CIRCULAR DATED 4 SEPTEMBER 2015

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Lafe Corporation Limited (the "**Company**"). If you are in any doubt as to the course of action you should take, you should consult your bank manager, stockbroker, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Circular to the purchaser or the transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or the transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should immediately forward this Circular, the Notice of Special General Meeting and the enclosed Proxy Form to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

LAFÉ

LAFE CORPORATION LIMITED

(Incorporated in Bermuda on 8 April 1999)
(Company Registration Number 26304)

CIRCULAR TO SHAREHOLDERS

in relation to

THE PROPOSED DISPOSAL OF 100.0% OF THE ISSUED AND PAID UP SHARE CAPITAL OF LAFE (EMERALD HILL) DEVELOPMENT PTE. LTD. TO MADAM YU LO SI, ROSY

Independent Financial Adviser in respect of the Proposed Disposal

PROVENANCECAPITAL

PROVENANCE CAPITAL PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200309056E)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	17 September 2015 at 10.00 a.m.
Date and time of Special General Meeting	:	19 September 2015 at 10.00 a.m.
Place of Special General Meeting	:	Concorde Hotel, 100 Orchard Road, Orchard, Singapore 238840

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In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

"Agreed Valuation"	:	The valuation of S$111.83 million for the Properties (approximately S$1,780 psf) agreed upon by the Company and the Purchaser for the purposes of the Proposed Disposal.
"associate"	:	(a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more.
"Audit Committee"	:	The audit committee of the Company, comprising Mr. Will, Eduard William Rudolf Helmuth, Mr. Shum Sze Keong and Mr. Ricky Sim Eng Huat.
"Bank Fees"	:	The bank fees of S$150,000 incurred by LEHD for a bank guarantee of S$2.00 million related to the extension period from 8 June 2015 to 7 September 2015 made out by DBS Bank Ltd to SLA, on behalf of LEHD. Please refer to Section 2.5.2(III) (*Consideration*) of this Circular for more information.
"Bermuda Companies Act"	:	The Companies Act 1981 of Bermuda, as amended, modified or supplemented from time to time.
"Board"	:	The board of Directors of the Company for the time being.
"Bulk Purchase Properties"	:	The four (4) properties in respect of which options were granted by LEHD to the Purchaser on 17 October 2014, being 119 Emerald Hill Road #07-02, #09-02, #10-02 and #11-02 Residences At Emerald Hill, Singapore 229401.
"Bulk Purchase Transaction"	:	The bulk purchase by the Purchaser of the four (4) properties comprising the Bulk Purchase Properties, pursuant to the options granted by LEHD to the Purchaser on 17 October 2014.
"Business Day"	:	A day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore.
"CDP"	:	The Central Depository (Pte) Limited.

"Circular"	:	This circular to Shareholders dated 4 September 2015.
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time.
"Company"	:	Lafe Corporation Limited.
"Completion"	:	The completion of the sale and purchase of all the Sale Shares on the terms and subject to the conditions of the Sale and Purchase Agreement.
"Completion Net Total Assets"	:	The sum of S$(2.17) million, being the amount by which the total assets of LEHD are less than the total liabilities of LEHD (such amount being expressed as a negative figure) as reflected in the July Balance Sheet.
"Consideration"	:	The aggregate consideration of approximately S$6.77 million payable by the Purchaser to the Company for the Sale Shares, which is subject to the Net Total Assets Adjustment, according to the Sale and Purchase Agreement. Please refer to Section 2.5.2 (*Consideration*) of this Circular for more information.
"Control"	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating practice of the Company.
"Controlling Shareholder"	:	A person who: (a) holds directly or indirectly 15.0% or more of the issued share capital of the Company; or (b) in fact exercises Control over the Company.
"DBS Loan"	:	The loan extended by DBS Bank Ltd to LEHD, under which approximately S$23.06 million remains outstanding as at 31 July 2015.
"Deposit"	:	The deposit of S$5.59 million paid by the Purchaser to the Company upon execution of the Sale and Purchase Agreement, which is refundable if the Sale and Purchase Agreement is terminated without default on the part of the Purchaser. Please refer to Section 2.5.2 (*Consideration*) of this Circular for more information.
"Directors"	:	The directors of the Company as at the Latest Practicable Date.
"EPS"	:	Earnings per Share.
"Estimated Net Total Assets"	:	The sum of S$424,975, being the amount by which the total assets of LEHD are more than the total liabilities of LEHD (such amount being expressed as a positive figure), as derived from the March Balance Sheet.
"Extension Fee"	:	The extension fee of approximately S$1.73 million paid by LEHD to SLA under a facility taken with DBS Bank Ltd, to extend the period for LEHD to satisfy the conditions to sell the unsold Properties in the Qualifying Certificate issued by SLA from 8 June 2015 to 7 September 2015. Please refer to Section 2.5.2(II) (*Consideration*) of this Circular for more information.

"FY"	:	Financial year ended or ending 31 December (as the case may be).
"Group"	:	The Company and its subsidiaries.
"IFA" or "Independent Financial Adviser"	:	Provenance Capital Pte. Ltd., the independent financial adviser appointed in relation to the Proposed Disposal.
"IFA Letter"	:	The IFA's letter addressed to the independent Directors who are deemed independent in respect of the Proposed Disposal dated 4 September 2015, a copy of which is annexed as Appendix A to this Circular.
"July Balance Sheet"	:	The July balance sheet of LEHD (being the unaudited balance sheet of LEHD as at 31 July 2015).
"Latest Practicable Date"	:	3 September 2015, being the latest practicable date prior to the printing of this Circular.
"LDAU"	:	Land Dealings (Approval) Unit of the Singapore Land Authority.
"LEHD"	:	Lafe (Emerald Hill) Development Pte. Ltd., a wholly-owned subsidiary of the Company.
"Listing Manual"	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time.
"Long-Stop Date"	:	30 September 2015.
"March Balance Sheet"	:	The March balance sheet of LEHD (being the unaudited balance sheet of LEHD as at 31 March 2015).
"Market Valuation with Guarantee"	:	The market value of S$105.00 million (approximately S$1,670 psf) in the Valuation Report, further details on which may be found in Section 2.4 (*Valuation of the Properties*) of this Circular.
"Markwood"	:	Markwood Capital Limited, a wholly-owned indirect subsidiary of the Company.
"Markwood Loan"	:	The interest-free loan extended by Markwood to LEHD, under which approximately S$95.87 million remains outstanding as at 31 July 2015.
"NAV"	:	Net asset value.
"Notice of SGM"	:	Notice of the special general meeting of the Company to be held on Saturday, 19 September 2015, which is set out on pages N-1 to N-2 of this Circular.
"Net Total Assets Adjustment"	:	The amount by which the Completion Net Total Assets exceeds or is less than the Estimated Net Total Assets for which the Consideration will be adjusted accordingly under the terms of the Sale and Purchase Agreement.
"NTA"	:	Net tangible assets.
"Ordinary Resolution"	:	The ordinary resolution in respect of the Proposed Disposal to be tabled at the SGM.

"Properties"	:	The 21 units of the residential properties located at 119 Emerald Hill Road in Singapore known as the "Residences at Emerald Hill" owned by LEHD. Please refer to Section 2.3 (*Information on LEHD*) of this Circular and Appendix B to this Circular for more information.
"Proposed Disposal"	:	The proposed disposal by the Company of its entire legal and beneficial ownership of the Sale Shares, free from all encumbrances and with all rights, benefits and entitlements attaching thereto at Completion, on the terms and subject to the conditions of the Sale and Purchase Agreement.
"Proposed Transactions"	:	The Proposed Disposal (including the Term Loan, and the Rental Guarantee, which are integral parts of the terms of the Proposed Disposal).
"Proxy Form"	:	The proxy form in respect of the SGM as set out in this Circular.
"Purchaser"	:	Madam Yu Lo Si, Rosy.
"Reduced Loan"	:	The amount of approximately S$59.42 million remaining outstanding of the Markwood Loan after approximately S$36.45 million has been repaid one (1) year from the date of the Sale and Purchase Agreement. Please refer to Section 2.5.4(b) (*Repayment of the Markwood Loan and the Term Loan*) of this Circular for more information.
"Rental Guarantee"	:	The guaranteed rental return of 3.0% per annum of the value obtained by multiplying S$1,780 (being the price psf of the Properties based on the Agreed Valuation of S$111.83 million) by the total area of the Properties, subject to the sale of any of the Properties by the Purchaser after Completion. Please refer to Section 2.5.5 (*Management of the Properties and the Rental Guarantee*) of this Circular for more information.
"Rental Term"	:	The term of five (5) years from the date of Completion during which the Company shall manage the Properties. Please refer to Section 2.5.5 (*Management of the Properties and the Rental Guarantee*) of this Circular for more information.
"Sale and Purchase Agreement"	:	The conditional sale and purchase agreement entered into between the Company and the Purchaser on 19 June 2015 in relation to the sale and purchase of the Sale Shares.
"Sale Shares"	:	1,000,000 ordinary shares in the capital of LEHD, comprising 100.0% of the issued and paid-up share capital of LEHD.
"SGM"	:	The special general meeting of the Company to be held on Saturday, 19 September 2015, notice of which is set out on pages N-1 to N-2 of this Circular.
"SGX-ST"	:	Singapore Exchange Securities Trading Limited.
"Shareholders"	:	Registered holders of Shares, except where the registered holder is CDP, in which case the term "Shareholders" shall in relation to such Shares mean the Depositors whose securities accounts maintained with CDP are credited with Shares.

"Shares"	:	Fully paid ordinary shares in the capital of the Company.
"SLA"	:	The Singapore Land Authority.
"Singapore Share Transfer Agent"	:	M&C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902.
"Substantial Shareholder"	:	A person who has an interest in the Shares, the total votes attached to which are not less than 5.0% of the total votes attached to all the voting shares of the Company.
"Term Loan"	:	The period of five (5) years from the date of Completion for LEHD to repay the Reduced Loan with interest accruing on any outstanding amount of the Reduced Loan at a fixed rate of 3.0% per annum from the date of Completion. Please refer to Section 2.5.4(b) (*Repayment of the Markwood Loan and the Term Loan*) of this Circular for more information.
"TOP"	:	Temporary occupation permits.
"Valuation Report"	:	The independent valuation report dated 5 June 2015 issued by the Valuer on the valuation of the Properties as at 31 May 2015.
"Valuer"	:	PREMAS Valuers & Property Consultants Pte Ltd, the independent valuer engaged by the Group to assess and determine the market value of the Properties.
"Vigers"	:	Vigers Group Pte. Ltd., a wholly-owned direct subsidiary of the Company.
"Vigers Loan"	:	The inter-company interest free loan extended by LEHD to Vigers, under which the aggregate sum of approximately S$182,238 remained outstanding as at the date of the Sale and Purchase Agreement being 19 June 2015.

Currencies and Units of Measurements

"%" or "per cent."	:	Per centum or percentage.
"psf"	:	Per square foot.
"S$" and "cents"	:	Singapore dollars and cents, being the lawful currency of the Republic of Singapore.
"US$"	:	United States dollars, the lawful currency of the United States of America.

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" have the respective meanings ascribed to them in Section 130A of the Companies Act. The term "**subsidiary**" has the meaning ascribed to it in Section 5 of the Companies Act. The terms "**interested person**" and "**interested person transaction**" shall have the meanings ascribed to them respectively in the Listing Manual.

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 and *vice versa*. References to persons shall, where applicable, include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, the Bermuda Companies Act, the Listing Manual or any statutory or regulatory modification thereof and used in this Circular shall, where applicable, have the same meaning assigned to it under the Act, the Bermuda Companies Act, the Listing Manual or any statutory or regulatory modification thereof, as the case may be, unless otherwise provided.

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables included in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables in this Circular may not be an arithmetic aggregation of the figures that precede them.

Unless otherwise stated, references to the shareholdings of the Company are computed based on the total number of Shares of 23,333,333 (the Company does not have any treasury shares) as at the Latest Practicable Date.

Unless otherwise stated, the exchange rate of S$1.3209: US$1.00 has been used in this Circular.

LAFE CORPORATION LIMITED

(Incorporated in Bermuda on 8 April 1999)
(Company Registration Number 26304)

Directors:

Mr Christopher Ho Wing-On (Executive Chairman)
Mr Paul Law Kwok Fai (Executive Director)
Mr Kenny Suen Wai Cheung (Executive Director)
Mr Will, Eduard William Rudolf Helmuth (Independent & Non-Executive Director and Deputy Chairman)
Mr Shum Sze Keong (Independent & Non-Executive Director)
Mr Ricky Sim Eng Huat (Independent & Non-Executive Director)

Registered Office:

Wessex House
45 Reid Street
Hamilton HM12
Bermuda

4 September 2015

To: The Shareholders of Lafe Corporation Limited

Dear Sir/Madam

THE PROPOSED DISPOSAL OF 100.0% OF THE ISSUED AND PAID UP SHARE CAPITAL OF LAFE (EMERALD HILL) DEVELOPMENT PTE. LTD. TO MADAM YU LO SI, ROSY

1. INTRODUCTION

On 22 June 2015, Lafe Corporation Limited (the "**Company**") announced that the Company had on 19 June 2015 entered into a conditional sale and purchase agreement (the "**Sale and Purchase Agreement**") with Madam Yu Lo Si, Rosy (the "**Purchaser**"), the spouse of Mr Christopher Ho Wing-On, a Director, for the sale and disposal by the Company of its legal and beneficial ownership of 1,000,000 ordinary shares in the capital of Lafe (Emerald Hill) Development Pte Ltd ("**LEHD**") (the "**Sale Shares**"), representing 100.0% of the issued and paid-up share capital of LEHD, free from all encumbrances and with all rights, benefits and entitlements attaching thereto at Completion, on the terms and subject to the conditions of the Sale and Purchase Agreement (the "**Proposed Disposal**").

As part of the Proposed Disposal, the Company and the Purchaser have agreed that the Markwood Loan (an interest-free loan of approximately S$95.87 million outstanding as at 31 July 2015) extended by Markwood Capital Limited ("**Markwood**"), a wholly-owned indirect subsidiary of the Company, to LEHD) will be dealt with in accordance with the terms and conditions of the Sale and Purchase Agreement and the Term Loan, and the Company will manage the Properties and pay the Rental Guarantee to LEHD for the Rental Term. Please refer to Sections 2.5.4 (*Repayment of the Markwood Loan and the Term Loan*) and 2.5.5 (*Management of the Properties and the Rental Guarantee*) of this Circular for more information on the Term Loan and the Rental Guarantee.

The Proposed Disposal is an interested person transaction under Chapter 9 of the Listing Manual, which requires approval of the independent Shareholders under Rule 906 of the Listing Manual. The Proposed Disposal is also a major transaction under Rule 1014 of the Listing Manual, which requires approval of the Shareholders under Chapter 10 of the Listing Manual.

The Directors are convening the SGM to be held at Concorde Hotel, 100 Orchard Road, Orchard, Singapore 238840 on Saturday, 19 September 2015 at 10.00 a.m. to seek Shareholders' approval for the Proposed Disposal, the Term Loan and the extension of the Rental Guarantee. The purpose of this Circular is to explain the reasons for, and to provide Shareholders with information pertaining to, the proposal to be tabled at the SGM.

2. THE PROPOSED DISPOSAL

2.1. Rationale for and benefits of the Proposed Disposal

The Properties comprise the main assets held by LEHD. Since the sales launch of the Properties in February 2013 (at an initial launch price of between S$2,230 psf to S$2,980 psf), the Group has not been successful in selling any of the Properties despite various marketing activities by the appointed marketing agents. The Group's attempts to sell the Properties have been made even more challenging by the several rounds of cooling measures introduced by the Singapore government which have dampened the local property market and further reduced the pool of potential purchasers. The Directors believe that foreign purchasers in particular, who traditionally make up a majority of the purchasers of high end residential developments in prime districts in Singapore, have been deterred by the Additional Buyer's Stamp Duties and other property cooling measures, and have refocused their investments to other markets outside of Singapore.

The Proposed Disposal will enable the Group to dispose of the Properties, through the sale of the Sale Shares, at the Purchaser's offer of S$111.83 million for the Properties (approximately S$1,780 psf) (the "**Agreed Valuation**"), which is higher than any of the other offers received by the Group from unrelated third parties for the Properties. The two (2) highest bids received by the Group for the Properties (other than the Purchaser's offer at the Agreed Valuation) were priced at S$98.52 million (approximately S$1,567 psf) (the "**2nd Highest Bid**") and S$97.38 million (approximately S$1,549 psf) (the "**3rd Highest Bid**" and together with the 2nd Highest Bid, the "**Bids**"), being 12.0% and 13.0% lower than the Purchaser's offer for the Properties at the Agreed Valuation respectively. The Bids were received on the same day as the offer submitted by the Purchaser, being 30 March 2015.

In addition, the bidders who submitted the Bids (the "**Bidders**" and each, a "**Bidder**") each requested a three (3) months exclusivity period, during which (i) each Bidder would undertake due diligence for 60 days; and (ii) each Bidder would concurrently negotiate and agree to the definitive terms of a sale and purchase agreement. At the time the Bids were made, time was of the essence for LEHD to meet the deadline of 8 June 2015 before the Extension Fee became due and payable to SLA. Furthermore, the Purchaser had waived her right to perform any due diligence review on LEHD. As the abovementioned process involving the Bids would not create any legal obligations on the part of either Bidder to enter into a binding contract, the Bids were not considered suitable by the Company, compared to the firm offer made by the Purchaser. Hence, the discussions with each of the Bidders did not progress to a stage where terms concerning the outright cash payment on completion and/or the provision of a rental guarantee were discussed.

Please also refer to Section 2.4 *(Valuation of the Properties*) for the valuation of the Properties by PREMAS Valuers & Property Consultants Pte Ltd (the "**Valuer**"), the independent valuer engaged by the Group to assess and determine the market value of the Properties. Section 2.5.2 (*Consideration*) for details of the Consideration, Section 2.5.4 (*Repayment of the Markwood Loan and the Term Loan*) for details of the deferred payment of part of the Markwood Loan by LEHD after Completion and Section 2.5.5 (*Management of the Properties and the Rental Guarantee*) for details of the Rental Guarantee to be provided by the Company to LEHD after Completion.

In addition, the Proposed Disposal will ensure that LEHD no longer has to pay extension charges to the SLA. Under the Qualifying Certificate rules, "foreign housing developers" (which includes all public listed developers) issued with Qualifying Certificates have to sell all the units within two (2) years of obtaining their TOP. "Foreign housing developers", which includes the Company and thus LEHD, have to pay pro rated extension charges based on unsold units over the total units in the project.

In accordance with the Qualifying Certificate rules, LEHD is liable to pay extension charges amounting to approximately S$6.90 million per annum from 8 June 2015 based on the existing number of unsold units. As the Company has paid extension charges of approximately S$1.73 million to the SLA, LEHD has been awarded a three (3) month extension period from 8 June 2015 until 7 September 2015. From 8 September 2015 onwards, LEHD will be liable to pay further

extension charges to the SLA. Accordingly, it is in the interests of the Group to proceed with Completion to prevent LEHD from having to continue to pay the extension charges to the SLA for any remaining unsold Properties. In addition, savings may be achieved on bank fees for arranging banker's guarantees and facilities in relation to the payment of such extension charges. Please refer to Section 2.5.2 (*Consideration*) of this Circular for more information.

Subsequent to the execution of the Sale and Purchase Agreement, LEHD entered into discussions with SLA for an extension of the existing extension terms without any additional fees until 30 September 2015. However, as the discussions with SLA are still ongoing, the Company will update the Shareholders accordingly prior to the SGM.

In light of the foregoing and given the current market conditions in the residential property sector in Singapore, the Directors believe that the Proposed Disposal represents a good opportunity for the Group to dispose of this investment in the Properties at a higher value than the current market value and will enable the Group to deploy the proceeds from the sale for other purposes. As such, the Directors believe the Proposed Disposal to be in the interest of the Company.

2.2. Information on the Purchaser

As at the Latest Practicable Date, the Purchaser is the spouse of Mr Christopher Ho Wing-On, a Director and one of the beneficiaries of a discretionary trust which owns approximately 54.476% of the issued and paid-up share capital of the Company.

Accordingly, the Purchaser would, for the purposes of Chapter 9 of the Listing Manual and the Proposed Disposal, be regarded as an "interested person" of the Company.

2.3. Information on LEHD

As at the Latest Practicable Date, LEHD, a company incorporated in Singapore, has an issued and fully paid-up share capital of S$1.00 million comprising 1,000,000 ordinary shares. The Company is the legal and beneficial owner of 100.0% of the issued and paid-up share capital of LEHD.

LEHD carries on the business of, *inter alia*, owning and developing property in Singapore, and is the owner of 21 units of the residential properties located at 119 Emerald Hill Road in Singapore known as the "Residences at Emerald Hill" (the "**Properties**"). The Properties comprise the main assets held by LEHD. A full list of the Properties has been set out in Appendix B to this Circular.

2.4. Valuation of the Properties

The Valuer prepared the Valuation Report on the basis that the Properties will be disposed to a single buyer which is a much quicker method as compared to selling the Properties individually which would take a considerably longer time.

Based on the Valuation Report issued by the Valuer, the market value of the Properties as at 31 May 2015 was S$102.90 million (approximately S$1,637 psf) using the basis of bulk purchase and S$105.00 million (approximately S$1,670 psf) (the "**Market Valuation with Guarantee**") using the basis of bulk purchase with rental guarantee of 3.0% gross yield computed based on S$102.90 million over a five-year period. The Valuer has confirmed that in the calculation of the Market Valuation with Guarantee of S$105.00 million, the following criteria have been taken into consideration:

(a) the bulk purchase valuation of S$102.90 million with vacant possession;

(b) the current / projected rental of the Properties over a five-year period; and

(c) the Rental Guarantee of 3.0% gross yield computed on S$111.83 million over a five-year period.

The valuation of S$105.00 million is relevant to the Proposed Disposal as it serves as a reference for justifying the valuation of the Properties of S$111.83 million agreed on between the Company and the Purchaser for the purposes of calculating the Consideration. Please refer to Section 2.5.2 (*Consideration*) of this Circular for details on the Consideration.

A copy of the Valuation Report is reproduced in Appendix C to this Circular and independent Shareholders of the Company are advised to read the information contained therein carefully.

2.5. Salient terms of the Sale and Purchase Agreement

2.5.1. Conditions Precedent

The Proposed Disposal is conditional on the following occurring or being confirmed, fulfilled or procured (as the case may be) by the Company on or before 30 September 2015 (the "**Long-Stop Date**"):

(a) the benefit under the Markwood Loan having been validly assigned by Markwood to the Company;

(b) the benefit under the Vigers Loan (an interest-free loan of approximately S$182,238 extended by LEHD to Vigers Group Pte. Ltd. ("**Vigers**"), a wholly-owned direct subsidiary of the Company) having been validly assigned by LEHD to the Company;

(c) all payments in respect of all maintenance funds, sinking funds and property tax relating to the Properties payable up to the month in which the date of Completion falls on having been duly paid;

(d) the approval of the board of directors of LEHD being obtained for the transfer of the Sale Shares to the Purchaser, the issue of new share certificates to the Purchaser, the entry of the name of the Purchaser as holder of the relevant number of Sale Shares in the register of members of LEHD, the resignation of Kenny Suen Wai Cheung, Manjit Singh Gill, Christopher Ho Wing-On, Willy Shee Ping Yah @ Shee Ping Yan and Lew Syn Pau as directors of LEHD and the appointment of all persons nominated by the Purchaser as directors of LEHD with effect from the date of Completion and the execution of all such agreements and ancillary documents as may be necessary, expedient, incidental to give effect to the Term Loan (further details on which are provided in Section 2.5.4 (*Repayment of the Markwood Loan and the Term Loan*) of this Circular);

(e) the approval of the independent Shareholders being obtained at a special general meeting of the Company to be convened for:

  (i) the execution of the Sale and Purchase Agreement and the Proposed Disposal;

  (ii) the execution of all such agreements and ancillary documents as may be necessary, expedient, incidental or in the interests of the Company to give effect to the Term Loan; and

  (iii) the extension of the Rental Guarantee, wherein the Company has undertaken to manage the Properties and make payment of a guaranteed rental sum to LEHD;

(f) the approval of the Board being obtained for the Sale and Purchase Agreement and the Proposed Transactions; and

(g) the Company having obtained all necessary licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals and waivers necessary or desirable in respect of the Proposed Transactions from the appropriate governments, courts or other regulatory bodies on terms satisfactory to the Purchaser and such licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals and waivers remaining in full force and effect.

The Proposed Disposal is conditional on the following occurring or being confirmed, fulfilled or procured (as the case may be) by the Purchaser on or before the Long-Stop Date:

(i) the payment of the Deposit by the Purchaser on the date of execution of the Sale and Purchase Agreement;

(ii) the transfer of the Sale Shares from the Company to the Purchaser not being prohibited by the Company's bankers, any statute, order, rule or regulation promulgated by any legislative, executive or regulatory body or authority in Singapore or in any other jurisdiction affecting the Purchaser; and

(iii) each of the warranties provided by the Purchaser remaining true and correct at all times from signing of the Sale and Purchase Agreement until (and including) the date of Completion.

The Proposed Disposal is conditional on the following occurring or being confirmed, fulfilled or procured (as the case may be) on or before the Long-Stop Date:

(I) the IFA giving a favourable opinion on the terms and conditions of the Sale and Purchase Agreement and the Proposed Transactions, to the reasonable satisfaction of the Company;

(II) approval from SLA and/or the LDAU (where applicable) for the Proposed Sale and the intended change in shareholder of LEHD from the Company to the Purchaser having been obtained and if the approval is granted or obtained subject to any conditions, such conditions being reasonably acceptable to the party affected, and such approval not having been revoked on or before Completion;

(III) all necessary approvals, consents and waivers of the SGX-ST required to complete the Sale and Purchase Agreement and all transactions contemplated under the Sale and Purchase Agreement. If such approvals, consents and waivers are obtained subject to any conditions and where such conditions affect any party, such conditions being acceptable to the party concerned, and if such conditions are required to be fulfilled before Completion, such conditions being fulfilled before Completion; and

(IV) all other necessary consents, approvals and waivers being granted for all transactions contemplated under the Sale and Purchase Agreement, not being withdrawn or revoked by third parties (including without limitation, government bodies, a stock exchange and other relevant authorities having jurisdiction over the transactions contemplated under the Sale and Purchase Agreement), and if such approvals, consents and waivers are obtained subject to any conditions and where such conditions affect any party, such conditions being acceptable to the party concerned, and if such conditions are required to be fulfilled before Completion, such conditions being fulfilled before Completion.

If any of the conditions above are not fulfilled by the Long-Stop Date, the party who is not in breach may terminate the Sale and Purchase Agreement and the Sale and Purchase Agreement shall from such date *ipso facto* cease and determine and none of the parties shall have any claim against the other for costs, damages, compensation or otherwise save in respect of any antecedent breach of the Sale and Purchase Agreement.

As at the Latest Practicable Date, the conditions referred to in Sections (f) and (i) above have been fulfilled.

2.5.2. Consideration

According to the Sale and Purchase Agreement, the aggregate consideration payable by the Purchaser for the Sale Shares is approximately S$6.77 million (the "**Consideration**"), subject to the following adjustments, to be made on or before the Completion Date:

(a) if the Completion Net Total Assets is less than the Estimated Net Total Assets, the Consideration shall be reduced by an amount equal to the deficit of the Completion Net Total Assets below the Estimated Net Total Assets; and

(b) if the Completion Net Total Assets exceeds the Estimated Net Total Assets, the Consideration shall be increased by an amount equal to the excess of the Completion Net Total Assets over the Estimated Net Total Assets.

The Consideration was agreed upon between the Company and the Purchaser on a "willing-buyer, willing-seller" basis and the Board took into consideration the following:

(A) the Market Valuation with Guarantee of the Properties of S$105.00 million based on the Valuation Report; and

(B) the rationale for and benefits to the Group arising from the Proposed Disposal, further details of which are provided in Section 2.1 (Rationale for and benefits of the Proposed Disposal) of this Circular.

An illustration of the computation of the Consideration, before the Net Total Assets Adjustment, is set out below for reference:

NAV of LEHD as at 31 March 2015	:	S$424,975
Add: Excess of the Purchaser's offer of S$111.83 million for the Properties over the book value of the Properties as at 31 March 2015 of S$105.48 million	:	S$6,347,307
Consideration	**:**	**S$6,772,282**

The NAV of LEHD as at 31 March 2015, used in the calculation of the Consideration is based on the Group's consolidated accounts as at 31 March 2015, and takes into account the following:

(i) the book value of the Properties as at 31 March 2015, being S$105.48 million;

(ii) the payment by LEHD to SLA of extension charges of S$2.30 million, for an extension of the period for LEHD to satisfy the conditions to sell the unsold Properties in the Qualifying Certificate issued by SLA from 9 December 2014 to 8 June 2015;

(iii) the liabilities of LEHD under the Markwood Loan as at 31 March 2015 of S$93.09 million; and

(iv) the liabilities of LEHD under the DBS Loan as at 31 March 2015 of S$25.06 million.

In order to determine the NAV of LEHD as at 31 March 2015, the Company and the Purchaser agreed to use the Group's consolidated accounts as at 31 March 2015, being the latest announced consolidated accounts of the Group prior to the date of signing of the Sale and Purchase Agreement.

Between 31 March 2015 (being the relevant date for the computation of the Estimated Net Total Assets) and 31 July 2015 (being the relevant date for the computation of the Completion Net Total Assets), LEHD has incurred:

(I) a loss of approximately S$723,218, mainly due to the payment of bank loan interest, property tax, maintenance fees and salary costs relating to the Properties;

(II) a liability to DBS Bank Ltd under a facility of approximately S$1.73 million (the "**Extension Fee**"), for the payment of the extension charges owing by LEHD to SLA, to extend the period for LEHD to satisfy the conditions to sell the unsold Properties in the Qualifying Certificate issued by SLA from 8 June 2015 to 7 September 2015; and

(III) bank fees of S$150,000 (the "**Bank Fees**") for a bank guarantee of S$2.00 million related to the extension period from 8 June 2015 to 7 September 2015 made out by DBS Bank Ltd to SLA, on behalf of LEHD.

The loss of approximately S$723,218 incurred by LEHD from 31 March 2015 to 31 July 2015, the Extension Fee and the Bank Fees have not been included in the calculation of the Consideration. For the avoidance of doubt, neither the Extension Fee nor the Bank Fees have been included in the calculation of the loss of approximately S$723,218 incurred by LEHD from 31 March 2015 to 31 July 2015.

The Company envisages that Completion will take place in September 2015, and on that basis, LEHD would have available the July Balance Sheet in order to calculate the Completion Net Total Assets, for the purposes of the Net Total Assets Adjustment. However, for the purposes of illustration only, the Consideration after the Net Total Assets Adjustment is detailed below based on an estimated Completion Net Total Assets.

The Company estimates that the Completion Net Total Assets will be a negative amount of approximately S$2.17 million. This figure was arrived at after deducting the loss of approximately S$723,218 incurred by LEHD from 31 March 2015 to 31 July 2015, the Extension Fee and the Bank Fees mentioned above, from the Estimated Net Total Assets. Other than the aforementioned, the profile of the July Balance Sheet will be similar to the March Balance Sheet.

Based on the estimated July Balance Sheet, the estimated Completion Net Total Assets of approximately S$(2.17) million is less than the Estimated Net Total Assets of S$424,975. Accordingly, it is estimated that the Consideration shall be reduced by the amount of S$2.60 million, which is the figure equivalent to the deficit of the estimated Completion Net Total Assets below the Estimated Net Total Assets. Subject to the deduction of S$2.60 million for the purposes of the Net Total Assets Adjustment, the Consideration is estimated to be approximately S$4.17 million after the Net Total Assets Adjustment.

Based on the estimated Consideration of approximately S$4.17 million after the Net Total Assets Adjustment, the sum of approximately S$1.42 million (being the amount equal to the excess of the Deposit of S$5.59 million paid by the Purchaser to the Company upon execution of the Sale and Purchase Agreement over the estimated Consideration of S$4.17 million after the Net Total Assets Adjustment) is to be refunded by the Company to the Purchaser on the date of Completion without any deduction.

2.5.3. Repayment of the DBS Loan and Extension Fee

The DBS Loan is a loan of approximately S$25.06 million (as at 31 March 2015) extended by DBS Bank Ltd to LEHD. As at 31 July 2015, approximately S$23.06 million remains outstanding under the DBS Loan. However, the total amount owing by LEHD to DBS Bank Ltd as at 31 July 2015 is approximately S$24.79 million (due to the Extension Fee paid under the DBS Bank Ltd facility).

LEHD has entered into discussions with DBS Bank Ltd for a continuation of the existing facility terms for the DBS Loan until 30 September 2015. As the discussions with DBS Bank Ltd are still ongoing, the Company will update the Shareholders accordingly prior to the SGM. If the DBS Loan is not extended for another term beyond Completion, LEHD will repay the DBS Loan and the Extension Fee in full on the date of Completion. This is in order for DBS Bank Ltd to release (i) the first charge it has on the Properties; and (ii) the corporate guarantee which has been extended by the Company in favour of DBS Bank Ltd for the benefit of LEHD under the DBS Loan.

2.5.4. Repayment of the Markwood Loan and the Term Loan

The Markwood Loan is an interest-free loan of approximately S$93.09 million (as at 31 March 2015) extended by Markwood to LEHD. As at 31 July 2015, S$95.87 million remains outstanding under the Markwood Loan.

Under the terms of the Sale and Purchase Agreement, as part of the Proposed Disposal, the Markwood Loan will be repaid by LEHD to the Company in two (2) tranches as provided below:

(a) First Tranche

The first tranche of approximately S$36.45 million is repayable within one (1) year from the date of the Sale and Purchase Agreement. This tranche of the Markwood Loan is interest-free and unsecured and follows the same loan terms as currently offered by Markwood to LEHD, for the one (1) year period.

(b) Second Tranche and Term Loan

The second tranche, amounting to approximately S$59.42 million (the "**Reduced Loan**"), is repayable under the term loan (the "**Term Loan**"). The terms of the Term Loan provide that:

(i) the Company shall grant LEHD a period of five (5) years from the date of Completion to repay the outstanding amount under the Reduced Loan;

(ii) interest on any outstanding amount of the Reduced Loan shall accrue at a fixed rate of 3.0% per annum from the date of Completion; and

(iii) the outstanding amount of the Reduced Loan under the Term Loan shall be secured by (A) a corporate guarantee provided by The Ho Family Trust Ltd in favour of the Company; and (B) a second-ranking pledge of 100.0% of the Sale Shares held by the Purchaser after Completion in favour of the Company with a covenant that LEHD will not distribute any dividends while any amount of the Reduced Loan remains outstanding.

2.5.5. Management of the Properties and the Rental Guarantee

As part of the Proposed Disposal, following Completion, and, the Company shall manage the Properties for a term of five (5) years (the "**Rental Term**") from the date of Completion with a guaranteed rental return of 3.0% per annum of the value obtained by multiplying S$1,780 (being the price psf of the Properties based on the Agreed Valuation of S$111.83 million) by the total area of the Properties, subject to the sale of any of the Properties by the Purchaser after Completion (the "**Rental Guarantee**"). The management services to be provided by the Company include the listing and leasing of vacant property units and the collection of rental income from such leased units.

In consideration of the performance by the Company of its obligations under the Rental Guarantee, LEHD has agreed that the Company shall be entitled to retain any actual rental income received by it for and on behalf of LEHD that is in excess of the Rental Guarantee. For the avoidance of doubt, LEHD will bear all the expenses for the performance by the Company of its obligations under the Rental Guarantee.

Upon expiration of the Rental Term, the management of the Properties by the Company shall be subject to further renewal on terms to be mutually agreed between the Company and LEHD. Any renewal will comply with the applicable rules in the Listing Manual and the Company will obtain Shareholders' approval if required.

2.6. Postponement of Completion under the Bulk Purchase Transaction

On 17 October 2014, LEHD granted the Purchaser options to purchase the Bulk Purchase Properties. The Purchaser exercised these options in due course and purchased the Bulk Purchase Properties. Please refer to the circular dated 19 November 2014 for further information on the Bulk Purchase Transaction.

On 26 June 2015, the Company announced that, if the Proposed Disposal is not approved by the Shareholders, completion of the Bulk Purchase Transaction will be postponed to the following revised dates:

Unit	Original Completion Date	Revised Completion Date
#07-02	27 March 2015	The later of 17 July 2015 or 30 September 2015 (the Long-Stop Date)
#09-02	26 June 2015	The later of 26 September 2015 or 30 September 2015 (the Long-Stop Date)
#10-02	25 September 2015	25 December 2015
#11-02	18 December 2015	18 March 2016

In addition, the option exercised on unit #03-02 has not been completed because of defects rectification works. The sale proceeds of unit #03-02 remain as a receivable in the accounts of LEHD. Please refer to the circular to Shareholders dated 19 November 2014 for further information on unit #03-02.

For the avoidance of doubt, the sale of the above five (5) property units to the Purchaser were entered into prior to the negotiations in relation to the Proposed Disposal and are not part of the Properties, which are the subject of the Proposed Disposal. Accordingly, the Purchaser is bound by the terms of the sale and purchase contracts for the abovementioned property units including the selling prices (which are of the selling prices of between S$1,929 psf and S$2,000 psf), higher than the agreed valuation for the Properties between the Purchaser and the Company at approximately S$1,780 psf). After the Completion, the Purchaser will deal directly with LEHD on the sale and purchase contracts of the above property units.

2.7. The Proposed Disposal being an Interested Person Transaction

2.7.1. Details of the interested persons

As stated in Section 2.2 (*Information on the Purchaser*) of this Circular, the Purchaser is regarded as an interested person of the Company for purposes of Chapter 9 of the Listing Manual. Therefore, the Proposed Disposal, being between the Company and the Purchaser, constitutes an interested person transaction under Chapter 9 of the Listing Manual.

2.7.2. Materiality thresholds under Chapter 9 of the Listing Manual

Under Chapter 9 of the Listing Manual, if the value of an interested person transaction exceeds five per cent (5.0%) of the Group's latest audited NTA, an immediate announcement must be made and shareholders' approval is required.

The aggregate total value of the estimated Consideration of approximately S$4.17 million after the Net Total Assets Adjustment and the Markwood Loan of approximately S$95.87 million (being the amount at risk to the Company) is S$100.04 million. The Groups' latest audited consolidated NTA as at 31 December 2014 is US$93.74 million (approximately S$123.82 million).

As the aggregate total value of the estimated Consideration after the Net Total Assets Adjustment and the Term Loan against the Group's latest audited consolidated NTA is approximately 80.8%, which exceeds five per cent (5.0%) of the Group's latest audited consolidated NTA, approval of the independent Shareholders for the Proposed Disposal has to be sought at the SGM.

2.7.3. Other Interested Person Transactions for the Current Financial Year

For the current financial year beginning 1 January 2015 up to the Latest Practicable Date, other than the Proposed Disposal, the interested person transactions entered into by the Group, and between the Group and the Purchaser, are as follows:

(a) the current total of all interested person transactions is approximately US$2.01 million; and

(b) the current total of all interested persons transactions between the Group and the Purchaser is US$110,000.

3. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL IN RELATION TO THE PROPOSED DISPOSAL

Under Chapter 10 of the Listing Manual, a transaction will be classified as a "major transaction" if any of the relative figures calculated on the bases set out in Rule 1006 of the Listing Manual exceeds 20.0% and if so, shareholders' approval must be obtained for the "major transaction".

The relative figures computed on the applicable bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Disposal and based on the latest announced consolidated accounts of the Group, being 30 June 2015, are set out below.

Rule 1006	Bases of Calculation	Relative Figure (%)
(a)	The NAV of the assets to be disposed of, compared with the Group's NAV	(2.3)%[(1)]
(b)	The net loss attributable to the assets to be disposed of, compared with Group's net loss	8.2%[(2)]
(c)	The aggregate value of the estimated Consideration after the Net Total Assets Adjustment and the Markwood Loan, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	337.6%[(3)]
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable as the transaction is a disposal.
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable as the Company is not a mineral, oil and gas company.

Notes:

(1) NAV of the Sale Shares as at 31 July 2015 = US$(1,645,894).

NAV of the Group as at 30 June 2015 = US$72,216,000.

(2) Net loss attributable to the Sale Shares for the seven (7) months ended 31 July 2015 = US$2.64 million. The principal business of LEHD is the sale and leasing of its available property units. The loss was mainly attributable to the Extension charges and related bank charges plus payroll expenses, property maintenance and improvement expenses, property tax and loan interest payable by LEHD to DBS Bank Ltd during the seven (7) months ended 31 July 2015.

Net loss of the Group for the six (6) months ended 30 June 2015 = US$32,353,000.

(3) The aggregate value of the estimated Consideration after the Net Total Assets Adjustment to be received by the Group adjusted to 31 July 2015 = S$4.17 million. The value of the Markwood Loan is S$95.87 million. The combined figure is S$100.04 million.

The Company's market capitalisation based on the total number of issued shares excluding treasury shares multiplied by the weighted average price of such shares transacted on the market day preceding the date of the Sale and Purchase Agreement = S$29,633,333.

As the relative figure computed on the basis set out in Rule 1006(c) exceeds 20.0%, the Proposed Disposal will be subject to the approval by Shareholders in a general meeting.

4. USE OF PROCEEDS FROM THE PROPOSED DISPOSAL

The Company expects to receive net proceeds of approximately S$3.93 million (after deducting estimated expenses of approximately S$245,000 from the Proposed Disposal).

The Company intends to utilise the net proceeds in the following manner:

Use of Proceeds	Percentage Allocation (%)
Reducing the borrowing of the Group by paying off loans	90.0
General working capital of the Group, including *inter alia*, paying operating expenses consisting of staff payroll and office costs	10.0

5. EXPECTED COMPLETION

Completion is expected to take place within seven (7) Business Days after the last of the conditions set out in Section 2.5.1 (*Conditions Precedent*) of this Circular is fulfilled or waived, as the case may be, or on such other Business Day as the Company and the Purchaser may agree in writing.

6. NET LOSS ATTRIBUTABLE TO THE SALE SHARES

Based on the latest announced consolidated accounts of the Group, for the six (6) months ended 30 June 2015, the net loss attributable to the Sale Shares is US$2.51 million.

Based on the latest announced consolidated accounts of the Group, as at 30 June 2015, the NAV of the Sale Shares is US$(1.51) million. The disposal of the Sale Shares to the Purchaser will result in a gain on disposal of approximately US$4.62 million (approximately S$6.10 million), taking into account the NAV of LEHD as at 31 July 2015.

7. FINANCIAL EFFECTS

The financial effects of the Proposed Disposal on the Group set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after Completion. The *pro forma* financial effects have been prepared based on the audited consolidated financial statements of the Group for FY2014, being the most recently completed financial year.

7.1. NTA per Share

Had the Proposed Disposal been effected on 31 December 2014, the Proposed Disposal would have had the following financial effects on the Group's NTA per Share as at 31 December 2014:

For FY2014	Before Proposed Disposal	After Proposed Disposal
NTA (US$'000)	93,738	98,358
Number of Shares	23,333,333	23,333,333
NTA per Share (US$)	4.017	4.215

7.2. EPS

Had the Proposed Disposal been effected on 1 January 2014, the Proposed Disposal would have had the following financial effects on the Group's EPS for FY2014:

For FY2014	Before Proposed Disposal	After Proposed Disposal
Group loss after tax (US$'000)	51,674	47,054
Weighted average number of Shares	23,333,333	23,333,333
Loss per Share (US$)	2.215	2.017

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

8.1. Interests in the Company

The interests of the Directors and Substantial Shareholders of the Company as at the Latest Practicable Date are as follows:

	Direct Interests		Deemed Interests	
	No. of Shares	%(1)	No. of Shares	%(1)
Directors				
Christopher Ho Wing-On(2)	–	–	12,710,959	54.476
Paul Law Kwok Fai	–	–	–	–
Kenny Suen Wai Cheung	–	–	–	–
Shum Sze Keong	–	–	–	–
Will, Eduard William Rudolf Helmuth	–	–	–	–
Ricky Sim Eng Huat	–	–	–	–
Substantial Shareholders (excluding Directors)				
Clarendon Investments Capital Ltd	12,704,680	54.45	–	–
Brasilia Capital Limited(3)	–	–	12,704,680	54.45
The Ho Family Trust Ltd(4)	–	–	12,704,680	54.45
Accolade (PTC) Inc(5)	–	–	12,704,680	54.45
CTI Limited	1,610,874	6.90		

Notes:

(1) Based on the total number of issued Shares of 23,333,333 (the Company does not have any treasury shares) as at the Latest Practicable Date.

(2) Mr Christopher Ho Wing-On is deemed to have interests in 12,710,959 Shares as he is one of the beneficiaries of the discretionary trust (The Ho Family Trust) , which owns (i) the entire issued share capital of Clarendon Investments Capital Ltd (through Brasilia Capital Limited), which in turn directly owns 12,704,680 Shares, and (ii) the entire issued share capital of Barrican Investments Corporation, which owns 71.38% of The Grande Holdings Limited (In Liquidation), which in turn indirectly owns 6,279 Shares.

(3) Brasilia Capital Limited is deemed interested in 12,704,680 Shares, as it is the immediate holding company of Clarendon Investments Capital Ltd.

(4) The Ho Family Trust Ltd is deemed interested in 12,704,680 Shares, as it is the immediate shareholder of Brasilia Capital Limited.

(5) Accolade (PTC) Inc is deemed interested in 12,704,680 Shares, as it is the immediate shareholder of The Ho Family Trust Ltd and is the trustee of the discretionary trust.

8.2. Service Agreements

No new directors are proposed to be appointed to the Board in connection with the Proposed Disposal. As such, no service agreements will be entered into with any new director of the Company in connection with the Proposed Transactions.

9. OPINION OF THE IFA

Provenance Capital Pte. Ltd. has been appointed as the IFA to render an opinion on whether the Proposed Disposal (including the restructured Markwood Loan, and the Rental Guarantee which are integral parts of the Proposed Disposal), as an interested person transaction, is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

The IFA's opinion, as set out in Paragraph 7 of the IFA Letter is extracted and reproduced in italics as below:

"Overall, having considered the above and the information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Disposal (including the restructured Markwood Loan, and the management and rental guarantee which are integral parts of the terms of the Proposed Disposal) as an Interested Person Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and the Minority Shareholders."

The IFA Letter dated 4 September 2015 is appended as Appendix A to this Circular. Shareholders are advised to read the IFA Letter carefully.

10. ABSTENTION FROM VOTING

Rule 919 of the Listing Manual prohibits interested persons and their associates from voting on the resolution to obtain shareholder approval for the interested person transaction.

The Company's Executive Chairman, Mr Christopher Ho Wing-On, who is one of the beneficiaries of a discretionary trust which owns approximately 54.476% of the issued and paid-up share capital of the Company, will abstain and will procure that all his associates abstain from voting at the SGM and will not accept appointments as proxies unless specific instructions as to voting are given.

11. STATEMENT OF THE AUDIT COMMITTEE

The Audit Committee has considered, *inter alia*, the terms, rationale and benefits of the Proposed Disposal and the IFA Letter and is of the view that the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

12. SPECIAL GENERAL MEETING

The SGM, notice of which is set out on pages N-1 to N-2 of this Circular, will be held at Concorde Hotel, 100 Orchard Road, Orchard, Singapore 238840 on Saturday, 19 September 2015 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the Ordinary Resolution set out in the Notice of SGM.

13. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the SGM and wish to appoint a proxy to attend and vote at the SGM on their behalf will find attached to this Circular a proxy form ("**Member Proxy Form**") which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the office of the Singapore Share Transfer Agent at 112 Robinson Road #05-01, Singapore 068902, not less than 48 hours before the time fixed for the SGM. Completion and return of a Member Proxy Form by a Shareholder will not prevent him from attending and voting in person at the SGM if he so wishes.

A Depositor shall not be regarded as a member of the Company entitled to attend the SGM and to speak and vote thereat. Depositors who wish to attend and vote at the SGM and whose names are shown in the records of CDP not less than 48 hours prior to the commencement of the SGM may attend as the CDP's proxies. Depositors who are individuals and who wish to attend the SGM in person need not take any further action and can attend and vote at the SGM without the lodgement of any proxy form. Depositors who are individuals and are unable to attend the SGM personally and who wish to appoint their nominee(s) to attend, and Depositors who are not individuals, must complete, sign and return the enclosed proxy form (the "**Depositor Proxy Form**") in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Singapore Share Transfer Agent at 112 Robinson Road #05-01, Singapore 068902, not less than 48 hours before the time fixed for the SGM. The completion and return of a Depositor Proxy Form by an individual Depositor does not preclude him from attending and voting in person at the SGM if he so wishes, in place of his nominee or nominees.

14. CONSENTS

Provenance Capital Pte. Ltd. has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter reproduced in Appendix A to this Circular and all references thereto, in the form and context in which they appear in this Circular.

PREMAS Valuers & Property Consultants Pte Ltd. has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the Valuation Report reproduced in Appendix C to this Circular and all references thereto, in the form and context in which they appear in this Circular.

15. DIRECTORS' RECOMMENDATIONS

After having considered, *inter alia*, the terms, rationale for and benefits of the Proposed Transactions, the IFA Letter and the statement of the Audit Committee, the Directors (except for the Company's Executive Chairman, Mr Christopher Ho Wing-On, who will abstain from making any recommendation in respect of the Proposed Transactions) are of the opinion that the Proposed Transactions are in the interests of the Company and is not prejudicial to the interests of minority Shareholders. Accordingly, they recommend that Shareholders vote in favour of the Ordinary Resolution as set out in the Notice of SGM.

16. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

17. INSPECTION OF DOCUMENTS

The following documents may be inspected at 57 Cantonment Road, Singapore 089755 during business hours from the date of this Circular up to and including the date of the SGM. Please call 64300680 to state the time you would like to inspect:

(a) the Memorandum of Association and Bye-laws of the Company;

(b) the Annual Report of the Company for FY2014; and

(c) the Sale and Purchase Agreement.

Yours faithfully

Eduard William Rudolf Helmuth Will
Deputy Chairman
LAFE CORPORATION LIMITED

PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)
96 Robinson Road #13-01 SIF Building
Singapore 068899

4 September 2015

To: The Independent Directors of Lafe Corporation Limited
(deemed to be independent in respect of the Proposed Disposal)

Mr Paul Law Kwok Fai	(Executive Director)
Mr Kenny Suen Wai Cheung	(Executive Director)
Mr Will, Eduard William Rudolf Helmuth	(Independent & Non-Executive Director and Deputy Chairman)
Mr Shum Sze Keong	(Independent & Non-Executive Director)
Mr Ricky Sim Eng Huat	(Independent & Non-Executive Director)

Dear Sirs,

THE PROPOSED DISPOSAL OF 100% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF LAFE (EMERALD HILL) DEVELOPMENT PTE. LTD. ("LEHD") TO MADAM YU LO SI, ROSY ("PURCHASER")

*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to the shareholders of the Company ("**Shareholders**") dated 4 September 2015 ("**Circular**"). For purpose of our IFA Letter, where applicable, we have used the foreign exchange rate of US$1.00 : S$1.3356 on 22 June 2015, being the Announcement Date. The above foreign exchange rate is extracted from published information by Bloomberg L.P. and is provided solely for information only.*

1. INTRODUCTION

1.1 On 22 June 2015 ("**Announcement Date**"), the Board of Directors ("**Board**") of Lafe Corporation Limited ("**Company**", together with its subsidiaries, "**Group**") announced that the Company had on 19 June 2015, entered into a conditional sale and purchase agreement ("**SPA**") with the Purchaser, for the sale of the Company's entire shareholding interest in LEHD ("**Proposed Disposal**"). The Purchaser is the spouse of Mr Christopher Ho Wing-On ("**Mr Ho**"), the Executive Chairman and Director of the Company. The Proposed Disposal constitutes an interested person transaction ("**Interested Person Transaction**") under Chapter 9 of the Listing Manual as the Purchaser is deemed as an interested person ("**Interested Person**").

1.2 LEHD is a Singapore incorporated company with an issued and paid-up share capital of S$1.0 million comprising 1.0 million ordinary shares ("**Sale Shares**"). LEHD is a wholly-owned subsidiary of the Company. LEHD, *inter alia*, owns and developed the residential property project located at 119 Emerald Hill Road in Singapore known as the "Residences at Emerald Hill". As at the Announcement Date, LEHD owns the remaining 21 units, comprising 15 apartments, two (2) penthouses and four (4) strata terrace houses within the "Residences at Emerald Hill" ("**Properties**"). These Properties comprise the main assets held by LEHD.

1.3 We understand from the Company that the consideration for the Sale Shares ("**Consideration**") is to be based on the net tangible assets ("**NTA**") of LEHD at Completion and after taking into consideration the agreed valuation of the Properties at S$111.83 million as agreed between the Company and the Purchaser ("**Agreed Valuation**"). Based on the NTA of LEHD of S$0.43 million as at 31 March 2015 and taking into consideration the revaluation surplus arising from the above agreed valuation of the Properties, the Consideration was estimated to be S$6.77 million.

As at 31 March 2015, LEHD has two significant loans: (a) an outstanding bank loan owing to DBS Bank of approximately S$25.06 million ("**DBS Loan**"); and (b) an outstanding amount

owing to Markwood Capital Limited ("**Markwood**") of approximately S$93.09 million ("**Markwood Loan**"). Markwood, a company incorporated in the British Virgin Islands, is an indirect wholly-owned subsidiary of the Company. Pursuant to the SPA and our understanding from the Company, as part the terms of the Proposed Disposal, the DBS Loan will need to be fully settled on completion of the Proposed Disposal ("**Completion**") and the Markwood Loan will be assigned to the Company and to be repaid according to an agreed schedule of up to five years. After the Proposed Disposal, the Markwood Loan will be deemed as an amount owing from an Interested Person to the Company.

1.4 As an update following the announcement of the Proposed Disposal, the Company had estimated the NTA of LEHD as at 31 July 2015 to be a negative amount of S$2.17 million, that is, a net tangible liability position. Taking into consideration the revaluation surplus arising from the Agreed Valuation amounting to S$6.35 million, the Consideration is estimated to be S$4.17 million. As at 31 July 2015, the outstanding DBS Loan and the Markwood Loan were S$24.79 million and S$95.87 million respectively.

1.5 Pursuant to the terms of the Proposed Disposal, the Markwood Loan is to be repaid mainly in two tranches after the Completion: (i) such amount to reduce the Markwood Loan to S$59.42 million within one year from the date of the SPA. This tranche of the Markwood Loan is interest-free and unsecured; and (ii) S$59.42 million within five years from the date of Completion. This tranche of the Markwood Loan bears interest at 3.0% per annum and is secured by a corporate guarantee given by The Ho Family Trust Limited in favour of the Company and a second ranking charge on the Sale Shares.

In addition, pursuant to the terms of the Proposed Disposal, after the Completion, the Company is to manage the Properties and to provide rental guarantee to LEHD based on the rate of 3.0% per annum of the Agreed Valuation of the Properties for a period of five years.

The above restructured Markwood Loan and the management and rental guarantee from the Company to LEHD are also deemed as Interested Person Transactions.

1.6 The Purchaser has no direct shareholding interest in the Company. The Purchaser is the spouse of Mr Ho, a Director of the Company. Mr Ho is also deemed to have an interest in the shares of the Company as he is one of the beneficiaries of a discretionary trust which owns the entire issued capital of Clarendon Investments Capital Ltd ("**Clarendon**") that owns directly 12,704,681 shares of the Company ("**Shares**"), representing 54.45% of the issued shares of the Company as at the Latest Practicable Date. The Purchaser, who is an associate of Mr Ho, is deemed an Interested Person pursuant to Rule 904(4) of the Listing Manual and the Proposed Disposal constitutes an Interested Person Transaction under Chapter 9 of the Listing Manual.

1.7 In accordance with Chapter 9 of the Listing Manual, Shareholders' approval must be obtained for any Interested Person Transaction of a value equal to or more than 5.0% of the Group's latest audited NTA or when aggregated with other Interested Person Transactions with the same Interested Person during the same financial period, the value is equal to or more than 5.0% of the Group's latest audited NTA. In obtaining such approval, pursuant to Rule 919 of the Listing Manual, the Interested Person and its associates are required to abstain from voting on the resolution approving the Interested Person Transaction.

1.8 Based on the Group's latest audited accounts for the financial year ended 31 December 2014 ("**FY2014**"), the Group's audited NTA amounted to US$93.74 million (S$125.20 million). Based on the updated information as at 31 July 2015, the aggregate value of the estimated Consideration of S$4.17 million represents 3.3% of the Group's audited NTA for FY2014 and the Markwood Loan of S$95.87 million represents 76.6% of the Group's audited NTA for FY2014. As the above transactions are with the same Interested Person, the values of the above transactions are aggregated and such total amount of S$100.04 million represents 79.9% of the Group's latest audited NTA.

Pursuant to Rule 906 of the Listing Manual, the Proposed Disposal is therefore subject to the approval of the shareholders of the Company ("**Shareholders**") who are deemed to be

independent in respect of the Proposed Disposal ("**Minority Shareholders**") at a special general meeting ("**SGM**") to be convened.

Associates of the Purchaser, including Clarendon, will abstain from voting on the Proposed Disposal at the SGM in respect of their entire shareholdings in the Company.

1.9 Shareholders should note that the restructured Markwood Loan, and the management and rental guarantee are integral parts of the terms of the Proposed Disposal. Accordingly, approval for the Proposed Disposal by the Minority Shareholders at the SGM would also mean approval of the terms of the restructured Markwood Loan, and the management and rental guarantee as Interested Person Transactions.

1.10 In compliance with the requirements of Chapter 9 of the Listing Manual, Provenance Capital Pte. Ltd. ("**Provenance Capital**") has been appointed as the independent financial adviser ("**IFA**") to render an opinion on whether the Proposed Disposal, as an Interested Person Transaction, is on normal commercial terms and is not prejudicial to the interests of the Company and its Minority Shareholders.

1.11 As stated above, Mr Ho is an associate of the Purchaser and as such is also deemed as an Interested Person. Save for Mr Ho who will abstain from making any recommendation on the Proposed Disposal as a Director of the Company, the remaining Directors, namely, Mr Paul Law Kwok Fai, Mr Kenny Suen Wai Cheung, Mr Will, Eduard William Rudolf Helmuth, Mr Shum Sze Keong, and Mr Ricky Sim Eng Huat are all deemed to be independent for the purpose of the Proposed Disposal ("**Independent Directors**").

1.12 This letter ("**Letter**") is addressed to the Independent Directors and sets out, *inter alia*, our evaluation and opinion on the Proposed Disposal as an Interested Person Transaction. This Letter forms part of the Circular to Shareholders which provides*, inter alia*, the details of the Proposed Disposal and the recommendation of the Independent Directors thereon.

2. TERMS OF REFERENCE

We have been appointed as the IFA to advise the Independent Directors in respect of the Proposed Disposal as an Interested Person Transaction. We are not and were not involved or responsible, in any aspect, of the negotiations in relation to the Proposed Disposal nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Proposed Disposal, and we do not, by this Letter, warrant the merits of the Proposed Disposal other than to express an opinion on whether the Proposed Disposal as an Interested Person Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its Minority Shareholders.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the Proposed Disposal or to compare their relative merits *vis-à-vis* alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the sole responsibility of the Directors and/or the management of the Company ("**Management**") although we may draw upon the views of the Directors and/or the Management or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

In the course of our evaluation, we have held discussions with the Directors and Management and/or their professional advisers and have examined and relied on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors, the Management and the professional advisers of the Company, including information contained in the Circular. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept

any responsibility for the accuracy, completeness or adequacy of such information or representations.

The Directors (including those who may have delegated detailed supervision of the Circular) have confirmed that, having made all reasonable enquiries, to the best of their respective knowledge and belief, information and representations as provided by the Directors and Management are accurate and have confirmed to us that, upon making all reasonable enquiries and to their best knowledge and beliefs, all material information available to them in connection with the Proposed Disposal, the Company and/or the Group have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Proposed Disposal, the Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular in relation to the Proposed Disposal have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information but nevertheless have made such reasonable enquiries and judgment as were deemed necessary and have found no reason to doubt the accuracy or reliability of the information and representations.

Save as disclosed, we would like to highlight that all information relating to the Proposed Disposal, the Company and the Group that we have relied upon in arriving at our recommendation or advice has been obtained from publicly available information and/or from the Directors and the Management. We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Company and/or the Group at any time or as at 3 September 2015, being the Latest Practicable Date as referred to in the Circular.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the Company and/or the Group, or to express, and we do not express, a view on the future growth prospects, value and earnings potential of the Company and/or the Group after the Proposed Disposal. Such review or comment, if any, remains the responsibility of the Directors and the Management, although we may draw upon their views or make such comments in respect thereof (to the extent required by the Listing Manual and/or deemed necessary or appropriate by us) in arriving at our advice as set out in this Letter. We have not obtained from the Company and/or the Group any projection of the future performance including financial performance of the Company and/or the Group and further, we did not conduct discussions with the Directors and the Management on, and did not have access to, any business plan and financial projections of the Company and/or the Group. In addition, we are not expressing any view herein as to the prices at which the Shares may trade or the future value, financial performance or condition of the Company and/or the Group, upon or after the Proposed Disposal or if the Proposed Disposal is not effected.

We have not made an independent evaluation or appraisal of the assets and liabilities of LEHD, (including without limitation, property, plant and equipment). We have, however, been furnished with a valuation report on the Properties dated 5 June 2015 ("**Valuation Report**") prepared by PREMAS Valuers & Property Consultants Pte Ltd ("**PREMAS**" or "**Valuer**"), being the independent valuer appointed by the Company, on which we have placed sole reliance on for such valuation. The Valuer had carried out an independent valuation of the Properties as at 31 May 2015 ("**Valuation Date**") for the purpose of the Proposed Disposal. A copy of the Valuation Report is set out in Appendix C to the Circular.

Our view as set out in this Letter is based upon the market, economic, industry, monetary and other conditions (if applicable) prevailing as of the Latest Practicable Date and the information provided and representations provided to us as of the Latest Practicable Date. In arriving at our view, with the consent of the Directors or the Company, we have taken into account certain

other factors and have been required to make certain assumptions as set out in this Letter. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should further take note of any announcements relevant to the Proposed Disposal which may be released by the Company after the Latest Practicable Date.

In rendering our advice and giving our recommendations, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Minority Shareholder or any specific group of the Minority Shareholders. As each Minority Shareholder would have different investment objectives and profiles, we recommend that any individual Minority Shareholder or group of Minority Shareholders who may require specific advice in relation to his or their investment portfolio(s) or objective(s) consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this Letter). We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, whether express or implied, on the contents of the Circular (other than this Letter).

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any purposes other than for the purposes of the Shareholders' resolution in relation to the Proposed Disposal as an Interested Person Transaction at any time and in any manner without the prior written consent of Provenance Capital in each specific case.

We have prepared this Letter for the use of the Independent Directors in connection with their consideration of the Proposed Disposal as an Interested Person Transaction and their advice to the Minority Shareholders arising thereof. The recommendations made to the Minority Shareholders in relation to the Proposed Disposal as an Interested Person Transaction remain the sole responsibility of the Independent Directors.

Our opinion in relation to the Proposed Disposal should be considered in the context of the entirety of this Letter and the Circular.

3. INFORMATION ON THE GROUP

The Company was incorporated on 8 April 1999 as an exempted company with limited liability in Bermuda and is currently listed on the Mainboard of the SGX-ST. The Company is an investment holding company. The Group is engaged in property investment, property development, property agency and consultancy activities. It primarily develops townhouses and apartments and provides property management, property appraisal, architectural consultancy, building consultancy, corporate administration and security guard services. It has operations in Singapore, Hong Kong and the People's Republic of China.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital comprising 23.33 million Shares. Based on the last transacted Share price of S$1.15 and the outstanding Shares as at the Latest Practicable Date, the market capitalisation of the Company is approximately S$26.83 million.

The Group had reported losses of US$16.75 million and US$51.67 million for the last two financial years ended 31 December 2013 and 2014 respectively.

As at 31 December 2014, the Group's audited NTA is approximately US$93.7 million, of which the largest asset is the investment property of US$79.9 million (S$105.5 million) relating to the remaining unsold units at the Residences at Emerald Hill which have been defined in this Letter as the Properties. These Properties pertain to the remaining 21 unsold units comprising 15 apartments, two (2) penthouses and four (4) strata terrace houses. The investment property of

S$105.5 million reflects the fair value of the Properties valued by PREMAS determined on an *en-bloc* market value basis as at 31 December 2014. These Properties are held by LEHD, a wholly-owned subsidiary of the Company. The Properties have been pledged against loan facilities made available by a financial institution as collateral for bank loans.

According to the Company, since the launch of the Residences at Emerald Hill in February 2013, the Properties remain unsold despite various marketing activities by the appointed marketing agents. The Group's attempts to sell the Properties have been made even more challenging by the cooling measures introduced by the Singapore Government.

Under the qualifying certificate ("**Qualifying Certificate**" or "**QC**") rules, the Properties will have to be sold by June 2013, after which LEHD will have to pay extension charges on the unsold units at the rate of 8.0%, 16.0% and 24.0% per annum for the first, second and third and subsequent years of extension respectively. On 2 June 2015, LEHD obtained the in-principle consent from the Controller of Residential Property, Singapore Land Authority ("**SLA**"), for an extension of time of up to three months from 8 June 2015 until 7 September 2015. For such extension of time, LEHD had to pay an extension charge of S$1.73 million based on one quarter of the rate of 24.0% per annum.

In view of the above, the Company believes that the Proposed Disposal represents a good opportunity for the Group to dispose of the Properties, by way of the disposal of the Sale Shares, and to deploy the proceeds from the Proposed Disposal for other purposes.

As the Purchaser is the spouse of Mr Ho, the Executive Chairman of the Company, who is also deemed to have interests in 54.45% of the Company, the Proposed Disposal constitutes an Interested Person Transaction, which is subject to Shareholders' approval at the SGM.

4. INFORMATION ON LEHD AND THE PROPERTIES

LEHD is a Singapore incorporated company with an issued and fully paid-up share capital of S$1.0 million comprising 1.0 million Sale Shares. The Company is the legal and beneficial owner of 100.0% of the issued and paid-up share capital of LEHD.

LEHD, *inter alia*, owns and developed the freehold residential property project located at 119 Emerald Hill Road in Singapore known as the "Residences at Emerald Hill". As at the Announcement Date, LEHD had sold 12 out of the 33 units, with the remaining 21 units, being the Properties, proposed to be sold *en-bloc* to the Purchaser by way of the sale of the Sale Shares. The Properties constitute the main assets held by LEHD.

4.1 Properties

The details of the Properties are as follows:

	Address	Type	Strata Area (square metres)
1.	119 Emerald Hill Road, #03-01, Singapore 229401	Apartment	172
2.	119 Emerald Hill Road, #03-03, Singapore 229401	Apartment	204
3.	119 Emerald Hill Road, #04-01, Singapore 229401	Apartment	172
4.	119 Emerald Hill Road, #04-03, Singapore 229401	Apartment	204
5.	119 Emerald Hill Road, #05-01, Singapore 229401	Apartment	172
6.	119 Emerald Hill Road, #05-03, Singapore 229401	Apartment	212
7.	119 Emerald Hill Road, #06-01, Singapore 229401	Apartment	172
8.	119 Emerald Hill Road, #06-03, Singapore 229401	Apartment	212

	Address	Type	Strata Area (square metres)
9.	119 Emerald Hill Road, #07-01, Singapore 229401	Apartment	172
10.	119 Emerald Hill Road, #08-01, Singapore 229401	Apartment	172
11.	119 Emerald Hill Road, #09-01, Singapore 229401	Apartment	172
12.	119 Emerald Hill Road, #10-01, Singapore 229401	Apartment	172
13.	119 Emerald Hill Road, #10-03, Singapore 229401	Apartment	212
14.	119 Emerald Hill Road, #11-01, Singapore 229401	Apartment	172
15.	119 Emerald Hill Road, #11-03, Singapore 229401	Apartment	212
16.	119 Emerald Hill Road, #12-01, Singapore 229401	Penthouse	536
17.	119 Emerald Hill Road, #12-02, Singapore 229401	Penthouse	348
18.	119A Emerald Hill Road, Singapore 229402	3 storey strata terrace house	538
19.	119B Emerald Hill Road, Singapore 229433	3 storey strata terrace house	538
20.	119C Emerald Hill Road, Singapore 229434	3 storey strata terrace house	538
21.	119D Emerald Hill Road, Singapore 229435	3 storey strata terrace house	538
		Total	**5,840**
		Equivalent to:	*62,862 square feet*

4.2 Independent Market Valuation of the Properties

In connection with the Proposed Disposal, the Company had engaged PREMAS as the Valuer to advise on the Market Value of the Properties as at the Valuation Date.

The term "Market Value" as used in the context of the valuation is defined as *"the estimated amount for which a property should exchange on the date of valuation, between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".*

The Valuer had noted restrictions on the Properties in relation to the deadline on which the Properties have to be sold, and the current extension charge and 3-month extended deadline until 7 September 2015 by the SLA. The Valuer's valuation of the Properties and its Valuation Report have been prepared based on the market conditions as at the Valuation Date and the stated restrictions.

A copy of the Valuation Report is set out in Appendix C to the Circular.

Basis of Valuation

As set out in the Valuation Report, PREMAS had prepared the valuation on the basis where *"the Properties are disposed to a single buyer, which is a much quicker method as compared to selling these units individually which will take a considerably longer time before all units are disposed off and this is especially so for the rented units"*.

In addition, the bases of valuation are as follows:

(a) As-is basis (bulk purchase); and

(b) As-is basis (bulk purchase) and taking into account the rental guarantee supported by the vendor which is based on 3.0% per annum on the Agreed Valuation of the Properties of S$111.83 million over a 5-year period from the date of purchase.

Method of Valuation

In arriving at the opinion of the Market Value of the Properties, PREMAS had considered the general and economic factors, and have adopted the (i) Income Capitalisation Approach or Investment Method; and the (ii) Direct Comparison Method.

For the Income Capitalisation Approach or Investment Method, PREMAS had examined the net operating income for the first year based on the market rentals that can be fetched for the units at the "Residences at Emerald Hill". Outgoings are then deducted from the property's gross annual rental to arrive at the net annual operating income which is then capitalised at an appropriate capitalisation rate to derive the Market Value of the Properties.

For the Direct Comparison Method, sales transactions of comparable properties have been taken into consideration and adjustments made where necessary to reflect any differences in factors such as location, tenure, type of development, age, size, floor level, design, layout, orientation, standard and quality of finishes, condition and prevailing market sentiments amongst others to derive the Market Value of the Properties.

Market Value of the Properties

Accordingly, the Valuer had arrived at the following Market Value for the Properties:

(a)	As-is basis (bulk purchase)	:	S$102.9 million
(b)	As-is basis (bulk purchase with rental guarantee based on 3% per annum of S$111.83 million over a 5-year period)	:	S$105.0 million

Based on the above valuation, on an average per square foot ("**psf**") basis, the valuation of the Properties would be as follows:

(a)	As-is basis (bulk purchase)	:	S$1,637 psf
(b)	As-is basis (bulk purchase with rental guarantee based on 3% per annum of S$111.83 million over a 5-year period)	:	S$1,670 psf

4.3 Balance Sheet of LEHD

For the purpose of the SPA, the Company had provided the unaudited balance sheet of LEHD as at 31 March 2015 ("**March Balance Sheet**") to estimate the Consideration for the Sale Shares. The final Consideration is to be determined after taking into consideration the NTA at Completion ("**Completion NTA**") which is determined in the SPA as the NTA as at 31 July 2015 ("**July Balance Sheet**").

The main items in the unaudited balance sheet of LEHD as at the March Balance Sheet are as follows:

	As at 31 March 2015 (S$ '000)
Assets	
Investment property	105,482
Accounts receivables	15,583
Other assets	452
Total assets	**121,518** (1)
Liabilities	
Markwood Loan	93,091
DBS Loan	25,062
Other liabilities	2,940
Total liabilities	**121,093**
Equity	**425**

Note:

(1) Does not add up due to rounding.

Assets

The investment property refers to the Properties which is the main asset of LEHD, representing 86.8% of LEHD's total assets as at 31 March 2015. The Properties are recorded at fair value based on the valuation by PREMAS on an *en-bloc* market value basis as at 31 December 2014.

Accounts receivables – An amount of S$12.55 million which refers to the four options dated 17 October 2014 relating to the sale of the property units at the Residences at Emerald Hill, #07-02, #09-02, #10-01 and #11-02, granted by LEHD to the Purchaser and exercised by the Purchaser on 5 December 2014. Completion of the sale of the above units were to take place on various dates in 2015. Pursuant to the announcement by the Company on 26 June 2015, which is separate from the announcement on the Proposed Disposal on the same day, the Board (excluding Mr Ho who is an Interested Person for the sale of these four property units) had decided that the completion dates for these four property units be postponed pending the outcome of the SGM for the Proposed Disposal.

In the event that the Proposed Disposal is not approved, completion of these four property units will be postponed to the following revised dates:

Unit	Current completion date	Revised completion date
#07-02	27 March 2015	The later of 17 July 2015 or 30 September 2015 (the Long-Stop Date)
#09-02	26 June 2015	The later of 26 September 2015 or 30 September 2015 (the Long-Stop Date)
#10-02	25 September 2015	25 December 2015
#11-02	18 December 2015	18 March 2016

Accounts receivables – In addition, an amount of S$3.03 million refers to the option dated 4 June 2014 relating to the sale of the property unit at Residences at Emerald Hill #03-02 granted by LEHD to the Purchaser. The completion of the sale of #03-02 has been delayed subject to defects rectification work by LEHD.

For the avoidance of doubt, the sale of the above five property units to the Purchaser were entered into prior to the negotiations on the Proposed Disposal and are not part of the Properties, which are the subject of the Proposed Disposal. Accordingly, the Purchaser is bound by the terms of the sale and purchase contracts for these property units including the selling prices, which we understand from the Company are sold at higher selling prices (of between S$1,929 psf and S$2,000 psf) as compared to the Agreed Valuation for the Properties (at an average of S$1,779 psf). After the Completion, the Purchaser will deal directly with LEHD on the sale and purchase contracts of the above property units.

Liabilities

The main liabilities of LEHD are the DBS Loan and the Markwood Loan.

The DBS Loan currently bears interest at 2.6% per annum and is secured by the investment property of LEHD and the corporate guarantee from the Company. The DBS Loan was used to fund the development of the Residences at Emerald Hill and the extension charges to SLA. We understand from the Company that as part of the terms of the SPA, the DBS Loan will be fully settled on Completion.

The Markwood Loan is an inter-company loan from Markwood, an indirect wholly-owned subsidiary of the Group, to LEHD. The Markwood Loan is an interest free, unsecured inter-company loan from the Group to LEHD to fund the purchase of the land and the development of the Residences at Emerald Hill. Pursuant to the SPA, the Markwood Loan will be assigned to the Company at Completion and is to be repaid to the Company in full according to an agreed schedule of up to five years. Following the Proposed Disposal, the Markwood Loan will be deemed as an amount owing from an Interested Person to the Company.

As at 31 March 2015, LEHD also has other inter-company amounts owing to and from the Group. Such amounts are intended to be netted off against the Markwood Loan. We note that the net off has no significant impact on the Markwood Loan.

Based on the March Balance Sheet, the NTA of LEHD as at 31 March 2015 was S$0.43 million.

4.4 Agreed Valuation for the Properties

Pursuant to the terms of the Proposed Disposal, the Company and the Purchaser had agreed on the Agreed Valuation for the Properties at S$111.83 million for the purpose of the Proposed Disposal. The above Agreed Valuation for the Properties is higher than the independent market valuation of the Properties (on bulk purchase without rental guarantee) of S$102.9 million as shown in paragraph 4.2 of this Letter as the parties to the SPA had also agreed on a rental guarantee from the Company to LEHD over a period of five years from Completion based on 3.0% per annum of the Agreed Valuation. Please see further details in paragraph 5.2(e) of this Letter.

Based on the surplus of S$6.35 million of the Agreed Valuation of the Properties above the recorded amount of the Properties as reflected in the March Balance Sheet (S$111.83 million minus S$105.48 million), the estimated NTA of LEHD is S$6.77 million. The Consideration for the Sale Shares was therefore estimated to be S$6.77 million as derived from the March Balance Sheet ("**Estimated NTA**") for the purpose of the announcement of the Proposed Disposal.

The Company envisages that at Completion, if Completion takes place in September 2015, LEHD would have available its unaudited balance sheet as at 31 July 2015, that is, the July Balance Sheet ("**Completion NTA**"). The final Consideration for the Sale Shares would take

into account the July Balance Sheet and adjustments would have to be made based on the difference between the Estimated NTA and the Completion NTA ("**NTA Adjustment**").

5. THE PROPOSED DISPOSAL

5.1 Overview

Details of the Proposed Disposal and the salient terms of the SPA are set out in Section 2 of the Circular. In connection with the Proposed Disposal, besides the SPA, the Company also entered into the following legal documents:

- "*Term Loan Agreement*" dated 19 June 2015 and entered into between LEHD and the Company;
- "*Corporate Guarantee*" dated 19 June 2015 and entered into between The Ho Family Trust Limited (as the Guarantor) and the Company (as the Lender);
- "*Shares Pledge Agreement*" dated 19 June 2015 and entered into between the Purchaser (as Chargor) in favour of the Company (as Chargee); and
- "*Management and Rental Guarantee Agreement*" dated 19 June 2015 and entered into between the Company (as Manager) and LEHD.

We have sought the clarifications, confirmations and additional information from the Company and/or the Purchaser for the purpose of our understanding and evaluation of the Proposed Disposal.

5.2 Key Terms

The key terms of the Proposed Disposal as confirmed by the Company and/or the Purchaser, as the case may be, are set out below:

(a) The Company will sell 100% of the Sale Shares to the Purchaser for a Consideration estimated at S$6.77 million based on the Estimated NTA which is derived from the March Balance Sheet of LEHD. The Consideration will be finalised based on the Completion NTA to be derived from the July Balance Sheet.

The Consideration is subject to the following NTA Adjustment, to be made on or before the Completion Date:

(i) If the Completion NTA is less than the Estimated NTA, the Consideration shall be reduced by an amount equal to the deficit of the Completion NTA below the Estimated NTA; and

(ii) If the Completion NTA exceeds the Estimated NTA, the Consideration shall be increased by an amount equal to the excess of the Completion NTA over the Estimated NTA.

(b) The Consideration shall be payable in cash by the Purchaser to the Company in the following manner:

(i) A deposit of S$5.59 million ("**Deposit**") upon the execution of the SPA, which is refundable if the SPA is terminated without default on the part of the Purchaser; and

(ii) The balance of the Consideration on the Completion Date.

The Purchaser had paid the Deposit on 19 June 2015.

(c) LEHD had two significant liabilities, the DBS Loan which will be fully settled at Completion and the Markwood Loan which will be restructured to be repaid over a period of five years. At Completion, the Purchaser will procure S$24.41 million for the following:

(i) to pay the balance of the Consideration;

(ii) to settle the DBS Loan in full; and

(iii) the balance, if any, to reduce the Markwood Loan.

By the Completion Date, the Purchaser would have procured the payment of S$30.0 million in total, including the Deposit.

For the avoidance of doubt, the repayment of the DBS Loan is the responsibility of LEHD on the basis that the Consideration is based on the NTA of LEHD, even though payment of monies by the Purchaser for such repayment of the DBS Loan appears to be part of the terms of the SPA. This could be due to the need to repay the DBS Loan in full before Completion in order for DBS Bank to release its security charge on the Properties and the corporate guarantee which has been extended by the Company for the benefit of LEHD to DBS Bank for the DBS Loan.

(d) As per the March Balance Sheet, LEHD owes the Group the Markwood Loan, which is an interest-free loan of approximately S$93.09 million as at 31 March 2015. The Markwood Loan is to be assigned from Markwood to the Company and restructured for repayment in the following manner:

(i) An amount, if any, available to reduce the Markwood Loan at Completion, depending on the remaining funds as per point (c)(iii) above;

(ii) The first tranche, an amount represented by the difference of the outstanding Markwood Loan balance as at the Completion Date and S$59.42 million is repayable within one year from the date of the SPA ("**First Tranche**"). This First Tranche is interest-free and unsecured; and

(iii) The second tranche amounting to S$59.42 million is repayable, pursuant to the Term Loan Agreement entered into between LEHD and the Company, within five years from the Completion Date ("**Second Tranche**"). This Second Tranche bears interest at 3.0% per annum and is secured by a corporate guarantee given by The Ho Family Trust Limited (pursuant to the Corporate Guarantee) and a second ranking pledge of the Sale Shares given by the Purchaser in favour of the Company (pursuant to the Shares Pledge Agreement).

Pursuant to the Term Loan Agreement, dividend pay-out by LEHD will be restricted by the availability of reserves and surplus in excess of the outstanding Second Tranche together with any accrued and unpaid interest thereon. In the event the available reserves and surplus of LEHD are insufficient to completely repay such outstanding amount owing after the declaration of dividend, the obligation of LEHD to repay the outstanding amount owing shall rank higher than the declaration of dividend. The Purchaser had confirmed that it will procure LEHD to repay all the outstanding amount owing to the Company first before allowing LEHD to declare any dividend.

Pursuant to the Corporate Guarantee, The Ho Family Trust Limited will guarantee the repayment of the Second Tranche upon the inability of or default by LEHD in paying such sums on the due date(s). The Ho Family Trust Limited is a discretionary trust which owns, among others, indirectly the entire issued capital of Clarendon Investments Capital Ltd, which, in turn, owns a direct

54.45% shareholding interest in the Company. Mr Ho and the Purchaser are two of the beneficiaries of the discretionary trust.

Pursuant to the Shares Pledge Agreement, the Purchaser has agreed to create a second ranking pledge of the Sale Shares in favour of the Company after a first ranking charge on the Sale Shares. We note that at Completion, the DBS Loan will be fully settled and the Properties will become unencumbered. We understand that at or after Completion, the Purchaser intends for LEHD to obtain a bank loan from a financial institution which may require a pledge on the Properties and/or first ranking charge on the Sale Shares in favour of the lender bank. As a result, the Purchaser could only provide security for the Second Tranche as a second ranking charge on the Sale Shares. We further understand that the Purchaser is also looking into extending the DBS Loan with DBS Bank beyond the Completion Date, in which case the Properties will continue to be pledged to DBS Bank.

(e) Upon Completion, the Company will undertake to manage the Properties and make payment of a guaranteed rental sum to LEHD, calculated based on 3.0% per annum of the Adjusted Valuation of the Properties for a term of five years.

The Adjusted Valuation of the Properties is defined in the Management and Rental Guarantee Agreement as the Total Area of the Properties multiplied by S$1,780, and Total Area is defined as the total floor area of the Properties in square feet, as may be subject to change from time to time pursuant to the sale of any of the Properties.

Based on the total floor area of the existing 21 unsold property units of 62,862 square feet and the Agreed Valuation of the Properties of S$111.83 million, on an average psf basis, the Agreed Valuation is equivalent to S$1,779 psf which approximates the S$1,780 psf used in the definition of Adjusted Valuation above.

Pursuant to the Management and Rental Guarantee Agreement, the Company shall be entitled to retain any actual rental income received by it for and on behalf of LEHD that is in excess of the rental guarantee.

In addition, upon expiry of the five year period, the management of the Properties by the Company is to be renewed on terms to be mutually agreed between the Company and the LEHD. The Purchaser and the Company had clarified that the renewal terms will also be subject to the relevant approvals and procedures as required for Interested Person Transactions under Chapter 9 of the Listing Manual.

(f) The Proposed Disposal is subject to various approvals including the following:

(i) the approval of the Minority Shareholders at the SGM;

(ii) the IFA giving a favourable opinion on the terms of the Proposed Disposal as an Interested Person Transaction; and

(iii) approval from the SLA and/or the Land Dealings (Approval) Unit (where applicable) for the Proposed Disposal and the intended change in shareholder of LEHD from the Company to the Purchaser.

(g) The Company undertakes to convene the SGM for the Proposed Disposal by the Long-Stop Date which is defined in the SPA to mean 30 September 2015 or such other date as the parties may agree in writing.

5.3 Illustrations

5.3.1 Based on the March Balance Sheet and Estimated NTA

Based on the above terms of the Proposed Disposal and the Estimated NTA derived from the March Balance Sheet, the Consideration for the Proposed Disposal will be S$6.77 million, of which S$5.59 million have been paid by way of the Deposit.

On Completion, the Purchaser will procure a payment of S$24.41 million. This will be used to pay (a) to the Company an amount of S$1.18 million for the balance of the Consideration; and (b) to DBS Bank an amount of S$23.23 million to settle substantially the DBS Loan. As at March Balance Sheet, the DBS Loan amount was S$25.06 million. There will therefore be zero balance available to pay down any part of the Markwood Loan of S$93.09 million outstanding as at the March Balance Sheet.

One year later from the Completion Date, LEHD will repay S$33.67 million to the Company, leaving the balance of the Markwood Loan of S$59.42 million to be repaid pursuant to the Term Loan Agreement.

5.3.2 Based on the July Balance Sheet and Completion NTA

As pointed out in paragraph 4.4 of this Letter, the Company envisages that by Completion, LEHD would have available the July Balance Sheet to determine the Completion NTA and the NTA Adjustment will be made accordingly based on the difference between the Estimated NTA and the Completion NTA. For the avoidance of doubt, the Agreed Valuation of the Properties remain at S$111.83 million and the surplus of S$6.35 million arising between the agreed valuation and the recorded amount of the Properties remain the same.

The Company had estimated the NTA of LEHD as at 31 July 2015 to be a negative amount of S$2.17 million, that is, a net tangible liability position. The Company had explained that LEHD's weaker balance sheet position as at 31 July 2015 was due to the following:

(i) the payment by LEHD of the extension charges of S$1.73 million under the QC rules and related bank fees of S$0.15 million; and

(ii) operating losses of approximately S$0.72 million incurred during the 4-month period from April to July 2015 as a result of operating expenses incurred such as the payment of bank loan interest, property tax, maintenance fees and salary costs relating to the Properties, and minimal revenue earned during the period.

Other than the above, the profile of LEHD's July Balance Sheet is similar to the March Balance Sheet.

Based on the July Balance Sheet, the Consideration would amount to **S$4.17 million**. The illustrative payments to the various parties would be as follows:

As the Deposit of S$5.59 million is more than the Consideration of S$4.17 million, there is an excess payment of S$1.42 million. Pursuant to the SPA, this difference is to be refunded to the Purchaser. However, the Company and the Purchaser confirmed that such excess amount will be aggregated with the S$24.41 million payment that the Purchaser will procure at Completion, i.e. a total of S$25.83 million, to settle the DBS Loan.

As at 31 July 2015, the outstanding amounts of the DBS Loan and the Markwood Loan are S$24.79 million and S$95.87 million respectively. After the settlement of the DBS Loan, there is a remaining available balance of S$1.04 million. This amount will be utilised to pay down the Markwood Loan, reducing the Markwood Loan from S$95.87 million to S$94.83 million.

One year later from the Completion Date, LEHD will repay S$35.41 million to the Company, leaving the balance of the Markwood Loan of S$59.42 million to be repaid pursuant to the Term Loan Agreement.

6. EVALUATION OF THE PROPOSED DISPOSAL

In our evaluation of the Proposed Disposal, we have given due consideration to, *inter alia*, the following key factors:

(a) rationale for the Proposed Disposal;

(b) assessment of the Consideration;

(c) assessment of the Markwood Loan;

(d) financial effects of the Proposed Disposal; and

(e) extension charges payable to SLA.

6.1 Rationale for the Proposed Disposal

It is not within our terms of reference to comment or express an opinion on the merits of the Proposed Disposal or the future prospects of the Group after the Proposed Disposal. Nevertheless, we have reviewed the rationale for the Proposed Disposal. The full text of the rationale for the Proposed Disposal is set out in Section 2.1 of the Circular.

We note that the Group had been reporting losses for the last two financial years and the Properties is the largest asset of the Group.

According to the Company, since the launch of the Residences at Emerald Hill in February 2013, the Properties remain unsold despite various marketing activities by the appointed marketing agents. The Group's attempts to sell the Properties have been made even more challenging by the cooling measures introduced by the Singapore Government. As mentioned in paragraph 3 of this Letter, under the Qualifying Certificate rules, the Properties will have to be sold by June 2013, after which LEHD will have to pay extension charges to the SLA on the unsold units. LEHD is already in its third year of extension and paying extension charges to the SLA at the maximum rate of 24.0% on the unsold Properties. Such extension charges also affect the Group's financial results adversely.

We understand that the Company had attempted to sell the Properties *en-bloc* to third parties. However, offers received by the Company were unattractive as compared to the offer by the Purchaser. In view of the above, the Company is of the view that the Proposed Disposal to the Purchaser was the best offer as it allows the Group to dispose the Properties *en-bloc*, through the sale of the Sale Shares, at the Agreed Valuation which is higher than the current Market Values (based on the independent market valuations by the Valuer) and higher than any of the offers received by the Group to-date for the Properties.

6.2 Assessment of the Consideration

As described in paragraph 5 of this Letter, the Consideration for the Sale Shares is determined based on the Completion NTA of LEHD and the Agreed Valuation for the Properties which comes with a 3.0% per annum rental guarantee to the Purchaser for a period of five years. Based on our analysis of the Balance Sheet of LEHD in paragraph 4.3 of this Letter, the Agreed Valuation is the largest determinant of the NTA of LEHD. It is therefore pertinent to evaluate whether the Agreed Valuation is on normal commercial terms and not prejudicial to the interest of the Company and Minority Shareholders. In this regard, we have compared the Agreed Valuation with:

- Market Valuations by the Valuer; and
- Offers from other prospective buyers.

Agreed Valuation vs the Market Valuation of the Properties

For the purpose of the Proposed Disposal, the Company had commissioned the Valuer to assess the Market Values of the Properties on an *en-bloc* basis, with and without rental income guarantee. The Agreed Valuation of S$111.83 million is higher than Market Values of the Properties, with and without rental income guarantee as shown below:

Agreed Valuation, with 3.0% per annum rental guarantee for five years (3.0% per annum based on S$111.83 million) ("**Agreed Rental Yield**")	:	S$111.83 million
Compared to:		
(a) Market Value, without rental guarantee	:	S$102.9 million
(b) Market Value, with rental guarantee based on the Agreed Rental Yield	:	S$105.0 million

As can be observed from the table above, the Agreed Valuation is significantly above the market valuation of the Properties:

(a) S$8.93 million above the Market Value, without rental guarantee; and

(b) S$6.83 million above the Market Value with the rental guarantee on the Agreed Rental Yield.

Offers from other prospective buyers

In March 2015, the Group had engaged property consultants Knight Frank as well as Vigers Group Pte. Ltd. (a wholly-owned subsidiary of the Group) to conduct an "expression of interest" exercise to find buyers for the Properties to be sold *en-bloc*.

Overall, the Group received some 13 bids for the Properties on various terms and conditions. Besides the offer from the Purchaser with the highest Agreed Valuation for the Properties, the next two highest offers received from unrelated third parties were much lower than the Agreed Valuation and lower than the Market Value without rental guarantee.

In addition, these third parties require three months of exclusivity period to conduct their due diligence and to negotiate on the definitive terms of the sales without any certainty of entering into the sale and purchase agreement for the Properties. In contrast, the Purchaser does not require any exclusivity period for the due diligence.

6.3 Assessment of the Markwood Loan

As disclosed in paragraph 5.2(d) of this Letter, the Markwood Loan will be restructured as part of the terms of the Proposed Disposal to be repaid in full in the following manner:

(i) any available balance out of the S$30.0 million of funds procured by the Purchaser at Completion, after paying for the Consideration and the settlement of the DBS Loan;

(ii) the First Tranche, which is unsecured and interest free, repayable within one year from the date of the SPA; and

(iii) the Second Tranche repayable in accordance with the Term Loan Agreement within five years from Completion Date.

The Markwood Loan originated as an inter-company loan from the Group to LEHD to partially fund the development of the Residences at Emerald Hill. Such loan is unsecured and interest

free. With the Proposed Disposal, the Markwood Loan will be classified as a loan owing from the Purchaser, an Interested Person.

It is pertinent to note that the Purchaser acknowledges the repayment of the Markwood Loan by LEHD in full and to that extent, the Group is not being prejudiced or suffer any impairment on the Markwood Loan despite the challenging market conditions to sell the Properties. As part of the negotiation on the terms of the Proposed Disposal, the Purchaser had requested for the staggered repayment terms in the form of the First Tranche and Second Tranche by LEHD.

The First Tranche is unsecured and interest free but is repayable in one year's time from the date of the SPA. Applying the same interest rate of 3.0% per annum on the Second Tranche for the First Tranche, the Company would have forgone interest of approximately S$1.0 million to S$1.1 million for the one year period based on our illustrations of the First Tranche payment amount as set out in paragraph 5.3 of this Letter. However, we note that this is mitigated by the premium that the Purchaser is attaching to the Properties based on the Agreed Valuation for the Properties which is much higher as compared to the (i) Market Valuations by the Valuer and (ii) offers from prospective buyers.

The Second Tranche is repayable over a period of five years, bears interest at the rate of 3.0% per annum and secured on the corporate guarantee from The Ho Family Trust Limited and a second ranking charge on the Sale Shares.

In assessing the interest rate on the Second Tranche, we have considered the interest rate of the DBS Loan as a comparison. The DBS Loan currently bears interest at the rate of 2.6% per annum. The interest rate on the restructured Markwood Loan of 3.0% is higher than the interest rate on the DBS Loan.

In terms of the repayment of the First Tranche and Second Tranche by LEHD at the end of the tenor of these loan tranches, we have considered the following factors:

(a) the First Tranche is a short term loan repayable in one year's time. In this regard for the benefit of the Company in respect of the First Tranche and Second Tranche, the Purchaser, who will become the sole shareholder of LEHD has given assurances to the Company that she will on a best-efforts basis procure LEHD to repay the full outstanding amount of the loans at the end of the tenor of the loans;

(b) corporate guarantee from The Ho Family Trust Limited and a second ranking charge on the Sale Shares as security for the repayment of the Second Tranche. We understand from the Company that The Ho Family Trust Limited holds other assets besides its majority shareholding interest in the Company. In this regard, the Independent Directors have also satisfied themselves that The Ho Family Trust Limited will be able to fulfil its obligations when due with respect to the repayment of the First Tranche and the repayment of the Second Tranche and the accrued interests thereon; and

(c) restrictions imposed on LEHD pursuant to the Term Loan Agreement in relation to the payment of dividends by LEHD as disclosed in paragraph 5.2(d)(iii) of this Letter and assurances from the Purchaser that she will on a best efforts basis procure LEHD to repay all outstanding loans owing to the Company first before allowing LEHD to declare any dividend.

6.4 Financial effects of the Proposed Disposal

Details on the financial effects of the Proposed Disposal on the Group are set out in Section 7 of the Circular and are based on the financial statements of the Group for FY2014 and various assumptions. We wish to highlight that these proforma financial effects are for illustration purposes only and do not necessarily reflect the actual results and financial position of the Group after the Completion of the Proposed Disposal.

In summary, the Proposed Disposal would result in the following financial effects for the Group:

(a) the NTA of the Group will increase due mainly to the one-off gain recognised from the Proposed Disposal as LEHD is sold at a premium above its NTA. In effect, with the Proposed Disposal, the Group would have converted a substantial part of the amount in investment property to loans owing from LEHD; and

(b) the loss after tax of the Group will decrease due mainly to the gain on disposal of LEHD.

6.5 Extension charges payable to SLA

Under the Qualifying Certificate rules, "foreign housing developers" (which includes all public listed developers) issued with QCs has up to five years to complete construction of their residential projects and have to sell all the units within two years of obtaining their temporary occupation permits ("**TOP**"). To extend the sales period beyond two years after TOP, "foreign housing developers" have to pay extension charges which work out to 8.0% of the land purchase price for the first year of extension, 16.0% for the second year and 24.0% from the third year onwards. The extension charges are pro-rated based on unsold units over the total units in the project. The Company / LEHD being a public listed developer is governed under the above Qualifying Certificate rules.

Based on the above and information provided by the Management, LEHD is liable to pay extension charges amounting to the highest tiered 24.0%, which is approximately S$6.903 million per annum from 8 June 2015 onwards in respect of the Properties. To minimize the extension charges under the QC rules, the Company had therefore made efforts to conclude the negotiations of the Proposed Disposal with the Purchaser and applied for a shorter three-month extension period from the SLA to complete the Proposed Disposal. The SLA had consented to the three-month extension until 7 September 2015. Accordingly, LEHD had paid the extension charges of S$1.73 million to the SLA.

It is therefore in the interest of the Group to proceed with the Completion of the Proposed Disposal expeditiously as otherwise LEHD would have to continue to pay the extension charges to the SLA in the manner described above for the remaining unsold Properties. This will have a material and adverse impact on the financial performance of the Group.

7. OUR OPINION

In arriving at our opinion in respect of the Proposed Disposal, we have reviewed and examined all factors which we consider to be pertinent in our assessment, including the following key considerations:

(a) rationale for the Proposed Disposal;

(b) assessment of the Consideration;

(c) assessment of the Markwood Loan;

(d) financial effects of the Proposed Disposal; and

(e) extension charges payable to SLA.

Overall, having considered the above and the information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Disposal (including the restructured Markwood Loan, and the management and rental guarantee which are integral parts of the terms of the Proposed Disposal) as an Interested Person Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and the Minority Shareholders.

Our opinion, as disclosed in this Letter, is based solely on publicly available information and information provided by the Directors and the Management and does not reflect any projections of future financial performance of the Company or the Group after the completion of the Proposed Disposal. In addition, our opinion is based on the economic and market conditions prevailing as at the Latest Practicable Date and is solely confined to our views on the Proposed Disposal.

This Letter is addressed to the Independent Directors for their benefit and for the purpose of their consideration of the Proposed Disposal. The recommendation to be made by the Independent Directors to the Minority Shareholders shall remain the sole responsibility of the Independent Directors. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other person may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose other than for the purpose of the SGM and for the purpose of the Proposed Disposal, at any time and in any manner without the prior written consent of Provenance Capital in each specific case.

Our opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng
Chief Executive Officer

APPENDIX B – PARTICULARS OF THE PROPERTIES

No.	Description of The Properties
1.	119 Emerald Hill Road #03-01 Singapore 229401
2.	119 Emerald Hill Road #03-03 Singapore 229401
3.	119 Emerald Hill Road #04-01 Singapore 229401
4.	119 Emerald Hill Road #04-03 Singapore 229401
5.	119 Emerald Hill Road #05-01 Singapore 229401
6.	119 Emerald Hill Road #05-03 Singapore 229401
7.	119 Emerald Hill Road #06-01 Singapore 229401
8.	119 Emerald Hill Road #06-03 Singapore 229401
9.	119 Emerald Hill Road #07-01 Singapore 229401
10.	119 Emerald Hill Road #08-01 Singapore 229401
11.	119 Emerald Hill Road #09-01 Singapore 229401
12.	119 Emerald Hill Road #10-01 Singapore 229401
13.	119 Emerald Hill Road #10-03 Singapore 229401
14.	119 Emerald Hill Road #11-01 Singapore 229401
15.	119 Emerald Hill Road #11-03 Singapore 229401
16.	119 Emerald Hill Road #12-01 Singapore 229401
17.	119 Emerald Hill Road #12-02 Singapore 229401
18.	119A Emerald Hill Road Singapore 229402
19.	119B Emerald Hill Road Singapore 229433
20.	119C Emerald Hill Road Singapore 229434
21.	119D Emerald Hill Road Singapore 229435

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Facsimile: + 65 6876 6493

Our Ref: V1736/03

05 June 2015

M/s Lafe (Emerald Hill) Development Pte. Ltd.
57 Cantonment Road
Singapore 089755

Attn: Mr Paul Binney

Dear Sir,

VALUATION REPORT FOR 119 EMERALD HILL ROAD #03-01, #03-03, #04-01, #04-03, #05-01, #05-03, #06-01, #06-03, #07-01, #08-01, #09-01, #10-01, #10-03, #11-01, #11-03, #12-01, #12-02 SINGAPORE 229401 AND 119A, 119B, 119C & 119D EMERALD HILL ROAD SINGAPORE 229402/ 433/ 434/ 435 (WITHIN DEVELOPMENT KNOWN AS RESIDENCES AT EMERALD HILL)

1. We thank you for your instructions to advise on the Market Values of the abovementioned 21 units as at 31 May 2015 which comprises 15 apartments, 2 penthouses and 4 strata terrace houses within Residences at Emerald Hill. The subject properties were previously valued by us on 09 May 2013 for a formal valuation.

2. Pursuant to your instructions, we have inspected the enhancement works within the development on 15 April 2015 while for the rest of the properties, we have assumed that there has been no material change in the properties and to the surroundings since our last formal valuation. No legal searches/ further investigations have been made for the purpose of this valuation. We herein submitted our valuation and report as follows:

Definition

The term "Market Value" as used in the context of this valuation is defined as "the estimated amount for which a property should exchange on the date of valuation, between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Restrictions

According to SLA's letter dated 07 July 2014, the Controller of Residential Property has granted an extension till 08 December 2014 to sell the balance unsold units. However, as at date of valuation, 6 units had been disposed and therefore an extension charge will be applicable to a further extension of time (i.e. 08 June 2015) to sell the balance 21 units. According to information provided by client, there is a letter dated 02 June 2015 issued by SLA to confirm that a 3 months extension has been granted from 08 June 2015 till 07 September 2015.

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05 June 2015

M/s Lafe (Emerald Hill) Development Pte. Ltd.
Attn: Mr Paul Binney

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Basis of Valuation

This valuation report has been prepared based on the market conditions as at 31 May 2015 and restrictions as stated above. This valuation is prepared on the basis where the balance 21 units at Residences at Emerald Hill will be disposed to a single buyer which is a much quicker method as compared to selling these units individually which will take a considerably longer time before all units are disposed off and this is especially so for the rented units. As instructed, the bases of valuation are as follows:

(A) As-Is Basis (Bulk Purchase)
(B) As-Is Basis (Bulk Purchase) and taken into account the rental guarantee supported by the vendor.

Rental Guarantee Support

We understand that there will be rental income support based on 3% gross yield on $111,830,000 over a 5-year period from date of purchase provided by the vendor (ie Lafe (Emerald Hill Development) Pte Ltd.)

3. Brief details of the properties as extracted from our previous report are as follows: -

Subject Development	:	Residences at Emerald Hill is a residential development comprising a 12-storey block of 27 units of apartments, 2 penthouses and 4 units of 3-storey strata terrace houses with basement and roof terrace with pool. The development is also well equipped with a range of recreational facilities.
Legal Description	:	TS 27 Lot 99423A
Tenure	:	Freehold
Zoning (According to Master Plan 2014)	:	Residential and within a designated conservation area
Land Area (According to Certificate of Title)	:	2,501.4 sq m (approx. 26,925 sq ft) for whole development
Floor Area (According to Subsidiary Strata Certificates of Title and Strata Title No. 45506, 45507, 45511 to 45518)	:	***Total Strata Area For 21 units:*** 5,840 sq m (approx. 62,862 sq ft)

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05 June 2015

M/s Lafe (Emerald Hill) Development Pte. Ltd.
Attn: Mr Paul Binney

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House No.	Unit No.	Strata Lot	Type	Strata Area
119	#03-01	U8427A	A	172 sq m
119	#04-01	U8428K	A	172 sq m
119	#05-01	U8429N	A	172 sq m
119	#06-01	U8430A	A	172 sq m
119	#07-01	U8431K	A	172 sq m
119	#08-01	U8432N	A	172 sq m
119	#09-01	U8433X	A	172 sq m
119	#10-01	U8434L	A	172 sq m
119	#11-01	U8435C	A	172 sq m
119	#03-03	U8447X	C1	204 sq m
119	#04-03	U8448L	C1	204 sq m
119	#05-03	U8449C	C	212 sq m
119	#06-03	U8450X	C	212 sq m
119	#10-03	U8454W	C	212 sq m
119	#11-03	U8455V	C	212 sq m
			Total	**2,804 sq m (approx. 30,182 sq ft)**

House No.	Unit No.	Strata Lot	Type	Storey	Strata Area in Parts (sq m)			Total Strata Area
					Floor Area	Void Area	Sub-total	
119	#12-01	U8436M	Penthouse (D)	12th	330	0	330	536 sq m
				Attic	198	8	206	
	#12-02	U8446N	Penthouse (C2)	12th	212	0	212	348 sq m
				Attic	135	1	136	

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05 June 2015

M/s Lafe (Emerald Hill) Development Pte. Ltd.
Attn: Mr Paul Binney

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House No.	Unit No.	Strata Lot	Type	Storey	Strata Area in Parts (sq m)			Total Strata Area (sq m)
					Floor Area	Void Area	Sub-total	
119A	N.A	U8456P	Terrace (E)	1st Basement	100	0	100	538 sq m
				1st	129	4	133	
				2nd	99	4	103	
				3rd	99	4	103	
				4th	95	4	99	
119B	N.A	U8457T	Terrace (F)	1st Basement	100	0	100	538 sq m
				1st	129	4	133	
				2nd	99	4	103	
				3rd	99	4	103	
				4th	95	4	99	
119C	N.A	U8458A	Terrace (G)	1st Basement	100	0	100	538 sq m
				1st	129	4	133	
				2nd	99	4	103	
				3rd	99	4	103	
				4th	95	4	99	
119D	N.A	U8459K	Terrace (H)	1st Basement	100	0	100	538 sq m
				1st	129	4	133	
				2nd	99	4	103	
				3rd	99	4	103	
				4th	95	4	99	
							Total	**3,036 sq m (approx. 32,680 sq ft)**

Premas

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Type	Accommodation
A	Private lift lobby, balcony, living, dining, master bedroom with walk-in closet, master bathroom and balcony, two other bedrooms with attached bathroom each, kitchen, powder room, household shelter, utility and toilet.
C	Private lift lobby, balcony, living, dining, master bedroom with walk-in closet, master bathroom and balcony, one other bedroom with attached bathroom and balcony, two other bedrooms with attached bathroom each, kitchen, powder room, household shelter, utility, yard and toilet.
C1	Private lift lobby, balcony, living, dining, master bedroom with walk-in closet, master bathroom and balcony, three other bedrooms with attached bathroom each, kitchen, powder room, household shelter, utility, yard and toilet.
C2 (Penthouse)	Lower Level - Private lift lobby, balcony, living, dining, one bedroom with walk-in closet, attached bathroom and roof terrace, one other bedroom with attached bathroom and balcony, two other bedrooms with attached bathroom each, gourmet/ wet kitchens, household shelter, powder room, utility, yard and toilet. Upper Level - Master bedroom with walk-in closet and master bathroom, common bathroom, pool deck and swimming pool.
D (Penthouse)	Lower Level - 2 private lift lobbies, balcony, living, dining, family hall, gallery, two bedrooms with attached bathroom and balcony, two other bedrooms with attached bathroom each, study, gourmet/ wet kitchens, kitchenette, household shelter, powder room, utility, yard and toilet. Upper Level - 2 private lift lobbies, family hall, master bedroom with walk-in closet, master bathroom and balcony, private access to swimming pool (with trellis above), common bathroom, pool deck and swimming pool.

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Type	Accommodation		
E/ F/ G/ H (Strata Terrace House)	Basement	-	Private car porch, entertainment hall, powder room, household shelter, utility room and toilet.
	1st Storey	-	Living/ dining, gourmet/ wet kitchens, powder room and private enclosed space.
	2nd Storey	-	Junior master bedroom with walk-in closet and junior master bathroom, two other bedrooms with attached bathroom each.
	3rd Storey	-	Master bedroom with walk-in closet and master bathroom, one other bedroom with attached bathroom, study with attached balcony.
	Roof Terrace	-	Swimming pool and pool deck.

Completion Date (Please see Annex O) : Circa June 2011. We understand from the client that an approximate S$1,000,000 has been spent on various enhancement works in 2013. The development has received a Certificate of Appreciation for Skyrise Greenery Awards 2013 from National Parks Board.

Method of Valuation : In determining the opinion of value for the subject property, we have considered the general and economic factors, and have adopted the (1) Income Capitalisation Approach or Investment Method and the (2) Direct Comparison Method.

(1) Income Capitalisation Approach or Investment Method
In adopting this method, we examined the net operating income (NOI) for the first year based on the market rentals that can be fetched for the units at Residences at Emerald Hill. Outgoings are then deducted from the property's gross annual rental to arrive at the net annual operating income which is then capitalised at an appropriate capitalisation rate to derive the Market Value of the subject property.

(2) Direct Comparison Method.
In the Direct Comparison Method, sales transactions of comparable properties have been taken into consideration and adjustments made where necessary to reflect any differences in factors such as location, tenure, type of development, age, size, floor level, design, layout, orientation, standard and quality of finishes, condition and prevailing market sentiments amongst others.

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4. In view of the foregoing and from our knowledge of the current market conditions, we are of the opinion that the Market Values of the subject properties (21 units) (known as **119 Emerald Hill Road #03-01, #03-03, #04-01, #04-03, #05-01, #05-03, #06-01, #06-03, #07-01, #08-01, #09-01, #10-01, #10-03, #11-01, #11-03, #12-01, #12-02 Singapore 229401 and 119A/ 119B/ 119C & 119D Emerald Hill Road Singapore 229402/ 433/ 434/ 435 (within development known as Residences At Emerald Hill))**, is as follows:-

Material Date of Valuation	**:**	**31 May 2015**	
As-is Basis (Bulk Purchase)	**:**	**$102,900,000/-**	**(Singapore Dollars One Hundred And Two Million Nine Hundred Thousand Only)**
As-is Basis (Bulk Purchase with Rental Guarantee of 3% Gross Yield over a 5-year period)	**:**	**$105,000,000/-**	**(Singapore Dollars One Hundred And Five Million Only)**

Assumptions, Qualifications, Limitations and Disclaimers:

This Valuation Report is provided subject to assumptions, qualifications, limitations and disclaimers throughout this Report and the terms and conditions at the end of the Report. Reliance on this report and the extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. For any use of the Report or reliance on the Report if not authorized, Premas Valuers is not liable for any loss arising from such unauthorized use or reliance. The document should not be reproduced without Premas Valuers' written authority. Premas Valuers has no pecuniary interest that would conflict with the proper valuation of the property. In addition, Premas Valuers has relied upon the property data provided to us by the Vendor for Lafe (Emerald Hill Development) Pte Ltd. We assume this property data provided to be true and accurate and Premas Valuers takes no responsibility for inaccurate data supplied by the Vendor and subsequent conclusions related to such data.

Yvonne Tok Yee Fong (Ms), Assistant Director
For and on behalf of
PREMAS Valuers & Property Consultant Pte. Ltd.
DID: 6876 6378 FAX: 6876 6493

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Encl (Annex O)

This valuation report is subject to the attached Terms and Conditions.

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TERMS AND CONDITIONS

1. Values are reported in Singapore currency unless otherwise stated.

2. In our valuation it is presumed that the property as currently used is not in contravention of any planning or similar regulations. We shall not be responsible if it is otherwise.

3. For obvious reasons, we do not and cannot provide information relating to government acquisitions unless the land has already been gazetted for acquisition.

4. No requisition on road or drainage proposals has been made. Such information will not be tendered unless specifically requested for and we be properly reimbursed for our costs and expenses of carrying out such requisitions. We make no representations on the accuracy or veracity of the information contained within the requisitions, nor do we provide any assurances that the property is not adversely affected by any road improvements or other public schemes.

5. While due care is exercised in the course of our inspection to note any serious defects, no structural survey or the like will or has been made. Further, we will not be able to report that the building is free from rot, infestations or other defects. The building services will not be tested but will be presumed to be in good working order.

6. Neither the whole nor any part of this valuation report or any reference to it may be included in any document, circular or statement or be published in any way without our prior written consent to the form and context in which it may appear. We shall bear no responsibility for any unauthorised inclusion or publication.

7. This valuation report is restricted to the client or person to whom this valuation report is specifically addressed to and for the specific purposes stated therein and for the sole purpose for which it was commissioned. Any reliance on its contents shall be made within a reasonable time from the date of the valuation report. We disclaim any liability arising from any reliance on the valuation report by any other person or for any other purpose(s) or beyond a reasonable time.

8. Where it is stated in the valuation report that information has been supplied to us by another party, the information is presumed to be reliable and we do not accept any responsibility should it be proven otherwise.

9. No allowance will be made in our valuation report for any charges, mortgages or other claims affecting the property nor for any costs, expenses, taxation or outgoings which may be involved in any transaction of the property.

10. The title to the property is presumed to be good and marketable and, unless mentioned in this valuation report, be free from any encumbrances, restrictions and other legal impediments. We accept no responsibility for investigations into title, searches and requisitions and other such legal matters.

11. Any plans included in this report for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.

12. We shall not be required to give testimony or appear in court for any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we be properly reimbursed.

13. This valuation report shall not be used as evidence in court or for purposes of compensation under the Land Acquisition Act.

14. To the fullest extent permitted by law, our entire liability under this engagement and any applicable law shall not exceed the fee that you have paid for engaging our service (s), and in no circumstances whatsoever and howsoever arising whether under contract, tort (including negligence), statute, or otherwise will we be liable for any loss of use, profits, income, business, contracts, contract savings, delay, business interruption, financing costs or increased costs of operation or any other financial or economic loss or for any special, indirect, economic or consequential loss or damage. Our liability under this engagement shall be reduced proportionately to the extent that any act, omission or default of you or your employees, agents or contractors contributed to the relevant loss or damage.

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LAFE CORPORATION LIMITED

(Incorporated in Bermuda on 8 April 1999)
(Company Registration Number 26304)

NOTICE IS HEREBY GIVEN that a Special General Meeting ("**SGM**") of Lafe Corporation Limited (the "**Company**") will be held at Concorde Hotel, 100 Orchard Road, Orchard, Singapore 238840 on Saturday, 19 September 2015 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following Ordinary Resolution:

ORDINARY RESOLUTION - THE PROPOSED DISPOSAL OF 100% OF THE ISSUED AND PAID UP SHARE CAPITAL OF LAFE (EMERALD HILL) DEVELOPMENT PTE. LTD. TO MADAM YU LO SI, ROSY

"THAT, approval be and is hereby given:

(a) for the Proposed Disposal on the terms and subject to the conditions set out in the Sale and Purchase Agreement;

(b) for the provision of a five (5) year term loan to LEHD to repay the amount of approximately S$59.42 million remaining outstanding of the Markwood Loan, after approximately S$36.45 million has been repaid one (1) year from the date of the Sale and Purchase Agreement, at a fixed rate of 3.0% per annum from the date of Completion (the "**Term Loan**"), and the execution of all such agreements and ancillary documents as may be necessary, expedient, incidental or in the interests of the Company to give effect to the Term Loan;

(c) for the extension of the Rental Guarantee, wherein the Company has undertaken to manage the Properties and make payment of a guaranteed rental sum to LEHD (calculated based on 3.0% per annum of the value obtained by multiplying S$1,780 (being the price psf of the Properties based on the Purchaser's offer valuation of the Properties of S$111.83 million)) by the total area of the Properties, subject to the sale of any of the Properties by the Purchaser after Completion; and

(d) the Directors of the Company and each of them to be authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be necessary or expedient for the purpose of completing the Proposed Disposal and/or the transactions contemplated by this resolution."

All capitalised terms in the Ordinary Resolution shall, unless other defined in this Notice, have the same meaning as in the circular to shareholders dated 4 September 2015.

BY ORDER OF THE BOARD
Paul Francis Gregory Binney
Company Secretary
4 September 2015

Notes:

1. A Shareholder entitled to attend and vote at the SGM is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

2. If a Shareholder is unable to attend the SGM and wishes to appoint a proxy to attend and vote at the SGM in his stead, then he should complete and sign the relevant Shareholder Proxy Form and deposit the duly completed Member Proxy Form at the office of the Company's Singapore Share Transfer Agent, M&C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902, not later than 48 hours before the time appointed for the SGM.

3. A Depositor whose name is shown in the Depository Register of The Central Depository (Pte) Limited ("**CDP**") as at a time not earlier than 48 hours prior to the time of the SGM who/which is (i) an individual but is unable to attend the SGM personally and wishes to appoint a nominee to attend and vote; or (ii) a corporation, must complete, sign and return the Depositor Proxy Form and deposit the duly completed Depositor Proxy Form at the office of the Company's Singapore Share Transfer Agent, M&C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902, not later than 48 hours before the time appointed for the SGM.

4. If a Shareholder who has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members of the Company is unable to attend the SGM and wishes to appoint a proxy, he should use the Depositor Proxy Form and the Member Proxy Form for, respectively, the Shares entered against his name in the Depository Register and the Shares registered in his name in the Register of Members of the Company.

5. A Depositor who is an individual and whose name is shown in the Depository Register as at a time not earlier than 48 hours prior to the time of the SGM and who wishes to attend the SGM in person need not take any further action and can attend and vote at the SGM as CDP's proxy without the lodgement of any proxy form.

Personal Data Privacy:

By attending the Special General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Special General Meeting and/or any adjournment thereof, a Shareholder or Depositor (i) consents to the collection, use and disclosure of the Shareholder's or Depositor's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Special General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Special General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Shareholder or Depositor discloses the personal data of the Shareholder's or Depositor's proxy(ies) and/or representative(s) to the Company (or its agents), the Shareholder or Depositor has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Shareholder or Depositor will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's or Depositor's breach of warranty.

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