be given a new lease of life with a new generation of public housing and green parks equipped with environmentally friendly features. Recently announced, another three areas, Hougang, East Coast and Jurong Lake, will also benefit from rejuvenation plans under the Remaking Our Heartland blueprint. Upcoming plans include the upgrading of Hougang Town Centre which will offer shopping, dining and entertainment facilities. East Coast will be directly linked to Bedok Town Centre via a comprehensive cycling network, while Jurong will be substantially developed into a vibrant regional centre with a vast array of shopping, entertainment and food options.
- 11 With the hardware of an HDB town in place, HDB's work also extended to the heartware of a community. The board organised community bonding activities and held public talks to engage residents, giving them a say in shaping their neighbourhood. Welcome parties and the Good Neighbour Award to recognise acts of kindness and consideration among residents were among the initiatives to build communities.
- 12 Beyond the heartlands, HDB worked towards achieving environmental sustainability with its first eco precinct, Treelodge@Punggol, which was completed in end-2010 and is home to HDB's one millionth flat. The precinct showcases a range of green technologies, innovations and research and development efforts for effective and efficient energy, water, and waste management. The successful implementation of the eco precinct brings HDB a step closer towards more environmentally friendly designs for future housing projects. HDB also introduced the Energy SAVE programme in collaboration with the National Environment Agency and the Energy Market Authority, to educate and encourage households to adopt energy saving habits and reduce their energy consumption to minimise greenhouse gas emissions.
- 13 In keeping pace with the changing times, HDB is constantly innovating and adopting the latest technologies. To bring greater convenience to buyers, HDB launched Mobile@HDB in 2010, a mobile-friendly site which provides customers a convenient, one-stop access to a suite of HDB services.
- 14 By delivering quality and excellence, HDB has received both local and international recognition for its public housing programme as well as its organisational strengths. In 2012, HDB emerged as one of five winners for the CIO100's CIO Asia Awards for its IT-enabled innovation in developing an eco-system that integrates processes and information for effective service delivery. In 2010, the organisation garnered the Public Service Premier Award for having attained specific national and international benchmarks for excellence. The award is a culmination of HDB's achievements so far, which include the Singapore Quality Award (with Special Commendation), People Developer Standard, Singapore Innovation Class (S-Class and I-Class) and ISO 9001 certification.

## HISTORY AND BUSINESS

- 15 HDB was conferred the 2010 UN-HABITAT Scroll of Honour Award for providing one of Asia's and the world's greenest, cleanest and most socially conscious housing programmes. In 2012, Singapore's first man-made waterway by HDB, My Waterway@Punggol, bagged the 2012 Grand Prize for the Excellence in Environmental Engineering Award for the Environmental Sustainability Category. Other award feats include the United Nations Public Service Award in June 2008 for its Home Ownership programme. HDB's achievements in service and building excellence were also reflected in the wins for 'Outstanding Website Award' for the HDB InfoWEB, and the naming of The Pinnacle@Duxton as the winner of Asia and Australasia's 'Best Tall Building' by the Chicago-based Council on Tall Buildings and Urban Habitat in 2010. The Pinnacle@Duxton also won the 2011 ULI Global Awards for Excellence, which recognises the full development process of a project as well as design in an urban setting.

### **Financing of Housing and Development Board**

The HDB's deficit is financed by Government grant. In addition, a grant is given to the HDB so that the reserves of past governments are protected in accordance with the Constitution of the Republic of Singapore.

The main loans which finance HDB's operations are:

- (i) The mortgage financing loans obtained from the Government to finance the mortgage loans granted to the purchasers of flats under the public housing schemes.
- (ii) Housing development loans from the Government, bonds issued and bank loans to finance HDB's development programmes and operational requirements.

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 borrowings.

## FINANCIAL HIGHLIGHTS

### Financial Highlights of HDB Group

S\$ million

	2010/2011	2009/2010	2008/2009	2007/2008
<b>FINANCIAL RESULTS</b>				
Home ownership	(506)	(562)	(1,553)	(1,006)
Upgrading	(613)	(709)	(696)	(516)
Residential ancillary functions	(60)	(64)	(120)	(173)
Rental flats	(49)	(82)	(150)	(77)
Mortgage financing	(26)	(26)	(18)	37
Other rental and related businesses	1,101	532	412	632
Agency and others	16	18	16	30
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Deficit	(137)	(893)	(2,109)	(1,073)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>FINANCIAL POSITION</b>				
Property, plant and equipment, and investment properties	20,292	19,887	19,676	19,816
Loans receivable	42,470	45,148	47,137	49,726
Properties under development and for sale	6,927	4,816	3,549	2,996
Other assets	2,633	2,889	3,066	1,801
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	72,322	72,740	73,428	74,339
Less:				
Loans payable	55,147	55,626	56,872	57,828
Other liabilities	2,640	2,672	2,161	2,025
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total net assets	14,535	14,442	14,395	14,486
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Capital and reserves	14,505	14,413	14,369	14,458
Minority interests	30	29	26	28
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total equity	14,535	14,442	14,395	14,486
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>



## TERMS AND CONDITIONS OF THE NOTES

### Housing and Development Board S\$22,000,000,000 Multicurrency Medium Term Note Programme

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

The Notes are issued pursuant to an 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 (the “**Paying Agent**”), and Citicorp Investment Bank (Singapore) Limited as agent bank (the “**Agent Bank**”) (as supplemented by a Supplemental Agency Agreement dated 1 February 2002 and a Second Supplemental Agency Agreement dated 27 August 2003, and as amended and restated by an Amendment and Restatement Agency Agreement dated 17 June 2011 and a Second Amendment and Restatement Agency Agreement dated 17 May 2012, all made between the same parties, and as further amended, varied or supplemented from time to time, the “**Agency Agreement**”) and (where applicable) the Notes are issued with the benefit of a deed of covenant dated 1 February 1999 relating to the Notes executed by the Issuer (as supplemented by a Supplemental Deed of Covenant dated 1 February 2002, a Second Supplemental Deed of Covenant dated 17 June 2011 and a Third Supplemental Deed of Covenant dated 17 May 2012, all executed by the Issuer, and as further amended, varied or supplemented from time to time, the “**Deed of Covenant**”). These terms and 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 bound by and are deemed to have notice of all of the provisions of the Agency Agreement and the Deed of Covenant.

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).

## TERMS AND CONDITIONS OF THE NOTES

- (iii) Bearer Notes are serially numbered and are issued with Coupons attached, save in the case of Bearer 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(d), each Certificate shall represent the entire holding of Registered Notes by the same holder.
- (b) Title**
- (i) Title to the Bearer Notes and the Coupons appertaining thereto 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 in accordance with the provisions of the Agency Agreement.
  - (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 of Bearer Notes or the relevant Permanent Global Note representing each Series of Bearer Notes, “**Global Certificate**” means the relevant Global Certificate representing each Series of Registered Notes, “**Noteholder**” means the bearer of any Definitive Note in bearer form or the person in whose name a Registered Note is registered (as the case may be) and “**holder**” (in relation to a Definitive Note or

## TERMS AND CONDITIONS OF THE NOTES

Coupon) means the bearer of any Definitive Note in bearer form or Coupon or the person in whose name a Registered Note is registered (as the case may be), “**Series**” means (1) (in relation to Notes other than Variable Rate Notes) a series of Notes comprising one or more Tranches, whether or not issued on the same date, that (except in respect of their respective dates of the first payment of interest and Issue Prices) have identical terms on issue and are expressed to have the same series number and (2) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective Issue Prices and Rates of Interest and “**Tranche**” means, 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.

- (v) Words and expressions defined in the Agency Agreement or used in the applicable Pricing Supplement (as defined in the Agency Agreement) 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**

One or more Registered Notes may be transferred upon the surrender of the Certificate representing such Registered Notes to be transferred, to the Issuer or to such other person as the Issuer may designate, together with the form of transfer endorsed on such Certificate (or such other forms of transfer in substantially the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Issuer may reasonably 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. No transfer of title to any Registered Note will be valid or effective unless and until entered on the Register. 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; provided that, in the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

### (d) **Exercise of Options or Partial Redemption in Respect of Registered Notes**

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.

## TERMS AND CONDITIONS OF THE NOTES

### (e) **Delivery of New Certificates**

Each new Certificate to be issued pursuant to Condition 1(c) or 1(d) shall be available for delivery within 30 Business Days of receipt of a duly completed request for exchange or form of transfer or exercise notice and the surrender of the original Certificate for exchange together with satisfaction of any other requirements imposed by these Conditions. Delivery of the new Certificate(s) shall be made at the head office of the Issuer or at the specified office of its agent, in each case to whom delivery or surrender of such request for exchange, form of transfer, exercise notice or original Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, exercise notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Issuer the costs of such other method of delivery and/or such insurance as it may specify.

In this Condition 1(e), “**Business Day**” means a day on which banks and foreign exchange markets are open for general business in the place of the head office of the Issuer or, as the case may be, the specified office of the relevant agent.

### (f) **Charges**

Exchange and transfer of Registered Notes 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 of option 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).

### (g) **Closed Periods**

Without prejudice to Condition 1(h) below, no Noteholder may require the transfer of a Registered Note to be registered (i) during the period of seven Business Days ending on (and including) the due date for redemption of that Note, (ii) during the period of seven Business Days ending on (and including) any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 4(d), (iii) after the Registered Notes have been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 5(a)).

### (h) **Closing of Register**

The Issuer shall have the right at any time to close the Register for such periods as the Issuer may determine in order to facilitate any payment on, or redemption of, the Notes or otherwise and no Noteholder may require the transfer of a Registered Note to be registered during such periods when the Register is closed.

### (i) **Regulations**

All transfers of Registered Notes and entries on the Register will be made subject to the detailed regulations concerning transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Fiscal Agent.

## TERMS AND CONDITIONS OF THE NOTES

### 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.

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

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to (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 the Redemption Amount shown on the face of the Note is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 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 Day Count Fraction shown on the face of the Note.

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

#### (a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its 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 interest payment date



## TERMS AND CONDITIONS OF THE NOTES

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

The period beginning on 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, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 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 Condition 3(III)(a) below.

## TERMS AND CONDITIONS OF THE NOTES

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 Page ABSI on the monitor of the Bloomberg agency under the caption “ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11.00AM SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof) and as adjusted by the Spread (if any);
- (B) if on any Interest Determination Date, no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore Dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ABS SIBOR FIX - SIBOR AND SWAP OFFER RATES - RATES AT 11:00 HRS SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other Screen Page as may be provided hereon) and as adjusted by the Spread (if any);
- (C) if no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed “SGD SIBOR” (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore Dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to 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



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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 for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any) or if on such 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);

- (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 on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00AM SINGAPORE TIME" and under the column headed "SGD SWAP OFFER" (or such other page as may replace Page ABSI for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) and as adjusted by the Spread (if any);
- (B) if on any Interest Determination Date, no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will 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 on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX - SIBOR AND SWAP OFFER RATES - RATES AT 11:00 HRS SINGAPORE TIME" under the column headed "SGD SWAP OFFER" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant

## TERMS AND CONDITIONS OF THE NOTES

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);

- (C) if on any Interest Determination Date, no such rate is quoted on Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) or Reuters Screen ABSIRFIX01 Page (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 on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00AM SINGAPORE TIME" and under the column headed "USD SIBOR" (or such other page as may replace Page ABSI for the purpose of displaying Singapore interbank 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 1/16 per cent.) of the rates quoted by the Reference Banks and which appear on Page ABSI on the

## TERMS AND CONDITIONS OF THE NOTES

monitor of the Bloomberg agency under the caption “ASSOCIATION OF BANKS IN SG – FX and SGD Swap Points” (or such other page as may replace Page ABSI 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 1/16 per cent.) of the rates quoted by the Reference Banks for a period equal to the duration of the Interest Period concerned which appears on Page ABSI on the monitor of the Bloomberg agency under the caption “ASSOCIATION OF BANKS IN SG – FX and SGD Swap Points” (or such other page as may replace Page ABSI 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);

- (D) if on any Interest Determination Date, any one of the components for the purposes of calculating the Average Swap Rate under (C) above is not quoted on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof) or if Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof) 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:

## TERMS AND CONDITIONS OF THE NOTES

In the case of Premium:

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

In the case of Discount:

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

where:

SIBOR = the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME” and under the column headed “USD SIBOR” (or such other page as may replace the Reuters Screen ABSIRFIX01 Page for the purpose of displaying Singapore interbank 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 being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) (determined by the Agent Bank) of the rates quoted by the Reference Banks and which appear on the Reuters Screen ABSIRFIX06 Page under the caption “ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME” and under the column headed “SPOT” (or such other page as may replace the Reuters Screen ABSIRFIX06 Page for the purpose of displaying the spot

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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 being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) (determined by the Agent Bank) of the rates quoted by the Reference Banks for a period equal to the duration of the Interest Period concerned which appear on the Reuters Screen ABSIRFIX06-7 Pages under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME" (or such other page as may replace the Reuters Screen ABSIRFIX06-7 Pages 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);

- (E) if on any Interest Determination Date any one of the components for the purposes of calculating the Average Swap Rate under (D) above is not quoted on the relevant Reuters Screen Page (or such other replacement page as aforesaid) or the relevant Reuters Screen 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

## TERMS AND CONDITIONS OF THE NOTES

(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 interbank market at or about the Relevant Time on the relevant Interest Determination Date and shall be determined as follows:

In the case of Premium:

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

In the case of Discount:

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

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 interbank market at or about the Relevant Time on the relevant Interest Determination Date;

Spot Rate = the rate at which that Reference Bank sells United States dollars spot in exchange for Singapore Dollars in the Singapore interbank 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 interbank 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

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Interest Period concerned in the Singapore interbank market; and

T = the number of days in the Interest Period concerned; and

(F) 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 for such Interest Period 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 any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:

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

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

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,

and as adjusted by the Spread (if any);



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- (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 as adjusted by the Spread (if any); and
  - (C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.
- (iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.
- (c) **Rate of Interest - Variable Rate Notes**
  - (i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Agreed Yield**” and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Rate of Interest**”.
  - (ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:
    - (1) not earlier than 9.00 a.m. (Singapore time) on the ninth Business Day nor later than 3.00 p.m. (Singapore time) on the third Business Day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:
      - (A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;
      - (B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and

## TERMS AND CONDITIONS OF THE NOTES

- (C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an “**Agreed Rate**”) and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and
  - (2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third Business Day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.
- (iii) The Issuer has undertaken to the 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).

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 Condition 3(III)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Agent Bank in accordance with the provisions of Condition 3(II)(b)(ii) above (*mutatis mutandis*) and references therein to “**Rate of Interest**” shall mean “**Fall Back Rate**”.

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- (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) **Definitions**

As used in these Conditions:

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

**“Business Day”** means, in respect of each Note, (a) a day (other than a Saturday or Sunday) on which the Depository, as applicable, are operating, (b) a day on which banks and foreign exchange markets are open for general business in the country of the Fiscal Agent’s specified office and (c) (if a payment is to be made on that day) (i) (in the case of Notes denominated in Singapore Dollars) a day on which banks and foreign exchange markets are open for general business in Singapore, (ii) (in the case of Notes denominated in Euros) a day on which the TARGET System is open for settlement in Euros and (iii) (in the case of Notes denominated in a currency other than Singapore Dollars and Euros) a day on which banks and foreign exchange markets are open for general business in the principal financial centre for that currency;

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

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

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

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

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

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

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

## TERMS AND CONDITIONS OF THE NOTES

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

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

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

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

**“Singapore Dollar(s)”** and **“S\$”** mean the lawful currency of Singapore; and

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

### (III) Calculations

#### (a) Determination of Rate of 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 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. The Interest Amounts shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the face of such Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

#### (b) Notification

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Fiscal Agent, the Issuer and each of the Paying Agents as soon as possible after their determination but in no event later than the fourth Business Day thereafter. In the case of Floating Rate Notes,

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the Agent Bank will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 13 as soon as possible after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a Business Day. If the Floating Rate Notes 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 Condition but no publication of the Rate of Interest and Interest Amounts need to be made (other than to the Noteholders at their request).

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

## **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.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also

## TERMS AND CONDITIONS OF THE NOTES

contain the certificate numbers of the Notes to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be 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 any Stock Exchange (as defined in the Agency Agreement), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of Notes.

### **(c) Purchase at the Option of Noteholders**

- (i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit any Variable Rate Notes to be purchased with 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 of Singapore 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



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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 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 10 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 of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be 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 any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Notes.

### **(e) Redemption at the Option of Noteholders**

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



## TERMS AND CONDITIONS OF THE NOTES

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.

### (f) **Redemption for Taxation Reasons**

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount (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 (if any) may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the Issuer or any of its Subsidiaries (if any) may be surrendered by the purchaser through the Issuer to the Fiscal Agent for cancellation or may at the option of the Issuer or relevant Subsidiary (if any) be held or resold.

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

## TERMS AND CONDITIONS OF THE NOTES

### (h) Cancellation

All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries (if any) 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.

## 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 Bearer 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) Payments 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 Condition 5(a)(ii)(2).

(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 and subject as provided in Condition 5(b), 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

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the Agent Bank and to appoint additional or other Fiscal Agents, Paying Agents or Agent Banks, 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 unmaturing Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 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, as the case may be, Certificate representing it.

### **(e) Non-Business Days**

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

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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 Day Count Fraction shown on the face of the Note and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

### 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 being a resident of, or having 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

## TERMS AND CONDITIONS OF THE NOTES

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, whether in respect of principal, interest or otherwise, 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
- (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

## TERMS AND CONDITIONS OF THE NOTES

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 of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution (as defined in the Agency Agreement) of the Notes of such Series (including these Conditions insofar as the same may apply to the Notes).

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 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



## TERMS AND CONDITIONS OF THE NOTES

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.

### 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.



## TERMS AND CONDITIONS OF THE NOTES

Until such time as any definitive Notes are issued, there may, so long as the Global Note(s) or, as the case may be, the Global Certificate(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 SGX-ST and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to 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 or, as the case may be, a Global Certificate, 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 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.

## TERMS AND CONDITIONS OF THE NOTES

### **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 Series or 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 or procure subscribers for Notes from HDB pursuant to the Programme Agreement.

### **United States**

The Notes have not been and will not be registered under the Securities Act, and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under 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 of 1986, as amended, and regulations thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Issuer and each relevant Dealer by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Fiscal Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

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

### **Singapore**

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

## SUBSCRIPTION, PURCHASE AND DISTRIBUTION

### General

Each Dealer understands that 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 the Issuer and the relevant Dealer(s) and each Dealer 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.

*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 CDP 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 CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

### CDP

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

### Clearance and Settlement under the Depository System

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

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

### General

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

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

## 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 intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own tax advisors as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that neither the Issuer nor any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for purchase, holding or disposal of the Notes.*

### **1. Interest and Other Payments**

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

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

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is 17 per cent. with effect from the Year of Assessment 2010. The applicable rate for non-resident individuals is 20 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

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

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and



## TAXATION

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

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

In addition, if the Dealers for more than half of the issue of a tranche of the Notes which are debt securities issued under the Programme during the period from the date of this Information Memorandum to 31 December 2013 are:

- (i) financial institutions who have been awarded “Financial Sector Incentive (Bond Market) Company” status by the Minister for Finance of Singapore or such person as he may appoint; or
- (ii) financial institutions in Singapore where their staff based in Singapore have a leading and substantial role in the distribution of such tranche of Notes,

such tranche of Notes (“**Relevant Notes**”) would be “qualifying debt securities” for the purposes of the Income Tax Act, to which the following treatment applies:

- (i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller of Income Tax in Singapore (the “**Comptroller**”) may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and MAS and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, break cost, prepayment fee or redemption premium from the Relevant Notes is derived 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 for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), break cost, prepayment fee and redemption premium (collectively, the “**Qualifying Income**”) from the Relevant Notes derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person’s operation through a permanent establishment in Singapore, are exempt from Singapore tax;
- (ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and MAS), Qualifying Income from the Relevant Notes derived by any company or body of persons (as defined in the Income Tax Act) in Singapore is subject to tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (iii) subject to:
  - (aa) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, break cost, prepayment fee or redemption premium derived from the Relevant Notes is



## TAXATION

not exempt from tax shall include such income in a return of income made under the Income Tax Act; and

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

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

However, notwithstanding the foregoing:

- (A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as “qualifying debt securities”; and
- (B) even though a particular tranche of Relevant Notes are “qualifying debt securities”, if, at any time during the tenure of such tranche of Relevant Notes, 50 per cent. or more of the issue of such Relevant Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:
  - (i) any related party of the Issuer; or
  - (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “**related party**”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “**break cost**”, “**prepayment fee**” and “**redemption premium**” are defined in the Income Tax Act as follows:

“break cost”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

“prepayment fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

“redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure have the same meaning as defined in the Income Tax Act.

Notwithstanding that the Issuer is permitted to make payments of interest, discount income, break cost, prepayment fee and redemption premium in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the Income Tax Act, any person whose

## TAXATION

interest, discount, income, break cost, prepayment fee and redemption premium derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the Income Tax Act.

The Qualifying Debt Securities Plus Scheme (“**QDS Plus Scheme**”) has also been introduced as an enhancement of the Qualifying Debt Securities Scheme. Under the QDS Plus Scheme, subject to certain conditions having been fulfilled (including the furnishing by the issuer, or such other person as the Comptroller may direct, of a return on debt securities in respect of the qualifying debt securities within such period as the Comptroller may specify and such other particulars in connection with the qualifying debt securities as the Comptroller may require to the Comptroller and MAS), income tax exemption is granted on interest, discount income (not including discount income from secondary trading), break cost, prepayment fee and redemption premium derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:-

- (a) are issued during the period from 16 February 2008 to 31 December 2013;
- (b) have an original maturity of not less than 10 years;
- (c) cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of the Relevant Notes are “qualifying debt securities” which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50 per cent. or more of the issue of such Relevant Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, interest, discount income, break cost, prepayment fee and redemption premium from such Relevant Notes derived by:

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

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

## 2. Capital Gains

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

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standard 39 (“**FRS 39**”) may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39. Please see the section below on “Adoption of FRS 39 treatment for Singapore income tax purposes”.

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

The Inland Revenue Authority of Singapore has issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition and Measurement” (the “**FRS 39 Circular**”). The Income Tax Act has since been amended to give effect to the FRS 39 Circular.

## TAXATION

The FRS 39 Circular generally applies, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

### **4. Estate Duty**

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

## 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
8 July 2010	S\$500,000,000 1.15 per cent. Notes due 2013 (the “ <b>Series 030 Notes</b> ”)	100 per cent.	S\$500,000,000
3 November 2010	S\$465,000,000 2.00 per cent. Notes due 2017 (the “ <b>Series 032 Notes</b> ”)	100 per cent.	S\$465,000,000
22 February 2011	S\$320,000,000 2.0225 per cent. Notes due 2016 (the “ <b>Series 033 Notes</b> ”)	100 per cent.	S\$320,000,000
18 March 2011	S\$500,000,000 3.14 per cent. Notes due 2021 (the “ <b>Series 034 Notes</b> ”)	100 per cent.	S\$500,000,000
8 June 2011	S\$350,000,000 1.685 per cent. Notes due 2016 (the “ <b>Series 035 Notes</b> ”)	100 per cent.	S\$350,000,000
1 August 2011	S\$400,000,000 1.005 per cent. Notes due 2014 (the “ <b>Series 036 Notes</b> ”)	100 per cent.	S\$400,000,000
26 July 2011	S\$600,000,000 2.815 per cent. Notes due 2021 (the “ <b>Series 037 Notes</b> ”)	100 per cent.	S\$600,000,000
19 September 2011	S\$625,000,000 1.010 per cent. Notes due 2016 (the “ <b>Series 38 Notes</b> ”)	100 per cent.	S\$625,000,000
22 September 2011	S\$650,000,000 1.950 per cent. Notes due 2021 (the “ <b>Series 039 Notes</b> ”)	100 per cent.	S\$650,000,000
21 November 2011	S\$600,000,000 1.830 per cent. Notes due 2018 (the “ <b>Series 040 Notes</b> ”)	100 per cent.	S\$600,000,000
16 February 2012	S\$385,000,000 1.105 per cent. Notes due 2017 (the “ <b>Series 041 Notes</b> ”)	100 per cent.	S\$385,000,000
24 April 2012	S\$360,000,000 1.165 per cent. Notes due 2017 (the “ <b>Series 042 Notes</b> ”)	100 per cent.	S\$360,000,000

## GENERAL INFORMATION

25 April 2012      S\$800,000,000 2.185 per cent.      100 per cent.      S\$800,000,000  
Notes due 2022 (the “**Series 043 Notes**”)

- (b) As at 10 May 2012, 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:

<b>Name</b>	<b>Occupation</b>
Mr James Koh Cher Siang	Chairman HDB
Mr Matthias Yao Chih	Chairman EM Services Pte Ltd
Mrs Quek Bin Hwee	Partner PricewaterhouseCoopers LLP
Mr Tham Kui Seng	Board Member HDB
Mrs Chng Sok Hui	Chief Financial Officer DBS Bank Ltd
RADM Joseph Leong Weng Keong	Director Military Intelligence / Chief C4I Ministry of Defence
Mr Mohd Guntor Sadali	Editor Berita Harian / Berita Minggu Singapore Press Holdings Ltd
Ms Ong Toon Hui	Deputy Secretary Ministry of Community Development, Youth & Sports
Assoc Prof Yu Shi Ming	Head of Department Department of Real Estate School of Design & Environment National University of Singapore
Dr Cheong Koon Hean	Chief Executive Officer HDB

## GENERAL INFORMATION

### Key Management Team

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

<b>Name</b>	<b>Appointment</b>
Dr Cheong Koon Hean	Chief Executive Officer
Yap Chin Beng	Deputy Chief Executive Officer (Estate & Corporate)
Sng Cheng Keh	Deputy Chief Executive Officer (Building)
Er. Lau Joo Ming	Senior Adviser
Dr Johnny Wong Liang Heng	Group Director (HDB Building Research Institute)
Fong Chun Wah	Group Director (Development & Procurement)
Raymond Toh Chun Pang	Group Director (Research & Planning)
Thomas Seow	Acting Group Director (Building Quality)
Er. Yap Tiem Yew	Group Director (Building & Infrastructure)
Tan Chew Ling	Group Director (Estate Administration & Property)
Mike Chan Hein Wah	Acting Group Director (Housing Management)
Lau Chay Yean	Group Director (Community Relations)
Loh Loon Tong	Group Director (Properties & Land)
Khoo Teng Seong	Group Director (Industrial Properties)
Randy Lim Chi Beng	Group Director (Corporate Development)
Lim Yui Chien	Group Director (Corporate Communications)
Audrey Leong Yue Yoke	Group Director (Finance)
Leong Chin Yew	Group Director (Information Services)
Balakrishna Madhubala	Group Director (Legal)
Constance Ng- Yip Chew Ngoh	Group Director (Internal Audit)

### 3. Related Companies

As at 10 May 2012, 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

E M PROPERTY MANAGEMENT PRIVATE LIMITED  
PROPERTY INC. PRIVATE LIMITED

## GENERAL INFORMATION

### 4. 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.

### 5. Consents

The Arranger and the Dealer, the Fiscal Agent, the Paying Agent and the Agent Bank, the Legal Adviser to the Programme, and the Auditors for the financial year ended 31 March 2011 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 and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

### 6. 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 borrowings.

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 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\$22,000,000,000.
- (d) HDB undertakes that it will appoint a Singapore paying agent in compliance with Rule 305 of the Listing Manual and announce all material information with regard to the delivery of the Notes in definitive form (including details of the Singapore paying agent) in the event that any of the Global Notes is exchanged for definitive Notes, for so long as the Notes are listed on the SGX-ST.

### 7. 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 audited consolidated accounts of HDB and its subsidiaries for the last two financial years ended 31 March 2010 and 31 March 2011; and
- (b) the letters of consent referred to in paragraph 5 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 2011 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 2011**

## APPENDIX

### HOUSING AND DEVELOPMENT BOARD

#### STATEMENT BY THE BOARD OF THE HOUSING AND DEVELOPMENT BOARD

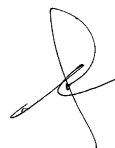
In our opinion,

- (a) the accompanying financial statements of the Housing and Development Board (“HDB”) and its subsidiaries (“Group”) are properly drawn up in accordance with the provisions of the Housing and Development Act (Cap. 129, 2004 Revised Edition) (the “Act”) and Singapore Statutory Board Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the HDB as at 31 March 2011, and of the results, changes in capital and reserves of the Group and the HDB and cash flows of the Group for the financial year ended on that date;
- (b) proper accounting and other records have been kept, including records of all assets of the HDB whether purchased, donated or otherwise; and
- (c) the receipt, expenditure, investment of moneys and the acquisition and disposal of assets by the HDB during the financial year have been in accordance with the provisions of the Act and the Constitution of the Republic of Singapore.

On behalf of the Board



JAMES KOH CHER SIANG  
*Chairman*



DR CHEONG KOON HEAN  
*Chief Executive Officer*

Singapore  
30 May 2011

## APPENDIX

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BOARD OF THE HOUSING AND DEVELOPMENT BOARD**

#### *Report on the Financial Statements*

We have audited the accompanying financial statements of the Housing and Development Board ("HDB") and its subsidiaries ("Group") which comprise the balance sheets of the Group and HDB as at 31 March 2011; the income and expenditure statements, the statements of comprehensive income and statements of changes in capital and reserves of the Group and HDB and the statement of cash flows of the Group for the year then ended; and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 56.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Housing and Development Act (Cap. 129, 2004 Revised Edition) (the "Act") and Singapore Statutory Board Financial Reporting Standards ("SB-FRS"). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## APPENDIX

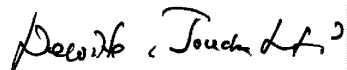
### *Opinion*

In our opinion, the consolidated financial statements of the Group and the balance sheet, income and expenditure statement, statement of comprehensive income and statement of changes in capital and reserves of HDB are properly drawn up in accordance with the provisions of the Act and SB-FRS so as to give a true and fair view of the state of affairs of the Group and of HDB as at 31 March 2011, and of the results, changes in capital and reserves of the Group and HDB and cash flows of the Group for the financial year ended on that date.

### *Report on Other Legal and Regulatory Requirements*

In our opinion, proper accounting and other records required by the Act, including records of all assets of HDB whether purchased, donated or otherwise, have been kept.

During the course of our audit, nothing came to our notice that caused us to believe that the receipt, expenditure and investments of moneys and the acquisition and disposal of assets by HDB during the financial year have not been in accordance with the provisions of the Act and the Constitution of the Republic of Singapore.



PUBLIC ACCOUNTANTS AND  
CERTIFIED PUBLIC ACCOUNTANTS  
SINGAPORE

30 May 2011

# APPENDIX

## HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

### BALANCE SHEETS AS AT 31 MARCH 2011

	Note	Group		HDB	
		2010/2011	2009/2010	2010/2011	2009/2010
		S\$'000	S\$'000	S\$'000	S\$'000
<b>CAPITAL AND RESERVES</b>					
Share capital	5	1	1	1	1
Capital account	5	2,468,125	2,468,125	2,463,625	2,463,625
Capital gains reserve	5	6,270,834	6,017,717	6,270,834	6,017,717
Asset revaluation reserve	5	5,683,193	5,843,862	5,683,193	5,843,862
Foreign currency translation reserve		(21)	(21)	0	0
Fair value reserve		3,209	2,302	0	0
Retained earnings		79,855	80,755	0	0
		14,505,196	14,412,741	14,417,653	14,325,205
Non-controlling interests		29,683	29,680	0	0
<b>TOTAL EQUITY</b>		<b>14,534,879</b>	<b>14,442,421</b>	<b>14,417,653</b>	<b>14,325,205</b>
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	6	15,617,277	15,163,145	15,599,650	15,143,970
Investment properties	7	4,674,517	4,723,881	4,658,257	4,707,366
Loans receivable	8	39,871,471	42,371,062	39,871,471	42,370,993
Investment in subsidiaries	9	0	0	1,500	1,500
Investment in associate	10	22	477	0	0
Other investments	11	38,299	34,925	0	0
Deferred tax assets	12	2,328	860	0	0
Total non-current assets		60,203,914	62,294,350	60,130,878	62,223,829
<b>CURRENT ASSETS</b>					
Properties under development	13	5,641,832	4,123,525	5,641,832	4,123,525
Properties for sale	14	1,284,850	692,692	1,284,850	692,692
Inventories of building materials		46,531	46,719	43,384	44,016
Loans receivable within 1 year	8	2,598,955	2,776,734	2,598,893	2,776,672
Other investments	11	1,000	2,000	0	0
Government grant receivable	15	1,834,518	2,276,991	1,834,518	2,276,991
Trade and other receivables	16	601,340	434,795	569,639	418,659
Cash and bank balances	17	108,844	92,955	63,737	35,336
Total current assets		12,117,870	10,446,411	12,036,853	10,367,891
<i>Less:</i>					
<b>CURRENT LIABILITIES</b>					
Loans payable within 1 year	18	8,980,059	7,558,604	8,980,059	7,558,604
Trade and other payables	19	1,851,843	1,975,617	1,818,247	1,946,316
Amount due to subsidiary		0	0	1,280	1,232
Provision for income tax	12	4,511	3,756	0	0
Total current liabilities		10,836,413	9,537,977	10,799,586	9,506,152
<b>NET CURRENT ASSETS</b>		<b>1,281,457</b>	<b>908,434</b>	<b>1,237,267</b>	<b>861,739</b>
<b>NON-CURRENT LIABILITIES</b>					
Loans payable	18	46,167,234	48,067,821	46,167,234	48,067,821
Deferred income	20	783,258	692,542	783,258	692,542
Total non-current liabilities		46,950,492	48,760,363	46,950,492	48,760,363
<b>NET ASSETS</b>		<b>14,534,879</b>	<b>14,442,421</b>	<b>14,417,653</b>	<b>14,325,205</b>

The accompanying notes form part of the financial statements.

  
**JAMES KOH CHER SIANG**  
*Chairman*

  
**AUDREY LEONG**  
*Director (Finance)*

30 May 2011

## APPENDIX

### HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

#### INCOME AND EXPENDITURE STATEMENTS YEAR ENDED 31 MARCH 2011

		<i>Group</i>		<i>HDB</i>	
	<i>Note</i>	<i>2010/2011</i>	<i>2009/2010</i>	<i>2010/2011</i>	<i>2009/2010</i>
		<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Sale proceeds		2,649,406	1,614,232	2,649,406	1,614,232
Cost of sales before release of foreseeable loss provided in previous years		(2,705,702)	(1,686,002)	(2,705,702)	(1,686,002)
Gross loss on sales	27	(56,296)	(71,770)	(56,296)	(71,770)
Release of foreseeable loss provided in previous years, upon sale		586,495	172,489	586,495	172,489
Gross profit after release of provision made in previous years for foreseeable loss		530,199	100,719	530,199	100,719
Income	21	3,209,145	3,029,565	3,106,244	2,935,780
Financial expenses	22	(1,349,880)	(1,449,514)	(1,349,880)	(1,449,514)
Operating expenses	23, 24	(2,099,980)	(2,071,982)	(2,003,341)	(1,991,923)
Other expenses	23	(426,176)	(502,479)	(426,176)	(502,479)
NET DEFICIT BEFORE GOVERNMENT GRANT AND TAXATION	27	(136,692)	(893,691)	(142,954)	(907,417)
Government grant	15	344,972	959,360	344,972	959,360
NET SURPLUS BEFORE TAXATION AND TRANSFER TO RESERVES		208,280	65,669	202,018	51,943
Income tax expense	12	(3,512)	(4,520)	0	0
NET SURPLUS FOR THE YEAR BEFORE TRANSFER TO RESERVES		204,768	61,149	202,018	51,943
ATTRIBUTABLE TO:					
Equity holder of the HDB		201,118	57,347	202,018	51,943
Non-controlling interests		3,650	3,802	0	0
AMOUNT ATTRIBUTABLE TO EQUITY HOLDER OF THE HDB:					
NET SURPLUS FOR THE YEAR BEFORE TRANSFER TO RESERVES		201,118	57,347	202,018	51,943
RETAINED EARNINGS AT THE BEGINNING OF THE YEAR		80,755	75,351	0	0
Release of asset revaluation reserve		162,693	22,262	162,693	22,262
Transfer to capital gains reserve		(364,711)	(74,205)	(364,711)	(74,205)
RETAINED EARNINGS AT THE END OF THE YEAR		79,855	80,755	0	0

The accompanying notes form part of the financial statements. The segmental information on home ownership, upgrading, and other segments is shown in Note 27.



## APPENDIX

### HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

#### STATEMENTS OF COMPREHENSIVE INCOME YEAR ENDED 31 MARCH 2011

	<i>Group</i>		<i>HDB</i>	
	<i>2010/2011</i>	<i>2009/2010</i>	<i>2010/2011</i>	<i>2009/2010</i>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
NET SURPLUS FOR THE YEAR BEFORE TRANSFER TO RESERVES	204,768	61,149	202,018	51,943
OTHER COMPREHENSIVE INCOME				
Reversal of revaluation surplus on return of land to the Government	(73)	(20,262)	(73)	(20,262)
Net reversal of impairment losses previously charged to asset revaluation reserve	2,097	1,021	2,097	1,021
Adjustment of assets capitalised in prior year	0	(685)	0	(685)
Available-for-sale financial assets — fair value gains	<u>1,210</u>	<u>7,697</u>	<u>0</u>	<u>0</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<u>3,234</u>	<u>(12,229)</u>	<u>2,024</u>	<u>(19,926)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>208,002</u>	<u>48,920</u>	<u>204,042</u>	<u>32,017</u>
ATTRIBUTABLE TO:				
Equity holder of the HDB	204,049	43,194	204,042	32,017
Non-controlling interests	<u>3,953</u>	<u>5,726</u>	<u>0</u>	<u>0</u>
	<u>208,002</u>	<u>48,920</u>	<u>204,042</u>	<u>32,017</u>

The accompanying notes form part of the financial statements.

# APPENDIX

## HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

### STATEMENTS OF CHANGES IN CAPITAL AND RESERVES YEAR ENDED 31 MARCH 2011

	Share Capital S\$'000	Capital Account S\$'000	Capital Gains Reserve S\$'000	Asset Revaluation Reserve S\$'000	Foreign Currency Translation Reserve S\$'000	Fair Value Reserve S\$'000	Retained Earnings S\$'000	Attributable to Equity Holder of the HDB S\$'000	Non- controlling Interests S\$'000	Total Capital and Reserves S\$'000
<i>Group</i>										
<i>Balance as at 1 April 2009</i>	1	2,468,127	5,943,512	5,886,048	(21)	(3,471)	75,351	14,369,547	25,954	14,395,501
Total comprehensive income/(loss) for the year	0	(2)	0	(19,924)	0	5,773	57,347	43,194	5,726	48,920
Transfer from retained earnings to capital gains reserve	0	0	74,205	0	0	0	(74,205)	0	0	0
Release of asset revaluation reserve on disposal of assets	0	0	0	(22,262)	0	0	22,262	0	0	0
Non-controlling interests' share of dividend from subsidiary	0	0	0	0	0	0	0	0	(2,000)	(2,000)
<b>BALANCE AS AT 31 MARCH 2010</b>	<b>1</b>	<b>2,468,125</b>	<b>6,017,717</b>	<b>5,843,862</b>	<b>(21)</b>	<b>2,302</b>	<b>80,755</b>	<b>14,412,741</b>	<b>29,680</b>	<b>14,442,421</b>

The accompanying notes form part of the financial statements.

# APPENDIX

## HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

### STATEMENTS OF CHANGES IN CAPITAL AND RESERVES (continued) YEAR ENDED 31 MARCH 2011

	Share Capital S\$'000	Capital Account S\$'000	Capital Gains Reserve S\$'000	Asset Revaluation Reserve S\$'000	Foreign Currency Translation Reserve S\$'000	Fair Value Reserve S\$'000	Retained Earnings S\$'000	Attributable to Equity Holder of the HDB S\$'000	Non- controlling Interests S\$'000	Total Capital and Reserves S\$'000
<i>Group</i>										
<i>Balance as at 1 April 2010</i>	1	2,468,125	6,017,717	5,843,862	(21)	2,302	80,755	14,412,741	29,680	14,442,421
Total comprehensive income for the year	0	0	0	2,024	0	907	201,118	204,049	3,953	208,002
Transfer from retained earnings to capital gains reserve	0	0	364,711	0	0	0	(364,711)	0	0	0
Release of asset revaluation reserve on disposal of assets	0	0	0	(162,693)	0	0	162,693	0	0	0
Return of reserves to the Government	0	0	(111,594)	0	0	0	0	(111,594)	0	(111,594)
Non-controlling interests' share of dividend from subsidiary	0	0	0	0	0	0	0	0	(3,950)	(3,950)
<b>BALANCE AS AT 31 MARCH 2011</b>	<b>1</b>	<b>2,468,125</b>	<b>6,270,834</b>	<b>5,683,193</b>	<b>(21)</b>	<b>3,209</b>	<b>79,855</b>	<b>14,505,196</b>	<b>29,683</b>	<b>14,534,879</b>

The accompanying notes form part of the financial statements.

# APPENDIX

## HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

### STATEMENTS OF CHANGES IN CAPITAL AND RESERVES (continued) YEAR ENDED 31 MARCH 2011

	Share Capital S\$'000	Capital Account S\$'000	Capital Gains Reserve S\$'000	Asset Revaluation Reserve S\$'000	Retained Earnings S\$'000	Total Capital and Reserves S\$'000
<i>HDB</i>						
<i>Balance as at 1 April 2009</i>	1	2,463,627	5,943,512	5,886,048	0	14,293,188
Total comprehensive income/(loss) for the year	0	(2)	0	(19,924)	51,943	32,017
Transfer from retained earnings to capital gains reserve	0	0	74,205	0	(74,205)	0
Release of asset revaluation reserve on disposal of assets	0	0	0	(22,262)	22,262	0
<b>BALANCE AS AT 31 MARCH 2010</b>	<b>1</b>	<b>2,463,625</b>	<b>6,017,717</b>	<b>5,843,862</b>	<b>0</b>	<b>14,325,205</b>

The accompanying notes form part of the financial statements.

# APPENDIX

## HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

### STATEMENTS OF CHANGES IN CAPITAL AND RESERVES (continued) YEAR ENDED 31 MARCH 2011

	Share Capital S\$'000	Capital Account S\$'000	Capital Gains Reserve S\$'000	Asset Revaluation Reserve S\$'000	Retained Earnings S\$'000	Total Capital and Reserves S\$'000
<i>HDB</i>						
<i>Balance as at 1 April 2010</i>	1	2,463,625	6,017,717	5,843,862	0	14,325,205
Total comprehensive income for the year	0	0	0	2,024	202,018	204,042
Transfer from retained earnings to capital gains reserve	0	0	364,711	0	(364,711)	0
Release of asset revaluation reserve on disposal of assets	0	0	0	(162,693)	162,693	0
Return of reserves to the Government	0	0	(111,594)	0	0	(111,594)
<b>BALANCE AS AT 31 MARCH 2011</b>	<b>1</b>	<b>2,463,625</b>	<b>6,270,834</b>	<b>5,683,193</b>	<b>0</b>	<b>14,417,653</b>

The accompanying notes form part of the financial statements.

## APPENDIX

### HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

#### CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED 31 MARCH 2011

		<i>Group</i>	
	<i>Note</i>	<i>2010/2011</i>	<i>2009/2010</i>
		<i>S\$'000</i>	<i>S\$'000</i>
OPERATING ACTIVITIES			
Net deficit before government grant and taxation		(136,692)	(893,691)
Adjustments for:			
Interest income	21	(1,202,189)	(1,277,228)
Interest expense	22	1,349,772	1,449,968
Depreciation	23	322,573	321,864
Provision for foreseeable loss for properties under development/for sale	23	107,564	60,450
Gain on disposal/write-off of assets (net)		(91,043)	(61,582)
Reversal of impairment losses on property, plant and equipment and investment properties (net)	23	(81,339)	(14,759)
Impairment loss on held-to-maturity financial assets	23	0	163
Allowance for impairment losses and amount written off on loans receivable and debtors	23	3,822	10,702
Write back of provisions	19	(1,325)	(281)
Amortisation of deferred income		(89,786)	(83,687)
Amortisation of transaction cost/(premium) of bonds	22	108	(454)
(Gain)/Loss on disposal of investments		(56)	8
Investment income	21	(1,765)	(1,723)
Surplus/(Deficit) before movement in working capital		179,644	(490,250)
(Increase)/Decrease in working capital:			
Properties under development		(4,569,784)	(2,423,878)
Properties for sale		2,455,678	1,234,825
Inventories of building materials		188	(1,234)
Trade and other receivables		(169,863)	17,717
Trade and other payables		(118,844)	504,717
Late payment charges on loans receivable		5,569	4,219
		(2,397,056)	(663,634)
Loans repayment and interest received		7,375,959	7,367,749
Loans granted		(3,502,682)	(4,110,975)
Interest paid		(1,168,882)	(1,303,710)
Income tax paid	12	(4,225)	(3,420)
Deferred income received		186,476	147,793
Net cash from operating activities		669,234	943,553



## APPENDIX

### HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

#### CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)* YEAR ENDED 31 MARCH 2011

	<i>Note</i>	<i>Group</i> <u>2010/2011</u> S\$'000	<u>2009/2010</u> S\$'000
<b>INVESTING ACTIVITIES</b>			
Proceeds from disposal of property, plant and equipment, and investment properties		105,458	77,617
Purchase of property, plant and equipment, and investment properties		(779,830)	(602,822)
Interest received		222	878
Dividends received from other investments		1,765	1,599
Proceeds from redemption/disposal of other investments		2,118	8,500
Purchase of investments		(3,226)	(615)
Net cash used in investing activities		<u>(673,493)</u>	<u>(514,843)</u>
<b>FINANCING ACTIVITIES</b>			
Proceeds from loans payable		18,937,037	17,460,910
Repayment of loans payable		(19,416,277)	(18,706,096)
Interest paid		(284,317)	(298,411)
Net government grant received		787,445	1,161,626
Dividends paid to non-controlling shareholders		(3,950)	(2,000)
Advance from associate	10	455	0
Net cash from/(used in) financing activities		<u>20,393</u>	<u>(383,971)</u>
Net increase in cash and cash equivalents		16,134	44,739
Cash and cash equivalents at the beginning of year		<u>80,059</u>	<u>35,320</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>17</b>	<u><u>96,193</u></u>	<u><u>80,059</u></u>

The accompanying notes form part of the financial statements.

## APPENDIX

### HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

#### NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2011

##### 1. GENERAL

The Housing and Development Board (“HDB”) is a statutory board incorporated under the Housing and Development Act (Cap. 129, 2004 Revised Edition) (“Act”) under the purview of the Ministry of National Development (“MND”). As a statutory board, the HDB is subject to the directions of the MND and is required to implement policies and comply with instructions from its supervisory Ministry and other Government Ministries and Departments such as the Ministry of Finance (“MOF”).

The address of the HDB is HDB Hub 480, Lorong 6 Toa Payoh, Singapore 310480. The financial statements are expressed in Singapore dollars, which is HDB’s functional currency, and rounded to the nearest thousand, unless otherwise stated.

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

The principal activities of the subsidiaries are detailed in Note 9 to the financial statements.

The balance sheet, income and expenditure statement, statement of comprehensive income and statement of changes in capital and reserves of the HDB and the consolidated financial statements of the Group for the year ended 31 March 2011 were authorised for issue by members of its Board on 30 May 2011.

##### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

###### (a) *Basis of Accounting and Adoption of New and Revised Standards*

The consolidated financial statements of the Group are prepared in accordance with the historical cost basis, except as disclosed in accounting policies below, and are drawn up in accordance with the provisions of the Act and Singapore Statutory Board Financial Reporting Standards (“SB-FRS”) including related interpretations (“INT SB-FRS”) and Guidance Notes.

In the current financial year, the Group has adopted all the new and revised SB-FRSs, INT SB-FRSs and Guidance Notes that are relevant to its operations and effective for annual periods beginning on or after 1 April 2010. The adoption of these new/revised SB-FRSs, INT SB-FRSs and Guidance Notes does not result in changes to the HDB’s accounting policies and has no material effect on the amounts reported for the current or prior years.

Management has considered and is of the view that the adoption of the SB-FRSs, INT SB-FRSs and Amendments to SB-FRSs that were issued at the date of authorisation of these financial statements but not effective until future periods will have no material impact on the financial statements in the period of their initial adoption.

###### (b) *Basis of Consolidation*

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

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

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

## APPENDIX

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### (b) *Basis of Consolidation (continued)*

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein.

The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

In the HDB's financial statements, investment in subsidiary is carried at cost less any impairment in net recoverable value that has been recognised in the income and expenditure statement.

#### (c) *Associate*

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

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

#### (d) *Financial Instruments*

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

##### *Effective interest method*

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

##### (i) *Financial assets*

###### *Cash and cash equivalents in the statement of cash flows*

Cash and cash equivalents in the statement of cash flows comprise fixed deposits and cash on hand and at bank that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

###### *Loans and receivables*

Loans and receivables are measured at amortised cost using the effective interest method less impairment losses. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

## APPENDIX

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *(d) Financial Instruments (continued)*

##### *(i) Financial assets (continued)*

###### *Held-to-maturity investments*

Bonds with fixed or determinable payments and fixed maturity dates where the Group has a positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment losses.

###### *Available-for-sale investments*

Certain shares and debt securities held by the Group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 11. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income with the exception of impairment losses, which are recognised directly in the income and expenditure statement. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is included in the income and expenditure statement for the period. Dividends on available-for-sale equity instruments are recognised in the income and expenditure statement when the Group's right to receive payments is established.

###### *Impairment of financial assets*

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

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment. For loans receivables and trade receivables, the impairment losses are provided based on the Group's assessment of the financial status and past performance of the debtor, availability of collateral, among others.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Impairment is recognised in the income and expenditure statement for the period.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and loans receivable where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised as operating expenses in the income and expenditure statement.

With the exception of quoted equity securities that are classified as available-for-sale financial assets, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through the income and expenditure statement to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been, had the impairment not been recognised.

In respect of available-for-sale equity instruments, impairment losses previously recognised in the income and expenditure statement are not reversed through the income and expenditure statement. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

###### *Derecognition of financial assets*

The Group derecognises a financial asset when, and only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

## APPENDIX

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *(d) Financial Instruments (continued)*

##### *(ii) Financial liabilities and equity instruments*

###### *Classification as debt or equity*

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

###### *Equity instruments*

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

###### *Financial liabilities*

Trade and other payables are initially measured at fair value, net of significant transaction costs, and are subsequently measured at amortised cost, using the effective interest method.

The housing development loans, mortgage financing loans and upgrading financing loans are borrowed from the Singapore Government under the Agreements for Loan Facility.

The mortgage financing loans and upgrading financing loans are obtained to finance the mortgage loans granted to lessees for purchase of flats under public housing schemes and the deferred payment scheme granted to lessees of upgraded flats. The housing development loans, bonds and bank loans are to finance the HDB's development programmes and operational requirements. The MOF will act as the lender of last resort to HDB for its funding requirements.

The loans payable are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of significant transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs [see Note 2(o)].

###### *Derecognition of financial liabilities*

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

#### *(e) Leases*

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

##### *(i) The Group as lessor*

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

##### *(ii) The Group as lessee*

Rentals payable under operating leases are charged to the income and expenditure statement on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

## APPENDIX

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *(f) Property, Plant and Equipment*

All land and buildings owned by the HDB on 1 April 1985 were valued at that date for the purpose of creating asset accounts arising from a change in accounting policy. A second valuation was conducted for commercial and industrial properties on 31 March 1986. Additional information on the valuation of properties is made in Note 5(d). The valuation of these properties was taken as the deemed cost of these properties and subsequently carried at deemed cost less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment acquired or constructed after 1 April 1985 are carried at cost less accumulated depreciation and any accumulated impairment losses.

When a building comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged so as to write off the cost of the assets, over their estimated useful lives, using the straight-line method as follows:

	<i>Years</i>
Leasehold land	99 years or the remaining lease period
Buildings	60 years
Leasehold property	30 years
Plant and machinery	3 to 10 years
Office equipment, furniture, fittings and fixtures	3 to 12 years
Motor vehicles	6 years

Fully depreciated assets still in use are retained in the financial statements.

No depreciation is charged on freehold land, leasehold land of 999 years and artworks.

Assets under development (which are classified as property, plant and equipment) are carried at cost, less any recognised impairment losses. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

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

Property, plant and equipment costing less than S\$2,000 each are charged to the income and expenditure statement in the year of purchase.

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

#### *(g) Investment Properties*

Investment properties, comprising industrial properties and commercial complexes, are held to earn rentals and/or for capital appreciation. These are carried at cost less accumulated depreciation and any impairment losses. Depreciation is determined on a straight-line basis over the estimated useful lives. The useful lives are stated in Note 2(f).

Assets under development (which are classified as investment properties) are carried at cost, less any recognised impairment losses. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

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

The gain or loss arising on disposal or retirement of an item of investment properties is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the income and expenditure statement.

## APPENDIX

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### (h) *Impairment of Property, Plant and Equipment, and Investment Properties*

At the end of the reporting period, property, plant and equipment, and investment properties are reviewed for events or changes in circumstances that may indicate that these assets are impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value in use) of the asset is estimated to determine the amount of impairment loss (if any).

Recoverable amount is determined in-house using the comparable sales method or the income approach based on contractual or market rents. Valuations based on income approach are further verified with a sampling of market valuations by a professional valuer.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised as operating expenses in the income and expenditure statement unless it reverses a previous revaluation credited to asset revaluation reserve for that asset, in which case the impairment loss is charged to asset revaluation reserve.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in the income and expenditure statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. However, the increased carrying amount of the asset due to a reversal of impairment losses is recognised to the extent it does not exceed the carrying amount that would have been determined, had no impairment losses been recognised for that asset in prior years.

#### (i) *Properties under Development*

Properties under development include properties for sale under development and cost of upgrading sold properties.

The cost of properties under development includes acquisition costs, borrowing costs and other related development expenditure. Financial expenses are capitalised until the completion of development.

Properties for sale under development are stated at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business.

Development of flats for sale is expected to incur a loss on sale. Provision for foreseeable loss is determined as the difference between estimated development costs and net realisable value, and charged to operating expenses in the income and expenditure statement. The provision is reclassified to the properties for sale on completion and released when the flat is sold.

#### (j) *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. The net realisable value is the estimated selling price in the ordinary course of business.

Provision for foreseeable loss for flats developed or acquired is made for the difference between the cost and estimated selling price, and charged to operating expenses in the income and expenditure statement. The foreseeable loss previously provided is released on sale of the flat.

#### (k) *Inventories of Building Materials*

Inventories of building materials are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price.

#### (l) *Government Grant*

The HDB's deficit is financed by government grant. In addition, a grant is given to the HDB so that the reserves of past governments are protected in accordance with the Constitution of the Republic of Singapore.



## APPENDIX

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### (l) *Government Grant (continued)*

A grant is recognised as income on an accrual basis when conditions are met. A grant to finance the HDB's deficit, other than the provision for foreseeable loss on properties under development/for sale and impairment allowance of loans receivable, is received in advance. The grant relating to the provision for foreseeable loss on properties under development/for sale and impairment allowance of loans receivable is received when the loss is realised.

The cumulative grants received from the Government since the establishment of the HDB are disclosed in Note 25 to the financial statements.

#### (m) *Provisions*

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

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

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

#### (n) *Revenue Recognition*

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

##### (i) *Sale Proceeds*

Proceeds from sale of flats, other properties and building materials are recognised as income when all the following conditions are satisfied:

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

##### (ii) *Interest Income*

Interest income is earned mainly from mortgage loans granted to purchasers of flats under public housing schemes and deferred payment scheme granted to lessees of upgraded flats. It is accrued on a time proportion basis, with reference to the principal outstanding and at the effective interest rate applicable.

##### (iii) *Rental and Related Income*

Rental and related income from operating leases of rental properties are recognised in accordance with the accounting policy in Note 2(e)(i) to the financial statements.

##### (iv) *Car Park Income*

Season parking fees and licence fees of car parks managed by service providers are recognised on an accrual basis. Parking coupon income is recognised upon the sale of coupons. Parking fines and other charges are recognised upon receipt of payments.

## APPENDIX

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### (n) *Revenue Recognition (continued)*

##### (v) *Recoveries*

Recoveries from the lessees and Town Councils for their share of the upgrading cost are recognised as income upon completion of the upgrading works.

##### (vi) *Agency and Consultancy Fees*

Agency fees from agency projects and consultancy fees are recognised as income when services are rendered.

##### (vii) *Dividend Income*

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

#### (o) *Financial Expenses*

##### (i) *Housing Development Loans, Bank Loans and Bonds*

The HDB's development programmes and operational requirements are financed by housing development loans from the Government, bank loans and bonds issued [Note 2(d)(ii)]. Financial expenses, comprising interest incurred on the loans and bonds, are accrued based on the effective interest rates and recognised in the income and expenditure statement, except to the extent that they are capitalised based on an average capitalisation rate during the period of time that is required to complete and prepare the asset for its intended use.

##### (ii) *Mortgage and Upgrading Financing Loans*

The HDB provides financing schemes to purchasers of flats under public housing schemes and lessees of upgraded flats. The schemes are financed by mortgage and upgrading financing loans from the Government. Interest expenses are charged to the income and expenditure statement in the period in which they are incurred.

#### (p) *Defined Contribution Plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions to the Singapore Central Provident Fund (CPF) on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The Group's CPF contributions are recognised in the income and expenditure statement when employees have rendered the services entitling them to the contributions.

#### (q) *Employee Leave Entitlement*

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

#### (r) *Income Tax*

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

Income tax expense represents the sum of the tax currently payable and deferred tax of the subsidiaries of the HDB.

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

## APPENDIX

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *(r) Income Tax (continued)*

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Current and deferred tax are recognised as an expense or income in the income and expenditure statement, except when it relates to items recognised outside the income and expenditure statement (either in the statement of comprehensive income or directly in equity), in which case the deferred tax is also recognised outside the income and expenditure statement (either in the statement of comprehensive income or directly in equity), respectively.

#### *(s) CPF Housing Grant*

Under the CPF Housing grant scheme, grants are disbursed to eligible citizens for purchase of flats in accordance with the approved housing policy. The grant is recognised as an expense on disbursement and reported as other expenses in the income and expenditure statement.

#### *(t) Foreign Currency Transactions and Translation*

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the financial statements of the HDB are presented in Singapore dollars, which is the functional currency of the HDB, and the presentation currency for the consolidated financial statements.

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

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in the income and expenditure statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income and expenditure statement for the period.

For the purpose of inclusion in the HDB's financial statements, the assets and liabilities of the foreign operations are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. The income and expenditure statement is translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income. Such translation differences are recognised in the income and expenditure statement in the period in which the foreign operation is disposed of.

## APPENDIX

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements apart from those involving estimates, which are dealt with below.

#### (a) *Estimation for Allowance for Impairment Losses for Loans Receivable*

In the assessment of impairment losses for loans receivable, the Group considers the average resale price of flats in the same location and of similar flat type, the duration of the loan in arrears and the total outstanding loans receivable.

Management is of the opinion that adequate impairment losses, as disclosed in Note 8 to the financial statements, have been made.

The carrying amount of the Group's loans receivable is disclosed in Note 8 to the financial statements.

#### (b) *Estimation for Impairment Losses for Property, Plant and Equipment and Investment Properties*

At the end of each reporting period, management assesses whether there is any indication that property, plant and equipment and investment properties have suffered an impairment loss.

In the assessment of the impairment loss, the Group estimates the market values of the properties and the future cash flows, with an appropriate discount rate to calculate the present value of the cash flows.

Management is of the opinion that adequate impairment losses, as disclosed in Notes 6 and 7 to the financial statements, have been made.

The carrying amounts of the Group's property, plant and equipment and investment properties are disclosed in Notes 6 and 7 to the financial statements respectively.

#### (c) *Foreseeable Losses relating to Properties under Development*

Estimated selling price of the location, design and the estimated contract sum of the project are used to determine the foreseeable loss relating to properties under development.

The carrying amount of properties under development is disclosed in Note 13 to the financial statements.

#### (d) *Useful Lives of Property, Plant and Equipment*

As described in Note 2(f), the Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. Based on management's assessment as at the year end, the useful lives of property, plant and equipment remain appropriate.

## APPENDIX

### 4. FINANCIAL RISKS AND MANAGEMENT

The Group's activities expose it to a variety of risks as follows:

#### (a) *Categories of Financial Instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	<i>Group</i>		<i>HDB</i>	
	<i>2010/2011</i>	<i>2009/2010</i>	<i>2010/2011</i>	<i>2009/2010</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
<i>Financial Assets</i>				
Held-to-maturity debt securities	2,002	4,042	0	0
Loans and receivables (including cash and bank balances) <sup>(1)</sup>	44,982,945	47,926,581	44,909,440	47,854,610
Available-for-sale equity securities	37,297	32,883	0	0

<sup>(1)</sup> Excludes prepayments.

	<i>Group</i>		<i>HDB</i>	
	<i>2010/2011</i>	<i>2009/2010</i>	<i>2010/2011</i>	<i>2009/2010</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
<i>Financial Liabilities</i> <i>(at amortised cost)</i>				
Loans payable	55,147,293	55,626,425	55,147,293	55,626,425
Payables (including amount due to subsidiary) <sup>(2)</sup>	1,201,737	1,143,379	1,169,421	1,116,364

<sup>(2)</sup> Excludes downpayment deposits and advances, deferred income and provisions.

- (b) The following sets out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group.

#### (i) *Credit risk*

The Group's loans receivable comprise largely mortgage loans to purchasers of flats under the public housing schemes. Policies on loan quantum and credit assessment are in place for the granting of mortgage loans to flat buyers and the flats are held as collateral. An allowance for impairment is made in respect of non-performing loans receivable from flats buyers where the collateral held is insufficient to discharge the total loans receivable. The allowance represents the aggregate amount by which management considers it necessary to write down its loans receivable in order to state it in the balance sheet at its estimated recoverable value.

Although the Group's credit exposure is concentrated mainly in Singapore, it has no significant concentration of credit risk with any single loan recipient or group of loan recipients.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking into account the value of any collateral obtained.

Further details of credit risks on loans receivable and other receivables are disclosed in Notes 8 and 16 to the financial statements respectively.

## APPENDIX

### 4. FINANCIAL RISKS AND MANAGEMENT *(continued)*

#### (ii) *Interest rate risk*

The Group's exposure to market risk for changes in interest rate relates primarily to the mortgage and upgrading financing loans payable and loans receivable both of which are pegged to the CPF rates. The Group manages its interest rate exposure by largely matching the terms of the mortgage and upgrading financing loans payable with those of the loans receivable. The Group also borrows housing development loans from the Government for its development programmes and operational requirements. The housing development loans are based on a variable interest rate, which is pegged to the prevailing DBS Bank Ltd's board rate for housing loans. There was no movement in the variable interest rate since the borrowing of the housing development loans in 2008/2009. However, if the variable interest rate were to increase/decrease by 0.5% (2009/2010 : 0.5%) at the end of the reporting period with all other variables held constant, the Group's net deficit before government grant and taxation will be higher/lower by S\$5.8 million (2009/2010 : S\$6.2 million) respectively.

In addition to government loans, the Group also accesses the capital market and financial institutions for its funding requirements as and when required. The bank loans are unsecured, borrowed at fixed interest rates and short-term in nature. Information relating to the Group's interest rate exposure is disclosed in the respective notes to the financial statements.

#### (iii) *Foreign currency exchange risk*

The Group has limited exposure to foreign currency exchange risk as its operations are substantially transacted in Singapore dollars.

All financial assets and liabilities reported on the balance sheets are denominated in Singapore dollars.

#### (iv) *Equity price risk*

The Group is not exposed to significant equity risks arising from equity investments classified as available-for-sale. Available-for-sale equity investments are held for strategic rather than trading purposes. The Group does not actively trade available-for-sale investments. Any reasonably possible changes in prices of available-for-sale investments are not expected to have a significant impact on the Group's capital and reserves.

Further details of these equity investments can be found in Note 11 to the financial statements.

#### (v) *Liquidity risk*

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

#### *Financial liabilities*

The following tables detail the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and HDB can be required to pay. The adjustment column represents the interest payments which are not included in the carrying amount of the financial liability on the balance sheets.

	<i>On demand or within 1 year</i>	<i>Within 2 to 5 years</i>	<i>After 5 years</i>	<i>Adjustment</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>Group</i>					
<i>2010/2011</i>					
Loans payable	10,311,827	23,465,910	30,213,861	(8,844,305)	55,147,293
Payables <sup>(1)</sup>	1,201,737	0	0	0	1,201,737

## APPENDIX

### 4. FINANCIAL RISKS AND MANAGEMENT (continued)

#### (v) Liquidity risk (continued)

	<i>On demand or within 1 year</i>	<i>Within 2 to 5 years</i>	<i>After 5 years</i>	<i>Adjustment</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>Group</i>					
<i>2009/2010</i>					
Loans payable	8,958,173	22,587,628	33,827,283	(9,746,659)	55,626,425
Payables <sup>(1)</sup>	<u>1,143,379</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,143,379</u>
<i>HDB</i>					
<i>2010/2011</i>					
Loans payable	10,311,827	23,465,910	30,213,861	(8,844,305)	55,147,293
Payables (including amount due to subsidiary) <sup>(1)</sup>	<u>1,169,421</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,169,421</u>
<i>2009/2010</i>					
Loans payable	8,958,173	22,587,628	33,827,283	(9,746,659)	55,626,425
Payables (including amount due to subsidiary) <sup>(1)</sup>	<u>1,116,364</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,116,364</u>

<sup>(1)</sup>Excludes downpayment deposits and advances, deferred income and provisions.

#### (vi) Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables, payables and other current liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of loans receivable, loans payable, held-to-maturity debt securities and available-for-sale equity securities are disclosed in the respective notes to financial statements.

The fair values of financial assets and financial liabilities that are traded in active liquid markets are determined with reference to quoted market prices.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Financial instruments measured at fair value:

	<i>Total</i>	<i>Group Level 1</i>
	<u>S\$'000</u>	<u>S\$'000</u>
<i>2010/2011</i>		
Available-for-sale investments	<u>37,297</u>	<u>37,297</u>



## APPENDIX

### 4. FINANCIAL RISKS AND MANAGEMENT *(continued)*

#### (vi) *Fair values of financial assets and financial liabilities (continued)*

	<i>Total</i>	<i>Group</i>	<i>Level 1</i>
	<i>S\$'000</i>		<i>S\$'000</i>
<u>2009/2010</u>			
Available-for-sale investments	32,883		32,883

There were no significant transfers between levels of the fair value hierarchy during the financial year.

#### (vii) *Capital risk management policies and objectives*

As a statutory board, the HDB's primary mission is to achieve the Government's social objectives. The HDB's development programmes and operational requirements are financed by housing development loans from the Government, bank loans and bonds issued. In addition, the MOF will act as the lender of last resort to the HDB for its funding requirements.

The HDB's deficit is financed by government grant. A grant is also given to the HDB to protect the reserves of past governments in accordance with the Constitution of the Republic of Singapore. The HDB's mission and financing arrangement with the MOF remains unchanged from the last financial year.

### 5. CAPITAL AND RESERVES

#### (a) *Share Capital*

Under the MOF's Capital Management Framework for Statutory Boards (Finance Circular Minute No. M26/2008), the HDB received S\$1,000 equity contribution from the Minister for Finance, the body incorporated by the Minister for Finance (Incorporation) Act in 2008/2009.

#### (b) *Capital Account*

The capital account represents:

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

#### (c) *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 relates to capital gains attributable to past governments on disposal of assets held at the changeover date of the Government.

For certain properties disposed under Article 22B(9) of the Constitution to the Government, an amount equivalent to the net book value of the properties is charged to the capital gains reserve.

#### (d) *Asset Revaluation Reserve*

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

- (i) 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
- (ii) Land and buildings for commercial and industrial properties were valued at open market values.

## APPENDIX

### 5. CAPITAL AND RESERVES *(continued)*

#### *(d) Asset Revaluation Reserve (continued)*

The HDB conducted a second valuation for the commercial and industrial properties on 31 March 1986. The valuations were conducted by its 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. On 1 April 2005, the asset revaluation reserve in respect of investment properties was reclassified to capital gains reserve.

The balance in the asset revaluation reserve is released directly to retained earnings upon disposal of the other properties.

When properties which were previously carried at revalued amounts are impaired, the impairment loss would be charged to the asset revaluation reserve unless the balance in the asset revaluation reserve is insufficient to cover the loss, in which case the amount by which the loss exceeds the amount in the asset revaluation reserve in respect of the same class of assets is charged to the income and expenditure statement.

## APPENDIX

## 6. PROPERTY, PLANT AND EQUIPMENT

	Group							
	Freehold Land	Leasehold Land	Buildings	Leasehold Property	Assets under Development	Plant and Machinery	Office Equipment, Furniture and Vehicles	Total
Cost	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 April 2009	75,620	11,256,978	6,447,016	12,571	531,863	11,842	60,736	18,396,626
Additions	1,389	26,134	23,331	0	536,764	233	7,849	595,700
Disposals/Write-off	0	(42,800)	(3,833)	0	(3,187)	(139)	(4,919)	(54,878)
Transfer from investment properties	0	4,185	0	0	0	0	0	4,185
Transfer to properties for sale	(7,575)	(17,781)	(26,367)	0	0	0	0	(51,723)
Reclassifications	0	95,686	254,495	12,127	(362,308)	0	0	0
At 31 March 2010	69,434	11,322,402	6,694,642	24,698	703,132	11,936	63,666	18,889,910
Accumulated depreciation and impairment losses								
At 1 April 2009	0	1,892,262	1,558,123	559	512	9,950	49,665	3,511,071
Depreciation	0	116,966	120,093	977	0	571	4,139	242,746
Disposals/Write-off	0	(11,557)	(1,390)	0	0	(139)	(4,811)	(17,897)
Transfer from/(to) investment properties	0	880	(18)	0	0	0	0	862
Transfer to properties for sale	0	(2,549)	(5,392)	0	0	0	0	(7,941)
Reclassifications	0	506	6	0	(512)	0	0	0
Impairment losses	0	47	11	0	0	0	0	58
Reversal of impairment losses	0	(1,852)	(282)	0	0	0	0	(2,134)
At 31 March 2010	0	1,994,703	1,671,151	1,536	0	10,382	48,993	3,726,765
Carrying amount:								
At 31 March 2010	69,434	9,327,699	5,023,491	23,162	703,132	1,554	14,673	15,163,145

# APPENDIX

## 6. PROPERTY, PLANT AND EQUIPMENT (continued)

	Group						
	Freehold Land	Leasehold Land	Buildings	Leasehold Property	Assets under Development	Plant and Machinery	Office Equipment, Furniture and Vehicles
Cost	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 April 2010	69,434	11,322,402	6,694,642	24,698	703,132	11,936	63,666
Additions	280	22,916	27,643	0	726,746	(41)	1,490
Disposals/Write-off	(28,022)	(119,219)	(13,980)	0	(1,963)	(444)	(11,511)
Transfer from investment properties	0	29,576	33,228	0	0	0	0
Transfer to properties for sale	0	(4,944)	(5,011)	0	0	0	0
Reclassifications	62,307	43,030	307,357	0	(412,694)	0	0
At 31 March 2011	103,999	11,293,761	7,043,879	24,698	1,015,221	11,451	53,645
							19,546,654
<i>Accumulated depreciation and impairment losses</i>							
At 1 April 2010	0	1,994,703	1,671,151	1,536	0	10,382	48,993
Depreciation	0	105,269	131,405	837	0	416	4,589
Disposals/Write-off	0	(28,858)	(8,465)	0	0	(444)	(11,356)
Transfer from investment properties	0	3,940	5,225	0	0	0	0
Transfer to properties for sale	0	(832)	(1,735)	0	0	0	0
Reclassifications	0	(620)	(38)	0	658	0	0
Adjustments	0	595	662	0	0	0	0
Impairment losses	0	3,071	1,123	0	0	0	0
Reversal of impairment losses	0	(2,363)	(467)	0	0	0	0
At 31 March 2011	0	2,074,905	1,798,861	2,373	658	10,354	42,226
							3,929,377
Carrying amount:							
At 31 March 2011	103,999	9,218,856	5,245,018	22,325	1,014,563	1,097	11,419
							15,617,277

## APPENDIX

## 6. PROPERTY, PLANT AND EQUIPMENT (continued)

	HDB							
	Freehold Land	Leasehold Land	Buildings	Leasehold Property	Assets under Development	Plant and Machinery	Office Equipment, Furniture and Vehicles	Total
Cost	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 April 2009	75,620	11,256,978	6,428,863	12,571	528,004	11,491	56,328	18,369,855
Additions	1,389	26,134	20,768	0	535,026	233	7,643	591,193
Disposals/Write-off	0	(42,800)	(3,833)	0	(3,187)	(139)	(4,844)	(54,803)
Transfer from investment properties	0	4,185	0	0	0	0	0	4,185
Transfer to properties for sale	(7,575)	(17,781)	(26,367)	0	0	0	0	(51,723)
Reclassifications	0	95,686	250,636	12,127	(358,449)	0	0	0
At 31 March 2010	69,434	11,322,402	6,670,067	24,698	701,394	11,585	59,127	18,858,707
Accumulated depreciation and impairment losses								
At 1 April 2009	0	1,892,262	1,554,956	559	512	9,667	47,668	3,505,624
Depreciation	0	116,966	113,998	977	0	552	3,602	236,095
Disposals/Write-off	0	(11,557)	(1,390)	0	0	(139)	(4,741)	(17,827)
Transfer from/(to) investment properties	0	880	(18)	0	0	0	0	862
Transfer to properties for sale	0	(2,549)	(5,392)	0	0	0	0	(7,941)
Reclassifications	0	506	6	0	(512)	0	0	0
Impairment losses	0	47	11	0	0	0	0	58
Reversal of impairment losses	0	(1,852)	(282)	0	0	0	0	(2,134)
At 31 March 2010	0	1,994,703	1,661,889	1,536	0	10,080	46,529	3,714,737
Carrying amount:								
At 31 March 2010	69,434	9,327,699	5,008,178	23,162	701,394	1,505	12,598	15,143,970

## APPENDIX

## 6. PROPERTY, PLANT AND EQUIPMENT (continued)

	HDB						
	Assets			Office Equipment, Furniture and Vehicles			Total
	Freehold Land	Leasehold Land	Buildings	Leasehold Property	Development	Plant and Machinery	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<i>Cost</i>							
At 1 April 2010	69,434	11,322,402	6,670,067	24,698	701,394	11,585	18,858,707
Additions	280	22,916	20,240	0	726,746	(41)	771,399
Disposals/Write-off	(28,022)	(119,219)	(13,980)	0	(1,963)	(444)	(174,965)
Transfer from investment properties	0	29,576	33,228	0	0	0	62,804
Transfer to properties for sale	0	(4,944)	(5,011)	0	0	0	(9,955)
Reclassifications	62,307	43,030	305,619	0	(410,956)	0	0
At 31 March 2011	103,999	11,293,761	7,010,163	24,698	1,015,221	11,100	19,507,990
<i>Accumulated depreciation and impairment losses</i>							
At 1 April 2010	0	1,994,703	1,661,889	1,536	0	10,080	3,714,737
Depreciation	0	105,269	122,728	837	0	397	233,337
Disposals/Write-off	0	(28,858)	(8,465)	0	0	(444)	(48,953)
Transfer from investment properties	0	3,940	5,225	0	0	0	9,165
Transfer to properties for sale	0	(832)	(1,735)	0	0	0	(2,567)
Reclassifications	0	(620)	(38)	0	658	0	0
Adjustments	0	595	662	0	0	0	1,257
Impairment losses	0	3,071	1,123	0	0	0	4,194
Reversal of impairment losses	0	(2,363)	(467)	0	0	0	(2,830)
At 31 March 2011	0	2,074,905	1,780,922	2,373	658	10,033	3,908,340
Carrying amount:							
At 31 March 2011	103,999	9,218,856	5,229,241	22,325	1,014,563	1,067	15,599,650

## APPENDIX

### 6. PROPERTY, PLANT AND EQUIPMENT (*continued*)

Land and buildings include markets and hawker centres which are managed by the National Environment Agency (“NEA”). Under the agreement to manage and maintain the markets and hawker centres, the NEA shall retain the rental collected, bear the operating expenses and reimburse the HDB for holding and maintaining these properties. The net book value of these markets and hawker centres was S\$420 million (2009/2010 : S\$428 million).

The impairment losses of S\$4.2 million (2009/2010 : S\$0.06 million) and the reversal of S\$2.8 million (2009/2010 : S\$2.1 million) in respect of certain commercial properties are based on the estimated recoverable values, taking into account the recent tenders and market comparables for these properties.

### 7. INVESTMENT PROPERTIES

	<i>Group</i>	<i>HDB</i>
	<u>S\$'000</u>	<u>S\$'000</u>
<i>Cost</i>		
At 1 April 2009	6,795,960	6,776,833
Additions	2,291	2,291
Transfer to property, plant and equipment	(4,185)	(4,185)
At 31 March 2010	<u>6,794,066</u>	<u>6,774,939</u>
<i>Accumulated depreciation and impairment losses</i>		
At 1 April 2009	2,005,633	2,002,305
Depreciation	79,118	78,863
Transfer to property, plant and equipment	(862)	(862)
Impairment losses	66	66
Reversal of impairment losses	(13,770)	(12,799)
At 31 March 2010	<u>2,070,185</u>	<u>2,067,573</u>
<i>Carrying amount</i>		
At 31 March 2010	<u><u>4,723,881</u></u>	<u><u>4,707,366</u></u>
<i>Fair value</i>		
At 31 March 2010	<u><u>11,447,652</u></u>	<u><u>11,420,372</u></u>



## APPENDIX

### 7. INVESTMENT PROPERTIES *(continued)*

	<i>Group</i> S\$'000	<i>HDB</i> S\$'000
<i>Cost</i>		
At 1 April 2010	6,794,066	6,774,939
Additions	100	100
Adjustments	(487)	(487)
Disposals/Write-off	(80)	(80)
Transfer to property, plant and equipment	(62,804)	(62,804)
At 31 March 2011	<u>6,730,795</u>	<u>6,711,668</u>
<i>Accumulated depreciation and impairment losses</i>		
At 1 April 2010	2,070,185	2,067,573
Depreciation	80,057	79,802
Transfer to property, plant and equipment	(9,165)	(9,165)
Impairment losses	6,712	6,712
Reversal of impairment losses	(91,511)	(91,511)
At 31 March 2011	<u>2,056,278</u>	<u>2,053,411</u>
<i>Carrying amount</i>		
At 31 March 2011	<u>4,674,517</u>	<u>4,658,257</u>
<i>Fair value</i>		
At 31 March 2011	<u>12,001,594</u>	<u>11,968,514</u>

The fair value of the investment properties, which are leasehold in nature, is determined based on the comparable sales method or the income approach as stated in Note 2(h) to the financial statements.

The property rental income from the Group's investment properties all of which are leased out under operating leases, amounted to S\$491 million (2009/2010 : S\$429 million). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to S\$250 million (2009/2010 : S\$239 million).

The impairment losses of S\$6.7 million (2009/2010 : S\$0.07 million) and reversal of impairment losses of S\$91.5 million (2009/2010 : S\$13.8 million) was recognised to reflect the estimated recoverable amount based on the prevailing market conditions.

## APPENDIX

### 8. LOANS RECEIVABLE

	<i>Group</i>		<i>HDB</i>	
	<i>2010/2011</i>	<i>2009/2010</i>	<i>2010/2011</i>	<i>2009/2010</i>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<i>Loans receivable</i>				
Mortgage loans for flats	42,434,664	45,100,467	42,434,664	45,100,467
Late payment charges for mortgage loans	34,162	39,723	34,162	39,723
Loans for shops sold	0	34	0	34
Staff loans	62	131	0	0
	<u>42,468,888</u>	<u>45,140,355</u>	<u>42,468,826</u>	<u>45,140,224</u>
<i>Deferred receivable</i>				
Upgrading costs due from lessees	96,211	108,596	96,211	108,596
	<u>42,565,099</u>	<u>45,248,951</u>	<u>42,565,037</u>	<u>45,248,820</u>
<i>Less:</i>				
Allowance for impairment losses	(94,673)	(101,155)	(94,673)	(101,155)
Balance as at 31 March	<u>42,470,426</u>	<u>45,147,796</u>	<u>42,470,364</u>	<u>45,147,665</u>
<i>Represented by amount receivable:</i>				
Within 1 year	2,598,955	2,776,734	2,598,893	2,776,672
Later than 1 year but not more than 2 years	2,233,333	2,315,174	2,233,333	2,315,140
Later than 2 years but not more than 5 years	6,747,760	7,009,348	6,747,760	7,009,313
Later than 5 years	30,890,378	33,046,540	30,890,378	33,046,540
	<u>39,871,471</u>	<u>42,371,062</u>	<u>39,871,471</u>	<u>42,370,993</u>
	<u>42,470,426</u>	<u>45,147,796</u>	<u>42,470,364</u>	<u>45,147,665</u>

The mortgage loans are granted to the buyers of flats under the public housing schemes (Note 18) with the flats held as collateral. The carrying amounts of loans receivable approximate their fair values.

The loans receivable and deferred receivable are denominated in Singapore dollars.

The movements in allowance for impairment losses on loans receivable for the Group are as follows:

	<i>Group and HDB</i>	
	<i>2010/2011</i>	<i>2009/2010</i>
	<u>S\$'000</u>	<u>S\$'000</u>
Balance as at 1 April	101,155	97,822
Allowance for impairment losses	545	5,590
Bad debts written off against allowance	(7,027)	(2,257)
Balance as at 31 March	<u>94,673</u>	<u>101,155</u>

## APPENDIX

### 8. LOANS RECEIVABLE *(continued)*

Interest rates and repayment terms on the loans are:

	<i>Interest rate</i> (per annum)	<i>Repayment term</i>
Mortgage loans granted to lessees for purchase of flats under public housing schemes	2.60% to 3.82% (2009/2010 : 2.60% to 3.82%)	Up to 30 years
Loans granted to staff	4.25% (2009/2010 : 4.25%)	Up to 6 years
Upgrading costs due from flat lessees	2.60% to 3.82% (2009/2010 : 2.60% to 3.82%)	Up to 25 years
Upgrading costs due from shop lessees	5% to 6.75% (2009/2010 : 5% to 6.75%)	Up to 5 years

The loans are collected through monthly instalment payments from the loan recipients. Instalment payments are due on the 1st day of every month. Late payment charges will be imposed based on the outstanding balance as at the end of each month, in accordance with the Housing and Development (Penalties for Late Payment) Rules and the Housing and Development (Interest and Penalties for Late Payment of Improvement Contribution) Rules.

A credit assessment based on objective criteria is carried out for loans granted. The loans are secured by the flats that are sold. Loans that are past due but not impaired as at the year end amounted to S\$8,164 million (2009/2010 : S\$9,482 million). No allowance for impairment losses has been made on these loans receivable, as the market value of the collateral is higher than the loans receivable. The average age of these loans receivable is 7.1 months (2009/2010 : 8.0 months).

In determining the recoverability of the loans receivable, the HDB considers any change in credit quality of the loan, the duration of the loan in arrears and the market value of the collateral as at the reporting date. Accordingly, an allowance of S\$95 million (2009/2010 : S\$101 million) representing 0.22% (2009/2010 : 0.22%) of the total loans receivable had been made. Management is of the opinion that adequate impairment losses have been made.

### 9. INVESTMENT IN SUBSIDIARIES

		<i>HDB</i>	
		<i>2010/2011</i> S\$'000	<i>2009/2010</i> S\$'000
<i>Subsidiary</i>			
E M Services Pte Ltd <sup>(a)</sup> (unquoted equity shares at cost)		1,500	1,500
		<i>Percentage of equity held by the Group</i>	
		<i>2010/2011</i> %	<i>2009/2010</i> %
<i>Subsidiary of the HDB</i>			
E M Services Pte Ltd <sup>(a)</sup>	Property management and engineering services	75	75
<i>Subsidiaries of E M Services Pte Ltd</i>			
E M Property Management Pte Ltd <sup>(a)</sup>	Property management	100	100
Property Inc. Pte Ltd <sup>(a)</sup>	Real estate agency	100	100

<sup>(a)</sup>In 2009/2010, these subsidiaries were audited by Foo Kon Tan Grant Thornton LLP. In 2010/2011, these subsidiaries are audited by Deloitte & Touche LLP.

## APPENDIX

### 10. INVESTMENT IN ASSOCIATE

	<i>Group</i>	
	<i>2010/2011</i>	<i>2009/2010</i>
	<i>S\$'000</i>	<i>S\$'000</i>
<i>Associate</i>		
Unquoted equity shares, at cost	525	525
Share of post acquisition reserves	(48)	(48)
	<u>477</u>	<u>477</u>
Less: Advance from associate	(455)	0
	<u>22</u>	<u>477</u>

Details of the Group's associate at 31 March 2011 are as follows:

	<i>Principal activities</i>	<i>Country of incorporation</i>	<i>Percentage of equity held by the Group</i>	
			<i>2010/2011</i>	<i>2009/2010</i>
			<i>%</i>	<i>%</i>
<i>Associate of E M Services Pte Ltd</i>				
Pengda Investment & Development Pte Ltd <sup>(a)</sup>	Investment and real estate developer	Singapore	35	35

<sup>(a)</sup>In 2009/2010, the associate was audited by S P Tan & Co. In 2010/2011, the associate is audited by Infinity Assurance LLP.

### 11. OTHER INVESTMENTS

	<i>Group</i>	
	<i>2010/2011</i>	<i>2009/2010</i>
	<i>S\$'000</i>	<i>S\$'000</i>
<i>Non-current investments:</i>		
Held-to-maturity debt securities, at amortised cost	1,002	6,002
Impairment loss	0	(3,960)
	<u>1,002</u>	<u>2,042</u>
Available-for-sale equity securities (quoted), at fair value	37,297	32,883
	<u>38,299</u>	<u>34,925</u>
<i>Current investments:</i>		
Held-to-maturity debt securities, at amortised cost	<u>1,000</u>	<u>2,000</u>
Fair value of held-to-maturity debt securities	<u>2,026</u>	<u>4,132</u>

The fair value of investments in quoted available-for-sale investments is based on the quoted closing market prices on the last market day of the financial year.

Held-to-maturity debt securities have average effective interest rates of 4.15% to 6% (2009/2010 : 4.15% to 6%) per annum and mature in 1 to 38 years (2009/2010 : 1 to 39 years).

The held-to-maturity and available-for-sale investments are denominated in Singapore dollars.

## APPENDIX

### 12. INCOME TAX

#### (a) Income tax expense

	<i>Group</i>
	<u>2010/2011</u> <u>2009/2010</u>
	<u>S\$'000</u> <u>S\$'000</u>
Current taxation:	
— Current year	4,508      3,783
— Underprovision in respect of prior years	472      338
	<u>4,980      4,121</u>
Deferred taxation	<u>(1,468)      399</u>
Total income tax expense	<u>3,512      4,520</u>
<i>Reconciliation of effective tax rate:</i>	
Net surplus before taxation	208,280      65,669
<i>Less:</i>	
Net surplus of HDB excluding dividends from subsidiary (Note 21), not subject to taxation	<u>190,168      45,943</u>
Net surplus subject to taxation	<u>18,112      19,726</u>
Tax at statutory rate of 17% (2009/2010 : 17%)	3,079      3,353
Tax effect on non-deductible expenses	61      1,366
Tax effect on non-taxable income	(30)      (405)
Exempt income	(69)      (78)
Income tax at concessionary rate	(1)      (54)
Underprovision in respect of prior years	472      338
	<u>3,512      4,520</u>

#### (b) Movements in provision for income tax

	<i>Group</i>
	<u>2010/2011</u> <u>2009/2010</u>
	<u>S\$'000</u> <u>S\$'000</u>
Balance as at 1 April	3,756      3,055
Charge for the year	4,508      3,783
Payments made during the year	(4,225)      (3,420)
Underprovision in respect of prior years	472      338
Balance as at 31 March	<u>4,511      3,756</u>

## APPENDIX

### 12. INCOME TAX *(continued)*

#### *(c) Deferred tax*

The movements in deferred tax assets and liabilities for the Group during the year are as follows:

	<i>At 1 April 2009</i>	<i>Charged to Income and Expenditure Statement</i>	<i>At 31 March 2010</i>	<i>Credited to Income and Expenditure Statement</i>	<i>At 31 March 2011</i>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<i>Deferred tax (liabilities)/assets</i>					
Property, plant and equipment	(444)	(348)	(792)	970	178
<i>Total</i>	<u>(444)</u>	<u>(348)</u>	<u>(792)</u>	<u>970</u>	<u>178</u>
Provisions	1,703	(51)	1,652	498	2,150
<i>Total</i>	<u>1,703</u>	<u>(51)</u>	<u>1,652</u>	<u>498</u>	<u>2,150</u>
<i>Net deferred tax assets</i>	<u>1,259</u>	<u>(399)</u>	<u>860</u>	<u>1,468</u>	<u>2,328</u>

### 13. PROPERTIES UNDER DEVELOPMENT

	<i>Group and HDB</i>	
	<u>2010/2011</u>	<u>2009/2010</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Land	4,677,198	4,022,947
Buildings	2,555,440	2,284,164
Upgrading works	64,364	150,599
	<u>7,297,002</u>	<u>6,457,710</u>
<i>Less:</i>		
Provision for foreseeable loss [Note 2(i)]	(1,655,170)	(2,334,185)
Balance as at 31 March	<u>5,641,832</u>	<u>4,123,525</u>

### 14. PROPERTIES FOR SALE

	<i>Group and HDB</i>	
	<u>2010/2011</u>	<u>2009/2010</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Cost of properties	1,513,420	721,178
<i>Less:</i>		
Provision for foreseeable loss [Note 2(j)]	(228,570)	(28,486)
Balance as at 31 March	<u>1,284,850</u>	<u>692,692</u>

## APPENDIX

### 15. GOVERNMENT GRANT RECEIVABLE

	<i>Group and HDB</i>	
	<i>2010/2011</i>	<i>2009/2010</i>
	<u>S\$'000</u>	<u>S\$'000</u>
Balance as at 1 April	2,276,991	2,479,257
<i>Less:</i>		
Amount received	(787,445)	(1,161,626)
	1,489,546	1,317,631
Transfer from income and expenditure statement	344,972	959,360
Balance as at 31 March	<u>1,834,518</u>	<u>2,276,991</u>

The amount transferred from income and expenditure statement is the deficit to be financed by the Government under the existing financing arrangement [Note 2(l)].

### 16. TRADE AND OTHER RECEIVABLES

	<i>Group</i>		<i>HDB</i>	
	<i>2010/2011</i>	<i>2009/2010</i>	<i>2010/2011</i>	<i>2009/2010</i>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Trade receivables	514,051	325,904	489,548	317,504
<i>Less:</i>				
Allowance for impairment losses	(11,958)	(13,165)	(11,594)	(12,871)
	502,093	312,739	477,954	304,633
Other receivables	65,982	95,428	62,447	89,700
<i>Less:</i>				
Allowance for impairment losses	(26)	(26)	(26)	(26)
	65,956	95,402	62,421	89,674
Prepayments	32,183	25,956	28,818	24,041
Deposits	1,108	698	446	311
Balance as at 31 March	<u>601,340</u>	<u>434,795</u>	<u>569,639</u>	<u>418,659</u>

Included in the Group's trade receivables balance are debtors with a carrying amount of S\$32 million (2009/2010 : S\$35 million) which are past due as at the reporting date but no allowance for impairment losses is made, as there has not been a significant change in credit quality. The average age of these receivables is 3.7 months (2009/2010 : 4.3 months). The Group does not hold any collateral over these balances.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable as at the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes that there is no further credit provision required in excess of the allowance for impairment losses.



## APPENDIX

### 16. TRADE AND OTHER RECEIVABLES *(continued)*

The movements in allowance for impairment losses on trade and other receivables for the Group and HDB are as follows:

	<i>Group</i>		<i>HDB</i>	
	<i>2010/2011</i>	<i>2009/2010</i>	<i>2010/2011</i>	<i>2009/2010</i>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Balance as at 1 April	13,191	13,224	12,897	13,128
Allowance for impairment losses	2,649	4,568	2,579	4,370
Bad debts written off against allowance	(3,856)	(4,601)	(3,856)	(4,601)
Balance as at 31 March	<u>11,984</u>	<u>13,191</u>	<u>11,620</u>	<u>12,897</u>

### 17. CASH AND BANK BALANCES

	<i>Group</i>		<i>HDB</i>	
	<i>2010/2011</i>	<i>2009/2010</i>	<i>2010/2011</i>	<i>2009/2010</i>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Cash and bank balances	70,266	38,623	61,465	32,918
Fixed deposits	38,578	54,332	2,272	2,418
Balance as at 31 March	108,844	92,955	63,737	35,336
<i>Less:</i>				
Funds held in trust	(12,651)	(12,896)	(11,267)	(10,587)
Cash and cash equivalents as at 31 March	<u>96,193</u>	<u>80,059</u>	<u>52,470</u>	<u>24,749</u>

Amount held in trust comprises mainly monies maintained by the Group with financial institutions on behalf of its principal for agency projects, fixed deposits placed on behalf of Club HDB, funds held for management of joint research projects and funds held for management of properties.

Cash and bank balances comprise cash and short-term bank deposits held by the Group, which includes bank balances held by Accountant General Department ("AGD") under the Government's Centralised Liquidity Management Framework for Statutory Boards. The carrying amounts of these assets approximate their fair values.

Fixed deposits, excluding those held in trust at the financial year end, bear interest ranging from 0.005% to 0.390% (2009/2010 : 0.025% to 0.3875%) per annum and for a tenure from 1 to 3 months (2009/2010 : 1 to 3 months) which are readily convertible to a known amount of cash.

## APPENDIX

### 18. LOANS PAYABLE

	<i>Group and HDB</i>	
	<i>2010/2011</i>	<i>2009/2010</i>
	<u>S\$'000</u>	<u>S\$'000</u>
<i>Government loans</i>		
Housing development loans	1,160,344	1,247,977
Mortgage financing loans	42,440,929	45,122,621
Upgrading financing loans	79,130	96,327
	43,680,403	46,466,925
<i>Bonds</i>		
Principal	6,535,000	5,550,000
Unamortised transaction cost	(2,110)	0
	6,532,890	5,550,000
<i>Bank loans (unsecured)</i>	4,934,000	3,609,500
Balance as at 31 March	55,147,293	55,626,425
Represented by amount payable:		
Within 1 year	8,980,059	7,558,604
Later than 1 year but not more than 2 years	4,732,665	4,691,019
Later than 2 years but not more than 5 years	14,754,912	13,627,815
Later than 5 years	26,679,657	29,748,987
	46,167,234	48,067,821
	55,147,293	55,626,425
Fair value of bonds	6,758,564	5,768,050

Under the Agreements for Loan Facility with the Government, mortgage and upgrading financing loans are obtained from the Government to finance loans granted to eligible purchasers of flats under the public housing schemes at interest rates that are in accordance with prevailing mortgage financing policy and upgrading programmes of the Government.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The indicative ask price is used for the bonds issued by the Group.

The carrying amounts of government loans and bank loans approximate their fair values.

The loans and bonds are denominated in Singapore dollars.

The average effective interest rates paid and repayment terms on the loans are:

	<i>Interest rate</i> <i>(per annum)</i>	<i>Repayment term</i>
Housing development loans	4.50% (2009/2010 : 4.50%)	20 years
Mortgage financing loans	2.50% to 3.72% (2009/2010 : 2.50% to 3.72%)	Up to 30 years
Upgrading financing loans	2.50% (2009/2010 : 2.50%)	10 years
Bank loans (unsecured)	0.68% to 1.34% (2009/2010 : 1.34% to 2.03%)	Within 1 year

## APPENDIX

### 18. LOANS PAYABLE (*continued*)

Bonds are issued to finance the HDB's development programmes and working capital requirements. The bonds are as follows:

<i>Series number</i>	<i>Principal</i>	<i>Coupon rate (%)</i>	<i>Effective interest rate (%)</i>	<i>Tenure</i>	<i>Maturity</i>
	<u>S\$M</u>	<u>(per annum)</u>	<u>(per annum)</u>		
008	250	3.560	3.560	10 years	23 February 2014
010	500	3.375	3.375	10 years	21 April 2015
012	100	3.200	3.200	10 years	12 October 2015
014	100	3.730	3.730	10 years	7 March 2016
015	400	3.805	3.805	5 years	14 July 2011
016	100	3.995	3.995	10 years	14 July 2016
017	250	3.520	3.520	5 years	31 October 2011
018	250	3.622	3.622	10 years	18 October 2016
019	250	3.420	3.420	5 years	14 February 2012
020	250	3.550	3.550	10 years	14 February 2017
022	150	3.350	3.350	12 years	11 June 2019
024	300	3.630	3.630	15 years	27 February 2023
025	300	3.455	3.455	5 years	15 July 2013
026	300	3.950	3.950	10 years	15 July 2018
027	350	1.795	1.795	3 years	3 July 2012
028	500	1.550	1.550	3 years	26 October 2012
029	400	1.870	1.870	5 years	25 March 2015
030	500	1.150	1.167	3 years	8 July 2013
032	465	2.000	2.023	7 years	3 November 2017
033	320	2.0225	2.044	5 years	22 February 2016
034	500	3.140	3.162	10 years	18 March 2021

### 19. TRADE AND OTHER PAYABLES

	<i>Group</i>		<i>HDB</i>	
	<u>2010/2011</u>	<u>2009/2010</u>	<u>2010/2011</u>	<u>2009/2010</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Trade payables	786,262	803,502	752,666	775,255
Downpayment deposits and advances	536,785	723,221	536,785	723,221
Other deposits	312,351	229,861	312,351	229,861
Deferred income (Note 20)	93,321	87,347	93,321	86,919
Interest payable	103,124	110,016	103,124	110,016
Provisions	20,000	21,670	20,000	21,044
	<u>1,851,843</u>	<u>1,975,617</u>	<u>1,818,247</u>	<u>1,946,316</u>

Provision was made for restoration works for a former quarry site, pending firm development plan of the agency taking over the site.

## APPENDIX

### 19. TRADE AND OTHER PAYABLES *(continued)*

The movements in provisions for the Group and HDB are:

	<i>Group</i>		<i>HDB</i>	
	<i>2010/2011</i>	<i>2009/2010</i>	<i>2010/2011</i>	<i>2009/2010</i>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Balance as at 1 April	21,670	22,282	21,044	21,044
Provisions utilised	(345)	(331)	0	0
Unutilised provisions written back to income and expenditure statement	(1,325)	(281)	(1,044)	0
Balance as at 31 March	<u>20,000</u>	<u>21,670</u>	<u>20,000</u>	<u>21,044</u>

### 20. DEFERRED INCOME

	<i>Group</i>		<i>HDB</i>	
	<i>2010/2011</i>	<i>2009/2010</i>	<i>2010/2011</i>	<i>2009/2010</i>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Within 1 year (Note 19)	93,321	87,347	93,321	86,919
After 1 year but within 5 years	193,435	170,597	193,435	170,597
After 5 years	589,823	521,945	589,823	521,945
	<u>783,258</u>	<u>692,542</u>	<u>783,258</u>	<u>692,542</u>
	<u>876,579</u>	<u>779,889</u>	<u>876,579</u>	<u>779,461</u>

Deferred income relates principally to amount received in advance in respect of operating leases of land, commercial properties, industrial properties and flats [Note 2(e)].

### 21. INCOME

	<i>Group</i>		<i>HDB</i>	
	<i>2010/2011</i>	<i>2009/2010</i>	<i>2010/2011</i>	<i>2009/2010</i>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Interest income	1,202,189	1,277,228	1,202,028	1,276,536
Rental and related income	1,021,364	884,610	973,476	851,927
Car park income	546,342	522,402	546,884	522,942
Recoveries for upgrading and others	152,893	105,696	152,893	105,696
Levy on resale flats and sales premium	30,405	17,183	30,405	17,183
Agency and consultancy fees	85,075	76,352	19,935	13,809
Gain on disposal of assets	95,785	67,203	95,786	67,208
Investment income	1,822	1,723	11,850	6,000
Fees and other income	73,270	77,168	72,987	74,479
	<u>3,209,145</u>	<u>3,029,565</u>	<u>3,106,244</u>	<u>2,935,780</u>

## APPENDIX

### 21. INCOME *(continued)*

Investment income includes dividend income as follows:

	<i>Group</i>		<i>HDB</i>	
	<i>2010/2011</i>	<i>2009/2010</i>	<i>2010/2011</i>	<i>2009/2010</i>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Dividend from:				
— Unquoted subsidiary	0	0	11,850	6,000
— Others	<u>1,765</u>	<u>1,723</u>	<u>0</u>	<u>0</u>

### 22. FINANCIAL EXPENSES

	<i>Group and HDB</i>	
	<i>2010/2011</i>	<i>2009/2010</i>
	<u>S\$'000</u>	<u>S\$'000</u>
Interest expense from:		
— Government loans	1,216,306	1,292,863
— Bank loans	55,409	70,636
— Bonds	174,591	181,110
	1,446,306	1,544,609
<i>Less:</i>		
Interest capitalised in properties and assets under development (Notes 6, 7 and 13)	(96,534)	(94,641)
Bond transaction cost/(premium) amortisation	108	(454)
	<u>1,349,880</u>	<u>1,449,514</u>

During the financial year, interest capitalised as properties and assets under development amounted to S\$97 million (2009/2010 : S\$95 million) at an average capitalisation rate of 2.56% (2009/2010 : 3.07%).

## APPENDIX

### 23. EXPENSES BY NATURE

Expenses include the following:

	<i>Group</i>		<i>HDB</i>	
	<i>2010/2011</i>	<i>2009/2010</i>	<i>2010/2011</i>	<i>2009/2010</i>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Upgrading	647,340	683,324	695,072	729,308
Improvements and demolition	99,785	113,522	99,785	113,522
Depreciation	322,573	321,864	313,139	314,958
Property tax	122,994	94,091	122,912	94,026
Impairment losses on property, plant and equipment, and investment properties	10,906	66	10,906	66
Reversal of impairment losses on property, plant and equipment, and investment properties	(92,245)	(14,825)	(92,245)	(13,854)
Provision for foreseeable loss for properties under development/for sale	107,564	60,450	107,564	60,450
Allowance for impairment losses on loans receivable and debtors	3,194	10,158	3,124	9,960
Bad debts written off	628	544	330	405
Impairment loss on held-to-maturity financial assets	0	163	0	0
Operating lease expenses	18,901	10,994	6,126	5,965
Manpower costs	505,985	423,702	451,561	366,326
Board members' fees	139	131	139	131
Directors' fees and remuneration	464	438	0	0
Manpower costs and overheads capitalised in:				
— properties and assets under development	(12,073)	(11,942)	(12,073)	(11,942)
— inventories of building materials	(3,083)	(3,728)	(3,083)	(3,728)
CPF Housing grant [Note 2(s)]	<u>426,176</u>	<u>502,479</u>	<u>426,176</u>	<u>502,479</u>

### 24. MANPOWER COSTS

	<i>Group</i>		<i>HDB</i>	
	<i>2010/2011</i>	<i>2009/2010</i>	<i>2010/2011</i>	<i>2009/2010</i>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Salaries and bonuses	442,670	369,434	395,163	319,386
Contribution to CPF	44,733	38,005	39,180	32,132
Staff benefits	9,696	9,002	8,642	7,863
Training/development costs and others	8,886	7,261	8,576	6,945
	<u>505,985</u>	<u>423,702</u>	<u>451,561</u>	<u>366,326</u>

## APPENDIX

### 24. MANPOWER COSTS *(continued)*

Manpower costs include the key management personnel's remuneration as follows:

	<i>Group</i>		<i>HDB</i>	
	<i>2010/2011</i>	<i>2009/2010</i>	<i>2010/2011</i>	<i>2009/2010</i>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Salaries and other short-term employee benefits	7,295	5,395	6,839	4,964
Contribution to CPF	144	132	136	125
	<u>7,439</u>	<u>5,527</u>	<u>6,975</u>	<u>5,089</u>

### 25. GOVERNMENT GRANT

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

	<i>HDB</i>	
	<i>2010/2011</i>	<i>2009/2010</i>
	<u>S\$'000</u>	<u>S\$'000</u>
Total grant as at 1 April	20,240,279	19,280,919
Grant for the financial year (Note 15)	344,972	959,360
Total grant as at 31 March	<u>20,585,251</u>	<u>20,240,279</u>

### 26. SIGNIFICANT RELATED PARTY TRANSACTIONS

The HDB is a statutory body incorporated under the Housing and Development Act (Note 1). As a statutory board, all Government ministries and departments, and statutory boards are deemed related parties of the HDB.

The Group had the following significant transactions with its supervisory Ministry, MND, and other related parties during the year:

	<i>Group and HDB</i>	
	<i>2010/2011</i>	<i>2009/2010</i>
	<u>S\$'000</u>	<u>S\$'000</u>
<i>HDB's transactions with:</i>		
<i>Subsidiaries</i>		
Property management	(1,849)	(1,390)
Mechanical and electrical services	(49,049)	(46,859)
Rental income	9,598	10,624
<i>MND</i>		
Agency fee income	5,673	3,933
<i>Singapore Land Authority, as an agent for Ministry of Law</i>		
Purchase of land	(2,183,459)	(857,201)
Proceeds from return of land, flats and other properties to Government	215,370	76,371
Agency fees and other income	8,076	3,514
Temporary occupation licence fees	(3,267)	(3,203)



## APPENDIX

### 26. SIGNIFICANT RELATED PARTY TRANSACTIONS (*continued*)

	<i>Group and HDB</i>	
	<i>2010/2011</i>	<i>2009/2010</i>
	<u>S\$'000</u>	<u>S\$'000</u>
<i>National Environment Agency</i>		
Agency fees and recoveries	14,565	14,828
<i>Council for Estate Agencies</i>		
Consultancy and support services fees	612	0
Rental income	291	0
<i>Other Ministries and Statutory Boards</i>		
Rental income and others	1,366	1,340
Proceeds from sale of property	0	12,906
<i>Town Councils</i>		
Operating fee for car park maintenance expenses	(46,145)	(38,729)
<i>Subsidiaries' transactions with:</i>		
<i>Ministries, Town Councils and Statutory Boards</i>		
Estate management agency fee income	65,037	63,787
<i>Amounts due to related parties as at 31 March</i>	29,607	38,399
<i>Amounts due from related parties as at 31 March</i>	<u>25,996</u>	<u>18,943</u>

The outstanding amounts are unsecured. There are no guarantees provided or received in respect of the related party balances. For 2010/2011, the Group had not made any allowance for impairment relating to amounts owed by related parties (2009/2010 : \$Nil).

### 27. SEGMENTAL INFORMATION

#### BUSINESS SEGMENTS

The Group operates predominantly in Singapore, and therefore the revenues are generated mainly from the operations in Singapore and the assets are located principally in Singapore. The accounting policy of the reporting segments are the same as the Group's accounting policy as disclosed in Note 2.

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 Segment*

The Home Ownership segment focuses on providing home ownership flats to eligible purchasers of flats under the various home ownership schemes for public housing.

#### *Upgrading Segment*

The Upgrading segment focuses on the upgrading programmes to renew and rejuvenate the older housing estates.

#### *Residential Ancillary Functions Segment*

The Residential Ancillary Functions segment focuses on implementing housing policies, managing ancillary facilities such as car parks in housing estates, and planning and building administration.

## APPENDIX

### 27. SEGMENTAL INFORMATION *(continued)*

#### *Rental Flats Segment*

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

#### *Other Rental and Related Businesses Segment*

The Other Rental and Related Businesses segment focuses on the tenancy and management of investment properties and other properties owned by the HDB.

#### *Mortgage Financing Segment*

The Mortgage Financing segment focuses on providing housing loans to eligible purchasers of flats under the various public housing schemes.

#### *Agency and Others Segment*

The Agency and Others segment encompasses estate management services, architectural and engineering consultancy services and agency projects on behalf of the Government.

# APPENDIX

## 27. SEGMENTAL INFORMATION — (continued)

2010/2011

	Home Ownership	Upgrading	Residential Ancillary Functions	Rental Flats	Other Rental and Related Businesses	Mortgage Financing	Agency and Others	Eliminations	Group
	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M
Sale proceeds	1,818	0	264	0	567	0	0	0	2,649
Cost of sales before release of foreseeable loss provided in previous years	(2,312)	0	(211)	0	(186)	0	0	4	(2,705)
Gross (loss)/profit on sales	(494)	0	53	0	381	0	0	4	(56)
Release of foreseeable loss provided in previous years, upon sale	586	0	0	0	0	0	0	0	586
Gross profit after release of provision made in previous years for foreseeable loss	92	0	53	0	381	0	0	4	530
External income:									
Interest income	0	3	0	0	0	1,199	0	0	1,202
Other income	50	139	561	36	1,069	6	146	0	2,007
Inter-segment	0	0	6	0	19	0	64	(89)	0
Total income	50	142	567	36	1,088	1,205	210	(89)	3,209
Net deficit before government grant and taxation	(506)	(613)	(60)	(49)	1,101	(26)	27	(11)	(137)
Government grant									345
Net surplus before taxation and transfer to reserves									208
Taxation									(3)
Net surplus for the year before transfer to reserves									205

# APPENDIX

## 27. SEGMENTAL INFORMATION — (continued) 2010/2011

	Home Ownership	Upgrading	Residential Ancillary Functions	Rental Flats	Other Rental and Related Businesses	Mortgage Financing	Agency and Others	Eliminations	Group
	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M
Segment expenses include:									
Financial expenses	(18)	(2)	(91)	0	(76)	(1,160)	(3)	0	(1,350)
Provision for foreseeable loss for properties under development/ for sale	(108)	0	0	0	0	0	0	0	(108)
CPF Housing grant	(426)	0	0	0	0	0	0	0	(426)
Upgrading	0	(685)	0	(9)	(1)	0	0	48	(647)
Improvements and demolition	(5)	0	(74)	(2)	(20)	0	0	1	(100)
Depreciation	(5)	0	(134)	(34)	(132)	(1)	(17)	0	(323)
Impairment losses on property, plant and equipment and investment properties	0	0	0	0	(11)	0	0	0	(11)
Reversal of impairment losses on property, plant and equipment, and investment properties	0	0	0	0	92	0	0	0	92
Allowance for impairment losses on loans receivable and debtors	0	0	0	(2)	0	(1)	0	0	(3)

## APPENDIX

### 27. SEGMENTAL INFORMATION — (continued)

2010/2011

	Home Ownership	Upgrading	Residential Ancillary Functions	Rental Flats	Other Rental and Related Businesses	Mortgage Financing	Agency and Others	Eliminations	Group
	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M
<i>Assets and liabilities</i>									
Segment assets	7,386	243	9,081	2,665	7,611	42,461	913	0	70,360
Government grant receivable									1,835
Unallocated assets									127
Total assets									<u>72,322</u>
Segment liabilities	5,619	279	4,499	270	4,135	42,471	441	0	57,714
Unallocated liabilities									73
Total liabilities									<u>57,787</u>
Capital additions	219	0	241	253	57	0	9	0	779

# APPENDIX

## 27. SEGMENTAL INFORMATION — (continued) 2009/2010

	Home Ownership	Upgrading	Residential Ancillary Functions	Rental Flats	Other Rental and Related Businesses	Mortgage Financing	Agency and Others	Eliminations	Group
	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M
Sale proceeds	1,318	0	283	0	13	0	0	0	1,614
Cost of sales before release of foreseeable loss provided in previous years	(1,419)	0	(275)	0	(10)	0	0	19	(1,685)
Gross (loss)/profit on sales	(101)	0	8	0	3	0	0	19	(71)
Release of foreseeable loss provided in previous years, upon sale	172	0	0	0	0	0	0	0	172
Gross profit after release of provision made in previous years for foreseeable loss	71	0	8	0	3	0	0	19	101
External income:									
Interest income	0	3	0	0	0	1,273	2	0	1,278
Other income	32	91	542	28	926	7	126	0	1,752
Inter-segment	1	0	26	0	21	0	55	(103)	0
Total income	33	94	568	28	947	1,280	183	(103)	3,030
Net deficit before government grant and taxation	(562)	(709)	(64)	(82)	532	(26)	24	(6)	(893)
Government grant									959
Net surplus before taxation and transfer to reserves									66
Taxation									(5)
Net surplus for the year before transfer to reserves									61

# APPENDIX

## 27. SEGMENTAL INFORMATION — (continued) 2009/2010

	Home Ownership	Residential Ancillary Functions	Rental Flats	Other Rental and Related Businesses	Mortgage Financing	Agency and Others	Eliminations	Group
	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M	S\$M
<i>Segment expenses include:</i>								
Financial expenses	(15)	(106)	0	(87)	(1,233)	(6)	0	(1,450)
Provision for foreseeable loss for properties under development/ for sale	(60)	0	0	0	0	0	0	(60)
CPF Housing grant	(502)	0	0	0	0	0	0	(502)
Upgrading	0	(714)	(14)	(1)	0	0	46	(683)
Improvements and demolition	(9)	(58)	(21)	(31)	0	0	6	(114)
Depreciation	(3)	(136)	(37)	(131)	0	(15)	0	(322)
Reversal of impairment losses on property, plant and equipment and investment properties	0	0	0	14	0	1	0	15
Allowance for impairment losses on loans receivable and debtors	0	0	(2)	(3)	(5)	0	0	(10)

## APPENDIX

### 27. SEGMENTAL INFORMATION — (continued)

2009/2010

	Home Ownership S\$M	Upgrading S\$M	Residential Ancillary Functions S\$M	Rental Flats S\$M	Other Rental and Related Businesses S\$M	Mortgage Financing S\$M	Agency and Others S\$M	Eliminations S\$M	Group S\$M
<i>Assets and liabilities</i>									
Segment assets	4,818	323	9,014	2,458	7,915	45,083	747	0	70,358
Government grant receivable									2,277
Unallocated assets									106
Total assets									72,741
Segment liabilities	3,853	327	4,050	146	4,091	45,156	443	0	58,066
Unallocated liabilities									232
Total liabilities									58,298
Capital additions	104	0	137	304	41	0	12	0	598



## APPENDIX

### 28. COMMITMENTS

#### (a) Capital commitments

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

	<i>Group</i>		<i>HDB</i>	
	<i>2010/2011</i>	<i>2009/2010</i>	<i>2010/2011</i>	<i>2009/2010</i>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Authorised and contracted for	3,209,338	3,237,443	3,209,338	3,234,792
Authorised but not contracted for	1,489,810	1,265,146	1,489,810	1,265,146
	<u>4,699,148</u>	<u>4,502,589</u>	<u>4,699,148</u>	<u>4,499,938</u>

#### (b) Operating lease arrangements - where the Group is a lessor

The Group leases out its properties to non-related parties. The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	<i>Group</i>		<i>HDB</i>	
	<i>2010/2011</i>	<i>2009/2010</i>	<i>2010/2011</i>	<i>2009/2010</i>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Within 1 year	179,616	155,206	149,092	127,986
After 1 year but within 5 years	293,454	267,216	293,683	261,106
After 5 years	218,019	246,289	218,019	246,289
	<u>691,089</u>	<u>668,711</u>	<u>660,794</u>	<u>635,381</u>

#### (c) Operating lease arrangements - where the Group is a lessee

The Group leases equipment and properties from non-related parties. The future minimum lease payments under non-cancellable operating leases contracted for at the end of reporting period but not recognised as liabilities, are as follows:

	<i>Group</i>		<i>HDB</i>	
	<i>2010/2011</i>	<i>2009/2010</i>	<i>2010/2011</i>	<i>2009/2010</i>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Within 1 year	15,435	10,022	2,388	2,210
After 1 year but within 5 years	17,248	8,749	5,384	4,883
After 5 years	740	0	740	0
	<u>33,423</u>	<u>18,771</u>	<u>8,512</u>	<u>7,093</u>

## APPENDIX

### 29. CONTINGENT LIABILITIES

#### (a) *Modification work*

A claim involving rebar works for structural columns for S\$2.4 million had been made by a contractor in 2005/2006. The arbitration proceedings have been concluded, and the Arbitrator's Award is pending. HDB has no grounds to believe that the Arbitrator's Award will be in favour of the Claimants and accordingly, no provision had been made in respect of the claim.

#### (b) *Housing Subsidies for SC/SPR Households*

To encourage the Singapore Permanent Resident ("SPR") family members in such SPR/ Singapore Citizen ("SC") households to take up citizenship and to reinforce the privilege of citizenship, HDB will withhold S\$10,000 of the housing subsidies enjoyed by SPR/SC households when they buy a flat. If they buy a resale flat, a Design, Build and Sell Scheme ("DBSS") flat, or an Executive Condominium ("EC"), their Housing Grant will be reduced by S\$10,000. If they buy a new flat, they will have to pay a S\$10,000 premium on top of HDB's selling price. The withheld subsidy will be restored when the SPR member in the household obtains Singapore citizenship or when the couple has a SC child.

Factors such as whether and when the SPR member in the household becomes SC or when the couple has a SC child are beyond HDB's control. Given the uncertainty in timing and quantum of the obligation, no provision has been made in respect of this scheme.

### 30. RECLASSIFICATIONS AND COMPARATIVE FIGURES

The presentation of the income and expenditure statements has been enhanced to provide better understanding of the Group's and HDB's financial performance.

	<i>Group and HDB</i>
	<u>Previous presentation</u>
	S\$'000
	<i>2009/2010</i>
Sale proceeds	1,614,232
Cost of sales	<u>(1,513,513)</u>
Gross profit	<u>100,719</u>
	 <u>Current presentation</u>
	S\$'000
	<i>2009/2010</i>
Sale proceeds	1,614,232
Cost of sales before release of foreseeable loss provided in previous years	<u>(1,686,002)</u>
Gross loss on sales	<u>(71,770)</u>
Release of foreseeable loss provided in previous years, upon sale	<u>172,489</u>
Gross profit after release of provision made in previous years for foreseeable loss	<u>100,719</u>

Certain reclassifications in addition to the above have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. These reclassifications are deemed not material.