

CIRCULAR DATED 12 JULY 2021

THIS CIRCULAR IS ISSUED BY LIAN BENG GROUP LTD (“THE COMPANY”). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) OF THE COMPANY AND THE ADVICE OF RHT CAPITAL PTE. LTD., THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.

IF YOU ARE IN ANY DOUBT IN RELATION TO THIS CIRCULAR OR AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your 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 transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted to any jurisdiction outside of Singapore.

This Circular has not been examined or approved by the Singapore Exchange Securities Trading Limited (“SGX-ST”) and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any statements made, reports contained or opinions expressed in this Circular.



(Incorporated in the Republic of Singapore)
(Company Registration Number: 199802527Z)

**CIRCULAR TO SHAREHOLDERS
IN RELATION TO
MANDATORY CONDITIONAL CASH OFFER**

by

UNITED OVERSEAS BANK LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 193500026Z)

for and on behalf of

ONG SEK CHONG & SONS PTE LTD
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199801817N)

to acquire the Offer Shares (as defined herein)

Independent Financial Adviser to the Independent Directors in respect of the Offer

RHT CAPITAL PTE. LTD.



(Incorporated in the Republic of Singapore)
(Company Registration Number: 201109968H)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 26 JULY 2021. THE OFFEROR HAS STATED THAT THE OFFER WILL NOT BE OPEN FOR ACCEPTANCE BEYOND 5.30 P.M. (SINGAPORE TIME) ON 26 JULY 2021. ACCORDINGLY, SHAREHOLDERS WHO WISH TO ACCEPT THE OFFER MUST DO SO BY SUCH TIME AND DATE.

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DEFINITIONS

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

“acting in concert”	:	Has the meaning ascribed to it under the Code and references to “concert parties” shall be construed accordingly
“Board” or “Directors”	:	The directors of the Company as at the Latest Practicable Date
“Business Day(s)”	:	A day on which banks in Singapore are open for business in Singapore, other than a Saturday, Sunday or public holiday
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This Circular to Shareholders dated 12 July 2021 issued by the Company to Shareholders in respect of the Offer containing, amongst other things, the advice of the IFA to the Independent Directors and the recommendation of the Independent Directors in respect of the Offer
“Closing Date”	:	5.30 p.m. (Singapore time) on 26 July 2021, being the last day of the lodgement of acceptances of the Offer
“Code”	:	The Singapore Code on Take-overs and Mergers
“Company”	:	Lian Beng Group Ltd
“Companies Act”	:	The Companies Act of Singapore (Chapter 50), as amended or modified from time to time
“Constitution”	:	The constitution of the Company
“CPF”	:	The Central Provident Fund
“CPF Agent Banks”	:	Agent banks included under the CPFIS
“CPFIS”	:	The Central Provident Fund Investment Scheme
“CPFIS Investors”	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
“FAA”	:	Form of Acceptance and Authorisation for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose Offer Shares are deposited with CDP
“FAT”	:	Form of Acceptance and Transfer for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose Offer Shares are not deposited with CDP and are registered in the name of such Shareholders in the Register of Members of the Company
“FY”	:	Financial year ended 31 May
“Group”	:	The Company and its subsidiaries
“HY2021”	:	The six-month financial period ended 30 November 2020
“IFA” or “RHTC”	:	RHT Capital Pte. Ltd., the independent financial adviser to the Independent Directors in respect of the Offer

DEFINITIONS

"IFA Letter"	:	Has the meaning ascribed to it in Section 7 of this Circular
"Independent Directors"	:	The Directors who are considered independent under the Code for the purposes of making the recommendation to the Shareholders in respect of the Offer, being Mr. Low Beng Tin, Mr. Ko Chuan Aun, Mr. Ang Chun Giap and Dr. Tan Khee Giap
"Independent Shareholders"	:	The Shareholders other than the Offeror, the Relevant Concert Party Group and parties acting in concert with any of them
"Latest Practicable Date"	:	30 June 2021, being the latest practicable date prior to the issuance of this Circular
"Listing Manual"	:	The listing manual of the Main Board of the SGX-ST
"Market Acquisition"	:	Has the meaning ascribed to it in Section 1.1 of this Circular
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"Offer"	:	The mandatory conditional cash offer made by UOB for and on behalf of the Offeror, to acquire all the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT, as may amended and revised from time to time by or on behalf of the Offeror
"Offer Announcement"	:	The announcement in connection with the Offer released by UOB, for and on behalf of the Offeror, on the Offer Announcement Date
"Offer Announcement Date"	:	14 June 2021
"Offer Document"	:	The document dated 28 June 2021 issued by UOB, for and on behalf of the Offeror, in respect of the Offer, together with the FAA and FAT and any other document(s) which may be issued by the Offeror to amend, update, revise or supplement such offer document(s) from time to time
"Offer Period"	:	The period from the date of the Offer Announcement until the date the Offer is declared to have closed or lapsed
"Offer Price"	:	S\$0.50 in cash for each Offer Share
"Offer Shares"	:	All the Shares to which the Offer relates
"Offeror"	:	Ong Sek Chong & Sons Pte Ltd, a company incorporated in Singapore and a controlling shareholder of the Company
"Overseas Shareholders"	:	Shareholders whose addresses are outside Singapore as shown in the records of the CDP or in the register of members of the Company kept by the Share Registrar
"Related corporations"	:	Shall have the meaning ascribed to it in the Companies Act
"Relevant Concert Party Group"	:	Mr. Ong Pang Aik, Ms. Ong Lay Huan, Ms. Ong Lay Koon, Mr. Ong Phang Hoo, Mr. Ong Phang Hui, Ms. Ong Lee Yap and OSC Investments Capital Private Limited

DEFINITIONS

"Securities Account"	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account
"SFA"	:	The Securities and Futures Act of Singapore (Chapter 289), as amended or modified from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"SGXNET"	:	Singapore Exchange Network, a system network used by listed companies in sending information and announcements to the SGX-ST or any other system networks prescribed by the Exchange for the purpose of the SGX-ST making that information available to the market
"Share Registrar"	:	M & C Services Private Limited
"Shareholders"	:	Registered holders of Shares in the Register of Members, except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors whose Securities Accounts maintained with CDP are credited with Shares, and the term "Shareholder" shall be construed accordingly
"Shares"	:	Ordinary shares in the share capital of the Company (excluding treasury shares and subsidiary holdings), and where applicable, the term shall also include shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares and the term "Share" shall be construed accordingly
"SIC"	:	Securities Industry Council of Singapore
"SLBD"	:	SLB Development Ltd., the Company's subsidiary which is listed on the Catalist of the SGX-ST and is 77.60% owned by the Company as at the Latest Practicable Date
"SLBD Shares"	:	Issued and paid-up ordinary shares in the share capital of SLBD
"SRS"	:	The Supplementary Retirement Scheme
"SRS Agent Banks"	:	Agent banks included under the SRS
"SRS Investors"	:	Investors who have purchased Shares using their SRS contributions pursuant to the SRS
"Subject Properties"	:	The properties at the following locations: <ul style="list-style-type: none">(i) 32, 34 & 36 Mandai Estate, Westlite Mandai Dormitory, Singapore 729939, 729940 and 729941(ii) 30 Tai Seng Street, BreadTalk IHQ, Singapore 534013(iii) 4190 Ang Mo Kio Avenue 6, Broadway Plaza, Singapore 569841(iv) 451 Clementi Avenue 3, #01-309, Singapore 120451

DEFINITIONS

- (v) 712 Ang Mo Kio Avenue 6, #01-4056, Singapore 560712
- (vi) 192 Lorong 4 Toa Payoh #01-674, Singapore 310192
- (vii) 166 Bukit Merah Central, #01-3527, Singapore 150166
- (viii) 381 Joo Chiat Road, Singapore 427621
- (ix) 25 Playfair Road, Singapore 367990
- (x) 65 Cairnhill Road, #06-01 The Ritz–Carlton Residences, Singapore 229721
- (xi) 221 Balestier Road, #02-05, #03-04 & #04-01 Rocca Balestier, Singapore 329928
- (xii) 111 Emerald Hill Road, #05-02, 111 Emerald Hill, Singapore 229391
- (xiii) 111 Emerald Hill Road, #03-03, 111 Emerald Hill, Singapore 229391
- (xiv) 221 Boon Lay Place, #01-140 & #01-144 Boon Lay Shopping Centre, Singapore 640221
- (xv) 1 Khiang Guan Avenue, #22-02 Lincoln Suites, Singapore 308380
- (xvi) 16 Spottiswoode Park Road, #36-07 Spottiswoode Suites, Singapore 088661
- (xvii) 38 Cairnhill Road, #15-06 The Laurels Singapore 229658
- (xviii) 134 Serangoon Avenue 3, #15-15 The Scala, Singapore 554477
- (xix) 76 Dakota Crescent, #18-13 Waterbank at Dakota, Singapore 399944
- (xx) Unit 1503, Level 15, One Unit Block 10, Li Du Road 700, Gaoxin District, Chengdu City, China
- (xxi) Lot 99488L Mukim 23 at 24 New Industrial Road, INSPACE, Singapore 536210
- (xxii) 2 Leng Kee Road, Thye Hong Centre, Singapore 159086
- (xxiii) 20 Kranji Way Singapore 739431
- (xxiv) 29 Harrison Road, Lian Beng Building, Singapore 369648
- (xxv) 2 Penjuru Close, Singapore 608611
- (xxvi) 5 Tuas South Link 3, Singapore 636758

DEFINITIONS

(xxvii) 63 Senoko Drive, Singapore 758250

(xxviii) 24 Leng Kee Road, Leng Kee Autopoint, Singapore 159096

- “subsidiary”** : Has the meaning ascribed to it under the Companies Act
- “S\$”** : Singapore dollars, being the lawful currency of Singapore
- “UOB” or “UOB Bank”** : United Overseas Bank Limited, the financial adviser to the Offeror
- “Valuation Reports”** : The valuation reports issued by the Valuers in respect of the Subject Properties in connection with the Offer
- “Valuers”** : Savills Valuation and Professional Services (S) Pte. Ltd., Knight Frank Pte Ltd, SRE Global Pte. Ltd. and Chengdu Justice Real Estate Trade & Appraisal Co., Ltd, being the independent valuers appointed by the Independent Directors for the purposes of carrying out the valuation of the Subject Properties in connection with the Offer
- “%” or “per cent.”** : Percentage or per centum

Depositors. The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

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

References. 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.

Rounding. Any discrepancies in figures included in this Circular between the amounts listed and their actual values are due to rounding. Accordingly, totals or sub-totals shown, as the case may be, may not be an arithmetic aggregation of the figures that precede them.

Sections. Any reference in this Circular to a section is a reference to a section of this Circular, unless otherwise stated.

Shareholders. References to “you”, “your” and “yours” in this Circular are, as the context so determines, to Shareholders (including persons whose Offer Shares are deposited with CDP or who have purchased Offer Shares on the SGX-ST).

Statutes or ordinances. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended, supplemented or re-enacted. Any word defined under the SFA, Companies Act, the Code, the Listing Manual or any statutory or regulatory modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning ascribed to it under the respective enactment, as the case may be, unless the context otherwise requires.

Time and date. Any reference to a time of day and date in this Circular is made by reference to Singapore time and date, unless otherwise stated.

Number of Shares. In this Circular, any reference to the total number of issued Shares is a reference to 499,689,200 Shares (excluding 30,070,800 treasury shares) as at the Latest Practicable Date.

DEFINITIONS

Statements which are reproduced in their entirety from the Offer Document and the IFA Letter are set out in this Circular in italics and all capitalised terms and expressions used within these reproduced statements shall have the same meanings ascribed to them in the Offer Document and the IFA Letter respectively.

CAUTIONARY NOTES ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "if", "would", "should", "could", "may" and "might". These statements reflect the Company's or the Offeror's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and the Company and the Offeror assumes no obligation to update publicly or revise any forward-looking statement, subject to compliance with all applicable laws, regulations, the Listing Manual and/or the directions of any other regulatory or supervisory body or agency.

SUMMARY TIMETABLE

Date of despatch of the Offer Document : 28 June 2021

Date of despatch of this Circular : 12 July 2021

Final Closing Date : 5.30 p.m. (Singapore time) on 26 July 2021

The Offeror has stated that the Offer will not be open for acceptance beyond 5.30 p.m. (Singapore time) on the Closing Date, and that acceptances received after 5.30 p.m. (Singapore time) on the Closing Date will be rejected.

Date of settlement of consideration for valid acceptances of the Offer : (i) In respect of acceptances of the Offer which are complete and valid in all respects and are received on or before the date on which the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, within seven (7) Business Days of that date; or

(ii) In respect of acceptances of the Offer which are complete and valid in all respects and are received after the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, but before the Offer closes, within seven (7) Business Days of the date of such receipt.

LETTER TO SHAREHOLDERS

LIAN BENG GROUP LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199802527Z)

Directors

Mr. Ong Pang Aik BBM (L) (Chairman and Managing Director)
Ms. Ong Lay Huan (Executive Director)
Ms. Ong Lay Koon (Executive Director)
Mr. Low Beng Tin BBM (L) (Independent Director)
Mr. Ko Chuan Aun (Independent Director)
Mr. Ang Chun Giap PBM (Independent Director)
Dr. Tan Khee Giap (Independent Director)

Registered Office

29 Harrison Road
Lian Beng Building
Singapore 369648

12 July 2021

To: The Shareholders of Lian Beng Group Ltd

Dear Sir/Madam,

MANDATORY CONDITIONAL CASH OFFER BY UNITED OVERSEAS BANK LIMITED FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE THE OFFER SHARES

1. INTRODUCTION

1.1. Offer Announcement

As stated in the Offer Announcements, the Offeror had on 14 June 2021 acquired, pursuant to a married deal ("**Market Acquisition**"), an aggregate of 5,850,000 Shares, representing approximately 1.17% of the total Shares issued by the Company. In accordance with Rule 14.1(b) of the Code, UOB for and on behalf of the Offeror announced that the Offeror was making the Offer for all the Offer Shares at an offer price of S\$0.50 per Offer Share.

A copy of the Offer Announcement is available on the website of the SGX-ST at <http://www.sgx.com>.

1.2. Independent Directors

Mr. Low Beng Tin, Mr. Ko Chuan Aun, Mr. Ang Chun Giap and Dr. Tan Khee Giap are independent for the purpose of the Offer and are required to make a recommendation to the Independent Shareholders in respect of the Offer under the Code. The SIC has ruled on 31 May 2021 that Mr. Ong Pang Aik, Ms. Ong Lay Huan and Ms. Ong Lay Koon are exempted from the requirement to make a recommendation to the Independent Shareholders on the Offer as they face an irreconcilable conflict of interest in doing so, being a concert party of the Offeror.

Other than as set out above, Mr. Ong Pang Aik, Ms. Ong Lay Huan and Ms. Ong Lay Koon must still assume responsibility for the accuracy of facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Offer.

1.3. Offer Document

Shareholders should have by now received a copy of the Offer Document despatched by the Offeror on 28 June 2021 via electronic means, setting out, amongst other things, the Offer by the Offeror for the Offer Shares, subject to the terms and conditions set out in the Offer Document.

LETTER TO SHAREHOLDERS

Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully.

A copy of the Offer Document is available on the website of the SGX-ST at www.sgx.com.

1.4. Independent Financial Adviser

RHTC has been appointed by the Company as the independent financial adviser to advise the Independent Directors, for the purposes of making their recommendation to Shareholders in respect of the Offer.

1.5. Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information relating to the Offer and to set out the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in respect of the Offer.

Shareholders should carefully consider the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in respect of the Offer set out in this Circular before deciding whether or not to accept the Offer.

If Shareholders are in any doubt in relation to this Circular or as to the action they should take, Shareholders should consult their stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.

2. THE OFFER

Based on the information set out in the Offer Document, the Offeror has made the Offer to acquire all the Offer Shares. The principal terms and conditions of the Offer, as extracted from the Offer Document, are set out below:

2.1. The Offer Terms

Paragraph 2.3 of the Offer Document states that the Offer is made on the following basis:

*“The Offer Shares will be acquired (a) fully paid-up; (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever (the “**Encumbrances**”); and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, other distributions and return of capital, if any, which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date). **In the event that any dividends, rights, other distributions or return of capital is declared, made or paid on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by the amount of such dividends, rights, distributions or return of capital paid by the Company to the accepting Shareholder.**”*

2.2. Offer Shares

Paragraph 2.1 of the Offer Document states the following:

*“The Offer is extended, on the same terms and conditions, to all the Shares, other than treasury Shares and those Shares already owned, controlled or agreed to be acquired by the Offeror and the Relevant Concert Party Group (“**Offer Shares**”).”*

LETTER TO SHAREHOLDERS

2.3. Conditional Offer

Paragraph 2.4 of the Offer Document states the following:

*“The Offer will be conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares already owned, controlled or agreed to be acquired by the Offeror and persons acting in concert with it (including the Relevant Concert Party Group) (whether before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and persons acting in concert with it (including the Relevant Concert Party Group) holding more than 50% of the total number of issued Shares (excluding any treasury Shares) as at the close of the Offer (the **“Acceptance Condition”**).*

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such Offer Shares which, when taken together with the Shares already owned, controlled or agreed to be acquired by the Offeror and the persons acting in concert with it (including the Relevant Concert Party Group) (whether before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and persons acting in concert with it (including the Relevant Concert Party Group) holding such number of Shares carrying more than 50% of the voting rights attributable to the issued share capital of the Company as the date of such declaration, which excludes for the avoidance of doubt, the treasury Shares.

Save for the Acceptance Condition, the Offer will be unconditional in all other respects.”

On 5 July 2021, UOB announced, for and on behalf of the Offeror that the Offer had been declared unconditional in all respects after the Offeror had received valid acceptances of the Offer (which have not been withdrawn) in respect of an aggregate of 1.68% of the Shares which, when taken together with the Shares owned, controlled, acquired or agreed to be acquired by the Offeror and the persons acting or deemed to be acting in concert with the Offeror (including the Relevant Concert Party Group) before or during the Offer but otherwise than through acceptances of the Offer, will result in the Offeror and the persons acting or deemed to be acting in concert with the Offeror (including the Relevant Concert Party Group) holding such number of Shares carrying more than 50% of the voting rights attributable to the issued Shares (excluding treasury Shares).

2.4. No Chain Offer for SLBD

Paragraph 4 of the Offer Document states the following:

“As at the Latest Practicable Date, based on publicly available information, the Company owns 708,081,400 issued and paid-up SLBD Shares, representing approximately 77.56% of issued SLBD Shares.

The Offer, if it becomes unconditional as to acceptances, will result in the Offeror acquiring statutory control (i.e. more than 50% of the total number of issued Shares) as at the close of the Offer and consequently, indirectly acquiring effective control of SLBD (through the Company). The Offeror has consulted with the SIC on the application of the chain offer principle, and the SIC confirmed in its ruling dated 31 May 2021 that the chain principle set out in Note 7 to Rule 14.1 does not apply, in that if the Offeror acquires statutory control of the Company as a result of the Offer, the Offeror shall not be required to make an offer for SLBD.

Accordingly, no offer will be made for SLBD in connection with the Offer.”

LETTER TO SHAREHOLDERS

2.5. Warranty

Paragraph 2.5 of the Offer Document states the following:

“Acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, (a) fully paid-up; (b) free from Encumbrances; and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, other distributions and return of capital, if any, which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date).”

2.6. Duration of the Offer

Paragraph 2.6 of the Offer Document states the following:

“Except insofar as the Offer may be withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder, the Offer will remain open for acceptances for a period of 28 days from the date of posting of this Offer Document.

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 26 July 2021. The Offeror does not intend to extend the Offer beyond 5.30 p.m. (Singapore time) on the Closing Date. Notice is hereby given that the Offer will not be open for acceptance beyond 5.30 p.m. (Singapore time) on the Closing Date. Acceptances received after 5.30 p.m. (Singapore time) on the Closing Date will be rejected.”

2.7. Further Details of the Offer

Further details of the Offer, including details on (i) the settlement of consideration for the Offer, (ii) the requirements relating to the announcement of the level of acceptances of the Offer, and (iii) the right of withdrawal of acceptances of the Offer, are set out in Appendix IV to the Offer Document.

2.8. Procedures for Acceptance of the Offer

The procedures for acceptance of the Offer are set out in Appendix V to the Offer Document.

2.9. No Irrevocable Undertakings

Paragraph 3 of the Offer Document states the following:

“As at the Latest Practicable Date, neither the Offeror nor any persons acting in concert with the Offeror has received any irrevocable undertaking from any person to accept or reject the Offer.”

3. INFORMATION ON THE OFFEROR AND ITS CONCERT PARTIES

The information on the Offeror and its concert parties set out in italics below has been extracted from Paragraph 5 of the Offer Document. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

“The Offeror is an investment holding company incorporated under the laws of Singapore on 15 April 1998. As at the date of this Offer Document:

- (a) *the Offeror has an issued and paid-up share capital of S\$100,000 comprising 100,000 ordinary shares (“**Offeror Shares**”), which are held as follows:*

LETTER TO SHAREHOLDERS

- (i) 40,000 Offeror Shares are held by Mr. Ong Pang Aik, representing 40% of the Offeror Shares in issue;
 - (ii) 36,000 Offeror Shares are held by Ms. Ong Lay Huan, representing 36% of the Offeror Shares in issue;
 - (iii) 12,000 Offeror Shares are held by Ms. Ong Lay Koon, representing 12% of the Offeror Shares in issue; and
 - (iv) 12,000 Offeror Shares are held by Ms. Ong Lee Yap, representing 12% of the Offeror Shares in issue; and
- (b) the board of directors of the Offeror (the “**Offeror Directors**”) comprises the following individuals:
- (i) Mr. Ong Pang Aik BBM (L);
 - (ii) Ms. Ong Lay Huan;
 - (iii) Ms. Ong Lay Koon;
 - (iv) Mr. Ong Phang Hoo PBM; and
 - (v) Mr. Ong Phang Hui PBM,

(the Offeror Directors together with Ms. Ong Lee Yap and OSCI, a wholly-owned subsidiary of the Offeror, collectively, the “**Relevant Concert Party Group**”).

APPENDIX I to this Offer Document sets out certain additional information on the Offeror.”

4. RATIONALE FOR THE OFFER

The full text of the rationale for the Offer has been extracted from Paragraphs 7.1 and 7.2 of the Offer Document and is set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated. **Shareholders are advised to read the extract below carefully.**

7.1 Compliance with the Code

Under Rule 14.1(b) of the Code, where any person who, together with any of its concert parties, holds not less than 30% but not more than 50% of the voting rights and such person, or any of its concert parties, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights, such person must extend a mandatory offer in accordance with Rule 14 of the Code.

Prior to the Market Acquisition, the Offeror, together with its concert parties, held approximately 43.55% of the total number of issued Shares. As mentioned in paragraph 1.1 above, the Market Acquisition comprises approximately 1.17% of the total number of issued Shares and accordingly, the Offeror acquired more than 1% of the voting rights attributable to the Shares and is required to make the Offer in compliance with Rule 14.1(b) of the Code.

7.2 Low Trading Liquidity

The trading volume of the Shares has been generally low. The average daily trading volume of the Shares during the one (1)-month period, three (3)-month period, six (6)-month period and twelve (12)-month period up to and including the Last Trading Day are detailed in the table below.

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Period up to and including the Last Trading Day	One-month	Three-month	Six-month	Twelve-month
Average daily trading volume (" ADTV ") ⁽¹⁾	241,529	450,970	537,060	363,562
ADTV as a percentage of total number of issued Shares	0.05%	0.09%	0.11%	0.07%

Note:

(1) The ADTV is based on data extracted from Bloomberg L.P. and calculated using the total volume of Shares traded divided by the number of Market Days with respect to the relevant period prior to and including the Last Trading Day.

The Offer represents a unique cash exit opportunity for the Shareholders to realise their entire investment at a premium over the historical market prices of the Shares up to and including the Last Trading Day as set out in paragraph 8 of this Offer Document, an option which may not otherwise be readily available due to the low trading liquidity of the Shares, without incurring brokerage and other trading costs."

5. OFFEROR'S INTENTIONS FOR THE COMPANY

The full text of the Offeror's intentions for the Company has been extracted from Paragraph 7.3 of the Offer Document and is set out in italics below. **Shareholders are advised to read the extract below carefully and note the Offeror's future plans for the Company.**

"7.3 Offeror's intentions for the Company

It is currently the intention of the Offeror to ensure continuity in the operations of the Group. The Offeror also intends to review the operations, management and financial position of the Company and to evaluate various options or opportunities which may present themselves which it regards to be in the interests of the Offeror and/or the Company.

Save as disclosed, the Offeror does not currently have any intention to (a) make any major changes to the business of the Company, (b) re-deploy the fixed assets of the Company other than in the ordinary course of business, or (c) discontinue the employment of the existing employees of the Group other than in the ordinary course of business."

6. LISTING STATUS AND COMPULSORY ACQUISITION

Paragraph 9 of the Offer Document states the following:

"9.1 Listing status

Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued Shares (excluding any treasury Shares), the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued Shares (excluding any treasury Shares) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding any treasury Shares), thus causing the percentage of the total number of issued Shares (excluding any treasury Shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

9.2 Compulsory acquisition

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding, for the avoidance of doubt, any treasury Shares), the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Offer (the "**Dissenting Shareholders**") at a price equal to the Offer Price.

Pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with Shares held by it, its related corporations and their respective nominees and treasury Shares, comprise 90% or more of the Shares (including treasury Shares), the Dissenting Shareholders will have a right to require the Offeror to acquire their Shares at the Offer Price.

9.3 Offeror's intentions

As mentioned in paragraph 2.1 above, the Offer will not be extended to treasury Shares or Shares already owned, controlled or agreed to be acquired by the Relevant Concert Party Group. As such, the Offeror will not be entitled to exercise any rights of compulsory acquisition that may arise under the Companies Act pursuant to or in connection with the Offer. **In any event, it is the Offeror's intention to maintain the listing status of the Company and the Offeror does not intend to exercise any rights of compulsory acquisition even if such right arises under Section 215(1) of the Companies Act.**

7. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER

RHTC has been appointed as the independent financial adviser to advise the Independent Directors for the purpose of making a recommendation to the Shareholders in respect of the Offer. Shareholders should consider carefully the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors before deciding whether accept or reject the Offer.

The advice of the IFA to the Independent Directors in respect of the Offer is set out in its letter dated 12 July 2021 as set out in **Appendix I** to this Circular ("**IFA Letter**").

After having regard to the considerations set out in the IFA Letter, and based on the information available to the IFA as at the Latest Practicable Date and subject to the qualifications and assumptions as set out in the IFA Letter, the IFA has given its advice (an extract of which is reproduced in italics below) in respect of the Offer.

Shareholders should read the extract in conjunction with, and in the context of, the IFA Letter in its entirety as set out in **Appendix I** to this Circular. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the IFA Letter.

"11. OPINION

...

Having considered the various factors set out in the earlier sections of this Letter and summarised below, we are of the opinion that the financial terms of the Offer are not fair and not reasonable.

*We consider the financial terms of the Offer to be **NOT FAIR**, after taking into consideration the following factors:*

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- (a) *Notwithstanding that the Offer Price represents: (i) a premium of approximately 6.4% over the VWAP of the Shares of S\$0.470 on 11 June 2021, being the Last Traded Day before the release of the Offer Announcement; and (ii) a premium of approximately 7.1%, 1.6%, 6.6%, 11.4% and 9.1% over the VWAPs of the Shares for the 1-month, 3-month, 6-month, 12-month and 24-month periods up to and including the Last Traded Day before the release of the Offer Announcement respectively, the Offer Price represents a discount of 65.8% and 66.7% to the NAV per Share and RNAV per Share respectively and values the Group at a P/NAV and P/RNAV ratios of approximately 0.34 times and 0.33 times respectively;*
- (b) *Comparison with Comparable Companies:*
- (i) *The P/E ratio of the Group of 9.02 times is within the range but below the mean and median P/E ratios of the Comparable Companies;*
- (ii) *The EV/EBITDA ratio of the Group of 10.56 times is within the range but below the mean and median EV/EBITDA ratios of the Comparable Companies;*
- (iii) *The P/NAV ratio of the Group of 0.34 times is within the range but below the mean and median P/NAV ratios of the Comparable Companies; and*
- (iv) *The P/RNAV ratio of the Group of 0.33 times is within the range but below the mean and median P/NAV ratios of the Comparable Companies;*
- (c) *Comparison with Privatisation Transactions:*
- (i) *Notwithstanding the premium implied by the Offer Price of 6.4% over the last transacted market price of the Shares prior to the Offer Announcement Date, the premium is below the mean and median of the corresponding premium of the Selected Comparable Transactions;*
- (ii) *Notwithstanding the premium implied by the Offer Price of 7.1%, 1.6%, 6.6% and 11.4% over the VWAPs for the 1-month, 3-month, 6-month and 12-month periods prior to the Offer Announcement Date respectively, the premium is below the mean and median of the corresponding premium of the Selected Comparable Transactions;*
- (iii) *The P/NAV ratio of the Group of 0.34 times as implied by the Offer Price is below the mean and median P/NAV ratios of the Selected Comparable Transactions;*
- (iv) *The P/RNAV ratio of the Group of 0.33 times as implied by the Offer Price is below the mean and median P/NAV ratios of the Selected Comparable Transactions; and*
- (v) *The Offer Price is below the range of the overall estimated theoretical valuation of the Company of between S\$0.74 to S\$0.81 based on the asset-based approach.*

We consider the financial terms of the Offer to be **NOT REASONABLE**, after taking into consideration the following factors:

- (a) *Notwithstanding the net cash outflow from operating activities of S\$3.3 million in 1H2021, the Group has an order book of approximately S\$1.6 billion which will provide a sustainable flow of activity through FY2025 as at 19 March 2021;*

LETTER TO SHAREHOLDERS

- (b) *In respect of the Non-Privatisation Transactions, amongst the Selected Comparable Transactions where the respective independent financial advisers had advised independent directors to recommend to shareholders to “accept” the offer, the P/NAV ratios of all such Selected Comparable Transactions are above the P/RNAV ratio implied by the Offer Price in relation to the Company;*
- (c) *The Company has been consistently paying dividend in the last five (5) financial years with the total annual dividend per Share between S\$0.01 and S\$0.03 and dividend yield ranging from approximately 2.4% and 6.5% per annum;*
- (d) *In the event, the Offeror acquires statutory control of the Company as a result of the Offer, the Offeror shall not be required to make an offer for SLBD. Accordingly, no offer will be made for SLBD in connection with the Offer;*
- (e) *It is currently the intention of the Offeror to ensure continuity in the operations of the Group. The Offeror also intends to review the operations, management and financial position of the Company and to evaluate various options or opportunities which may present themselves which it regards to be in the interests of the Offeror and/or the Company. Save as disclosed, the Offeror does not currently have any intention to: (i) make any major changes to the business of the Company; (ii) re-deploy the fixed assets of the Company other than in the ordinary course of business; or (iii) discontinue the employment of the existing employees of the Group other than in the ordinary course of business; and*
- (f) *The Offer will not be extended to treasury Shares or Shares already owned, controlled or agreed to be acquired by the Relevant Concert Party Group. As such, the Offeror will not be entitled to exercise any rights of compulsory acquisition that may arise under the Companies Act pursuant to or in connection with the Offer. In any event, it is the Offeror's intention to maintain the listing status of the Company and the Offeror does not intend to exercise any rights of compulsory acquisition even if such right arises under Section 215(1) of the Companies Act.*

Accordingly, we advise the Independent Directors to recommend that Shareholders REJECT the Offer. If Shareholders wish to realise their investments in the Company, they can choose to sell their Shares in the open market if they obtain a price higher than the Offer Price (after deducting transaction costs).

As set out in the Offer Document, Shareholders should also take note that it is the current intention of the Offeror to maintain the listing status of the Company on the SGX-ST and the Offeror does not intend to exercise any rights of compulsory acquisition even if such right arises under Section 215(1) of the Companies Act.”

In rendering the above opinion, the IFA has not had regard to any specific investment objectives, financial situations, tax status, risk profiles or unique needs and constraints or other particular circumstances of any individual Shareholder.

8. RECOMMENDATION OF THE INDEPENDENT DIRECTORS

The Independent Directors, having considered carefully, amongst other things, the terms of the Offer and the advice given by RHTC to the Independent Directors in the IFA Letter, **CONCUR** with the advice of RHTC in respect of the Offer. Accordingly, the Independent Directors, recommend that Shareholders **REJECT** the Offer.

SHAREHOLDERS ARE ADVISED TO READ THE IFA LETTER SET OUT IN APPENDIX I TO THIS CIRCULAR AND CONSIDER THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS CAREFULLY BEFORE DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER, AS THE CASE MAY BE. SHAREHOLDERS SHOULD NOTE THAT THE ADVICE OF THE IFA TO THE INDEPENDENT DIRECTORS AND THE RECOMMENDATION OF THE

LETTER TO SHAREHOLDERS

INDEPENDENT DIRECTORS IN RESEPECT OF THE OFFER SHOULD NOT BE RELIED ON BY ANY SHAREHOLDER AS THE SOLE BASIS FOR DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER, AS THE CASE MAY BE.

Further, in rendering the above recommendation, the Independent Directors have not had regard to the general or specific investment objectives, financial situations, tax status or position, risk profiles or unique needs and constraints or other particular circumstances of any individual Shareholder.

As different Shareholders would have different investment objectives and profiles, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

9. ACTION TO BE TAKEN BY THE SHAREHOLDERS

Shareholders who wish to accept the Offer must do so not later than **5.30 p.m. (Singapore time) on 26 July 2021**. The Offeror has stated that the Offer will not be open for acceptance beyond 5.30 p.m. (Singapore time) on the Closing Date, and that acceptances received after 5.30 p.m. (Singapore time) on the Closing Date will be rejected. Shareholders who wish to accept the Offer should refer to Appendix V to the Offer Document which sets out the procedures for acceptance of the Offer.

Shareholders who do not wish to accept the Offer need not take any further action in respect of the Offer Document (including the FAA and FAT) which has been sent to them.

10. OVERSEAS SHAREHOLDERS

Shareholders whose addresses are outside Singapore as shown in the Register of Members of the Company or, as the case may be, in the records of CDP should refer to Paragraph 10 of the Offer Document, the full text of which is set out in italics below.

*“The availability of the Offer to Shareholders whose mailing addresses are outside of Singapore (as shown on the register of members of the Company or, as the case may be, in the records of CDP) (each, an **“Overseas Person”**) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, any Overseas Person should inform himself about and observe any applicable legal requirements, and exercise caution in relation to the Offer, as the Electronic Despatch Notification, this Offer Document, the FAAs and the FATs have not been reviewed by any regulatory authority in any overseas jurisdiction. **Where there are potential restrictions on sending the Electronic Despatch Notification, this Offer Document, the FAAs and/or the FATs to any overseas jurisdictions, the Offeror, UOB, CDP and the Receiving Agent each reserves the right not to send these documents to Shareholders in such overseas jurisdictions. For the avoidance of doubt, the Offer will be open to all Shareholders, including those to whom the Electronic Despatch Notification, this Offer Document, the FAAs and/or the FATs have not been, or may not be, sent.***

*Copies of this Offer Document and any other related document relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction (a **“Restricted Jurisdiction”**) and will not be capable of acceptance by any such use, means, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.*

The Offer (unless otherwise determined by the Offeror and permitted by applicable law and

LETTER TO SHAREHOLDERS

regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction, and the Offer will not be capable of acceptance by any such use, means, instrumentality or facility.

Overseas Persons may, nonetheless, obtain copies of the Electronic Despatch Notification, this Offer Document (which can be obtained in the manner set out in the Electronic Despatch Notification), the FAAs and/or the FATs and any related documents, during normal business hours and up to the Closing Date, from the Offeror through CDP (if he is a depositor) by (a) contacting CDP via telephone (+65 6535 7511) or email services (asksgx@sgx.com), or (b) contacting the Receiving Agent (if he is a scripholder) via telephone (+65 6227 6660) or email services (qpc@mncsingapore.com), or at the Receiving Agent's office located at 112 Robinson Road, #05-01, Singapore 068902.

Alternatively, an Overseas Person may write to the Offeror through CDP (if he is a depositor) at Robinson Road Post Office, P.O. Box 1984, Singapore 903934, or the Receiving Agent (if he is a scripholder) at the address listed above, to request for the Electronic Despatch Notification, this Offer Document (which can be obtained in the manner set out in the Electronic Despatch Notification), the FAAs and/or the FATs and any related documents to be sent to an address in Singapore by ordinary post at such Overseas Person's own risk, up to five (5) Market Days prior to the Closing Date.

Electronic copies of the Electronic Despatch Notification, this Offer Document, the FAAs and FATs are also available on the website of the SGX-ST at <https://www.sgx.com>.

It is the responsibility of any Overseas Person who wishes to (a) request for the Electronic Despatch Notification, this Offer Document, the FAAs and/or the FATs and/or any related documents; or (b) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Person shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including UOB) shall be fully indemnified and held harmless by such Overseas Person for any such taxes, imposts, duties or other requisite payments as the Offeror and/or any person acting on its behalf (including UOB) may be required to pay. In (i) requesting for the Electronic Despatch Notification, this Offer Document, the FAAs and/or the FATs and any related documents; and/or (ii) accepting the Offer, the Overseas Person represents and warrants to the Offeror and UOB that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. **Any Overseas Person who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.**

The Offeror and UOB each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Persons) by announcement to the SGX-ST or notice and if necessary, by paid advertisement in a newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including an Overseas Person) to receive or see such announcement, notice or advertisement."

11. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks directly. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.

LETTER TO SHAREHOLDERS

CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks accordingly by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks. CPFIS Investors and SRS Investors who accept the Offer will receive the payment of the Offer Price for their Offer Shares in their CPF investment accounts and SRS investment accounts.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The recommendation of the Independent Directors set out in **Section 8** of this Circular is the responsibility of the Independent Directors.

Save for the foregoing, the Directors (including those who have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular (other than those relating to the Offeror, parties acting in concert with the Offeror, the Offer, the Offer Announcement, the Offer Document, the IFA Letter, the IFA, and the Valuation Reports) are fair and accurate and that no material facts have been omitted from this Circular, the omission of which would make any statement in this Circular misleading.

In respect of the IFA Letter and the Valuation Reports, the sole responsibility of the Directors has been to ensure that the facts stated therein with respect to the Group are, to the best of their knowledge and belief, fair and accurate in all material respects.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror (including, without limitation the Offer Announcement, the Offer Document, the IFA Letter, and the Valuation Reports), the sole responsibility of the Directors has been to ensure that, through reasonable enquiries, such information has been accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this Circular in its proper form and context.

The Directors jointly and severally accept responsibility accordingly.

13. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this Circular which form part of this Circular. In this connection, a summary of the Group's financial information for FY2018, FY2019, FY2020, and HY2021 are reproduced in **Appendix IV** to this Circular.

Yours faithfully
For and on behalf of the Board of Directors of
LIAN BENG GROUP LTD

Low Beng Tin BBM (L)
Independent Director

APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

RHT CAPITAL PTE. LTD.

(Company Registration Number: 201109968H)
(Incorporated in the Republic of Singapore)
6 Raffles Quay, #24-02
Singapore 048580

12 July 2021

To: The Independent Directors of Lian Beng Group Ltd
(deemed to be independent in respect of the Offer)

Mr Low Beng Tin <small>BBM (L)</small>	(Independent Director)
Mr Ko Chuan Aun	(Independent Director)
Mr Ang Chun Giap <small>PBM</small>	(Independent Director)
Dr Tan Khee Giap	(Independent Director)

Dear Sirs,

INDEPENDENT FINANCIAL ADVICE TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE MANDATORY CONDITIONAL CASH OFFER

Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 12 July 2021 (“Circular”) issued by the Company to the shareholders of the Company (“Shareholders”) shall have the same meaning herein.

1. INTRODUCTION

On 14 June 2021 (“**Offer Announcement Date**”), United Overseas Bank Limited (“**UOB**”), announced (“**Offer Announcement**”), for and on behalf of Ong Sek Chong & Sons Pte Ltd (“**Offeror**”), that the Offeror had, on the Offer Announcement Date acquired, pursuant to a married deal, an aggregate of 5,850,000 ordinary shares in the share capital of Lian Beng Group Ltd (“**Company**” and together with its subsidiaries, “**Group**”), representing approximately 1.17% of the total number of issued and paid-up ordinary shares (“**Shares**”) (excluding treasury Shares) issued by the Company (“**Market Acquisition**”).

Prior to the Market Acquisition, the Offeror, together with its concert parties, held approximately 43.55% of the total number of Shares (excluding treasury Shares) of the Company. As a result of the Market Acquisition, where the Offeror had acquired more than 1.0% of voting rights attributable to the Shares of the Company, UOB announced on the Offer Announcement Date, for and on behalf of the Offeror, that the Offeror is making a mandatory conditional cash offer (“**Offer**”) for all the Shares in the share capital of the Company, other than treasury Shares and those Shares owned, controlled or agreed to be acquired by the Offeror and the relevant concert party group (“**Offer Shares**”), comprising of: (i) the board of directors of the Offeror, namely, Mr Ong Pang Aik, Ms Ong Lay Huan, Ms Ong Lay Koon, Mr Ong Phang Hoo and Mr Ong Phang Hui; (ii) Ms Ong Lee Yap; and (iii) OSC Investments Capital Private Limited, a wholly owned subsidiary of the Offeror, (collectively, “**Relevant Concert Party Group**”) in accordance with Rule 14 of the Singapore Code on Take-overs and Mergers (“**Code**”). The Offeror is an investment holding company incorporated under the laws of Singapore on 15 April 1998.

Pursuant to the Offer, UOB had on 28 June 2021 announced, for and on behalf of the Offeror, that the offer document dated 28 June 2021 (“**Offer Document**”), setting out, *inter alia*, the terms and conditions of the Offer had been electronically despatched to Shareholders.

APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

As set out in Section 4 of the Offer Document, based on publicly available information, the Company owns 708,081,400 issued and paid-up ordinary shares in the share capital of SLB Development Ltd. (“**SLBD**”), representing approximately 77.56% of the total number of issued shares of SLBD as at 21 June 2021. The Offer, if it becomes unconditional as to acceptances, will result in the Offeror acquiring statutory control (i.e. more than 50% of total number of issued Shares) as at the close of the Offer and consequently, indirectly acquiring effective control of SLBD (through the Company). The Offeror has consulted with the Securities Industry Council of Singapore (“**SIC**”) on the application of the chain offer principle, and the SIC confirmed in its ruling dated 31 May 2021 that the chain principle set out in Note 7 to Rule 14.1 of the Code does not apply, in that if the Offeror acquires statutory control of the Company as a result of the Offer, the Offeror shall not be required to make an offer for SLBD. Accordingly, no offer will be made for SLBD in connection with the Offer.

As a result of the Market Acquisition, subsequent open market purchases on the SGX-ST by the Offeror (“**Open Market Purchases**”) amounting to 22,056,900 Shares as well as valid acceptances received by the Offeror amounting to 8,381,051 Shares as announced on 5 July 2021, the Offeror and persons acting in concert with it (including the Relevant Concert Party Group) owned or controlled in aggregate 253,898,751 Shares, representing approximately 50.81% of the total number of Shares (excluding treasury Shares). Accordingly, the Offeror announced that the Offer had become unconditional as to acceptances and is declared unconditional in all respects as at 5 July 2021.

In connection with the Offer, RHT Capital Pte. Ltd. (“**RHTC**”) has been appointed by the Company as the independent financial adviser (“**IFA**”) to advise the directors of the Company (“**Directors**”) who are considered independent in respect of the Offer (“**Independent Directors**”), for the purposes of making their recommendation to Shareholders in respect of the Offer.

This Letter is addressed to the Independent Directors and sets out, *inter alia*, our views and evaluation of the financial terms of the Offer, our opinion thereon, and forms part of the Circular providing, *inter alia*, details of the Offer, and the recommendation of the Independent Directors and it is to be electronically despatched to Shareholders in relation to the Offer.

2. TERMS OF REFERENCE

We have been appointed to advise the Independent Directors on the financial terms of the Offer in compliance with the provisions of the Code. We have confined our evaluation to the financial terms of the Offer and have not taken into account the commercial risks and/or commercial merits of the Offer.

Our terms of reference do not require us to evaluate or comment on the rationale for, or the strategic or long term merits of the Offer or on the future prospects of the Company and/or the Group or the method and terms by which the Offer is made or any other alternative methods by which the Offer may be made. Such evaluations and comments remain the sole responsibility of the Directors, although we may draw upon their views 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.

We are not authorised, and we have not solicited, any indications of interest from any third party with respect to the Shares. We are therefore not addressing the relative merits of the Offer as compared to any alternative transaction that may be available to the Company (or its Shareholders), or as compared to any alternative offer that might otherwise be available in the future.

APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

In the course of our evaluation of the financial terms of the Offer, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Group. We have also relied on information provided and representations made, including relevant financial analyses and estimates, by the management of the Company (“**Management**”), the Directors, the Company’s solicitors and auditors. We have not independently verified such information or any representation or assurance made by them, 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, representation or assurance. We have nevertheless made such reasonable enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the reliability of the information.

We have relied upon the assurances of the Directors that, upon making all reasonable enquiries and to the best of their respective knowledge, information and belief, all material information in connection with the Offer, the Company and/or the Group has 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 Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors jointly and severally accept responsibility accordingly.

For the purposes of assessing the financial terms of the Offer and reaching our conclusions thereon, we have not conducted a comprehensive independent review of the business, operations or financial condition of the Group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company and/or the Group in connection with our opinion in this Letter.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group (including without limitation, property, plant and equipment). We have, however, been furnished with the following Valuation Reports (as defined herein) prepared by the Independent Valuers (as defined herein) which the Company has commissioned in connection with the Offer and/or for the purposes of the financial reporting by the Group for financial year (“**FY**”) ended 31 May 2021, and on which we have placed sole reliance on for such valuations (“**Independent Valuations**”):

- (a) the valuation report dated 30 June 2021 in respect of the independent valuation of Thye Hong Centre (as defined herein) as at 31 May 2021 prepared by Savills Valuation and Professional Services (S) Pte. Ltd. (“**Savills**”);
- (b) the valuation report dated 12 January 2021 in respect of the independent valuation of BreadTalk IHQ Building (as defined herein) as at 12 January 2021 prepared by Savills. ;
- (c) the valuation report dated 29 April 2021 in respect of the independent valuation of Kranji Way Industrial Factory (as defined herein) as at 29 April 2021 prepared by Savills;

With respect to (b) and (c) above, the Company has obtained confirmation from Savills for the BreadTalk IHQ Building and Kranji Way Industrial Factory that the respective market valuations remain valid and unchanged as at 31 May 2021 for the purposes of the Offer and the valuation methodology used for the respective valuations do not vary due to the different purposes of the valuation.

Investment Properties (as defined herein)

- (d) the valuation report dated 14 June 2021 in respect of the independent valuation of the property located at 32, 34 & 36 Mandai Estate, Singapore as at 31 May 2021 prepared by SRE Global Pte Ltd (“**SRE Global**”);
- (e) the valuation report dated 30 June 2021 in respect of the independent valuation of the property located at 25 Playfair Road, Singapore as at 31 May 2021 prepared by Savills;

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- (f) the valuation report dated 30 June 2021 in respect of the independent valuation of the property located at 381 Joo Chiat Road, Singapore as at 31 May 2021 prepared by Savills;
- (g) the valuation report dated 30 June 2021 in respect of the independent valuation of the property located at 4190 Ang Mo Kio Avenue 6, Broadway Plaza, Singapore as at 31 May 2021 prepared by Knight Frank Pte Ltd (“**Knight Frank**”);
- (h) the valuation report dated 30 June 2021 in respect of the independent valuation of the property located at 712 Ang Mo Kio Avenue 6, #01-4056, Singapore as at 31 May 2021 prepared by Knight Frank;
- (i) the valuation report dated 30 June 2021 in respect of the independent valuation of the property located at 166 Bukit Merah Central, #01-3527, Singapore as at 31 May 2021 prepared by Knight Frank;
- (j) the valuation report dated 30 June 2021 in respect of the independent valuation of the property located at 451 Clementi Avenue 3, #01-309, Singapore as at 31 May 2021 prepared by Knight Frank;
- (k) the valuation report dated 30 June 2021 in respect of the independent valuation of the property located at 192 Lorong 4 Toa Payoh, #01-674, Singapore as at 31 May 2021 prepared by Knight Frank;
- (l) the valuation report dated 30 June 2021 in respect of the independent valuation of the property located at 221 Balestier Road, #02-05, #03-04 & #04-01, Rocca Balestier, Singapore as at 31 May 2021 prepared by Savills;
- (m) the valuation report dated 30 June 2021 in respect of the independent valuation of the property located at 221 Boon Lay Place, #01-140 & #01-144, Boon Lay Shopping Centre, Singapore as at 31 May 2021 prepared by Knight Frank;
- (n) the valuation report dated 30 June 2021 in respect of the independent valuation of the property located at 65 Cairnhill Road, #06-01, The Ritz Carlton Residences, Singapore as at 31 May 2021 prepared by Savills;
- (o) the valuation report dated 30 June 2021 in respect of the independent valuation of the property located at 111 Emerald Hill Road, #05-02, 111 Emerald Hill, Singapore as at 31 May 2021 prepared by Savills;
- (p) the valuation report dated 30 June 2021 in respect of the independent valuation of the property located at 111 Emerald Hill Road, #03-03, 111 Emerald Hill, Singapore as at 31 May 2021 prepared by Savills;
- (q) the valuation report dated 30 June 2021 in respect of the independent valuation of the property located at 1 Kiang Guan Avenue, #22-02, Lincoln Suites, Singapore as at 31 May 2021 prepared by Savills;
- (r) the valuation report dated 30 June 2021 in respect of the independent valuation of the property located at 16 Spottiswoode Park Road, #36-07, Spottiswoode Suites, Singapore as at 31 May 2021 prepared by Savills;
- (s) the valuation report dated 30 June 2021 in respect of the independent valuation of the property located at 134 Serangoon Avenue 3, #15-15, The Scala, Singapore as at 31 May 2021 prepared by Savills;
- (t) the valuation report dated 30 June 2021 in respect of the independent valuation of the property located at 76 Dakota Crescent, #18-13, Waterbank at Dakota, Singapore as at 31 May 2021 prepared by Savills;

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- (u) the valuation report dated 30 June 2021 in respect of the independent valuation of the property located at 38 Cairnhill Road, #15-06, The Laurels, Singapore as at 31 May 2021 prepared by Savills;
- (v) the valuation report dated 19 May 2021 in respect of the independent valuation of the property located at Unit 1503, Level 15, One Unit Block 10, Li Du Road 700, Gaoxin District, Chengdu City, China as at 19 May 2021 prepared by Chengdu Justice Real Estate Trade & Appraisal Co., Ltd. (成都九鼎房地产交易评估有限公司) (“**CJRE**”);

PPE Properties (as defined herein)

- (w) the valuation report dated 30 June 2021 in respect of the independent valuation of an Industrial Factory with Dormitory (as defined herein) located at 63 Senoko Drive, Singapore as at 31 May 2021 prepared by Savills;
- (x) the valuation report dated 30 June 2021 in respect of the independent valuation of a 11-storey light industrial building located at 29 Harrison Road, Singapore as at 31 May 2021 prepared by Savills;
- (y) the valuation report dated 30 June 2021 in respect of the independent valuation of a 6-storey detached factory building located at 2 Penjuru Close, Singapore as at 31 May 2021 prepared by Savills;
- (z) the valuation report dated 30 June 2021 in respect of the independent valuation of an 8-storey light industrial building located at 24 Leng Kee Road, Singapore as at 31 May 2021 prepared by Savills;
- (aa) the valuation report dated 30 June 2021 in respect of the independent valuation of a Factory Building (as defined herein) located at 5 Tuas South Link 3, Singapore as at 31 May 2021 prepared by Savills; and

Development Properties (as defined herein)

- (bb) the valuation report dated 30 June 2021 in respect of the independent valuation of INSPACE (as defined herein) as at 31 May 2021 prepared by Savills (Savills, together with SRE Global, Knight Frank and CJRE, “**Independent Valuers**”),

(collectively, “**Valuation Reports**”).

We are not experts in the evaluation or appraisal of the assets concerned and we have made reference to Valuation Reports for such assets appraisal and have not made any independent verification of the contents thereof. In particular, we do not assume any responsibility to enquire about the basis of the valuations contained in the Valuation Reports or if the contents thereof have been prepared and/or included in the Circular in accordance with all applicable regulatory requirements.

We will be relying on the disclosures and representations made by the Company on the value of the assets, liabilities and profitability of the Company and/or the Group. We have not relied upon any financial projections or forecasts in respect of the Company and/or the Group for the purpose of our evaluation of the financial terms of the Offer.

Our analysis and our opinion as set out in this Letter are based upon market, economic, industry, monetary and other conditions in effect on, and the information provided to us as at 30 June 2021 (“**Latest Practicable Date**”). Such conditions may change significantly over a relatively short period of time. 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 their consideration of the Offer which may be released by the Company and/or the Offeror after the Latest Practicable Date.

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In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, or other professional adviser immediately. As such, our opinion should not be the sole basis for deciding whether or not to accept the Offer.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this Letter).

Our opinion in respect of the Offer, as set out in Section 11 of this Letter, should be considered in the context of the entirety of this Letter and the Circular.

3. THE OFFER

Shareholders should have by now received a copy of the Offer Document that contains the formal offer for the Offer Shares, subject to the terms and conditions of the Offer as set out in the Offer Document, which will be made by the Offeror in accordance with the Code.

The principal terms and conditions of the Offer are set out in Section 2 of the Offer Document. Shareholders are advised to read the terms and conditions of the Offer as set out in the Offer Document carefully.

The key terms of the Offer are set out below for your reference.

3.1 Offer Price

The Offer price for each Offer Share will be as follows:

For each Offer Share: S\$0.50 in cash (“Offer Price”)

3.2 Offer Shares

The Offer is extended, on the same terms and conditions, to all the Shares, other than treasury Shares and those Shares already owned, controlled or agreed to be acquired by the Offeror and the Relevant Concert Party Group.

3.3 No Encumbrances

The Offer Shares will be acquired:

- (a) fully paid-up;
- (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever (“**Encumbrances**”); and
- (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, other distributions and return of capital, if any, which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date).

In the event that any dividends, rights, other distributions or return of capital is declared, made or paid on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by the amount of such dividends, rights, distributions or return of capital paid by the Company to the accepting Shareholder.

APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

3.4 Conditional Offer

The Offer will be conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares already owned, controlled or agreed to be acquired by the Offeror and persons acting in concert with it (including the Relevant Concert Party Group) (whether before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and persons acting in concert with it (including the Relevant Concert Party Group) holding more than 50% of the total number of issued Shares (excluding any treasury Shares) as at the close of the Offer (“**Acceptance Condition**”).

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such Offer Shares which, when taken together with the Shares already owned, controlled or agreed to be acquired by the Offeror and the persons acting in concert with it (including the Relevant Concert Party Group) (whether before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and persons acting in concert with it (including the Relevant Concert Party Group) holding such number of Shares carrying more than 50% of the voting rights attributable to the issued share capital of the Company as the date of such declaration, which excludes for the avoidance of doubt, the treasury Shares.

Save for the Acceptance Condition, the Offer will be unconditional in all other respects.

Open Market Purchase

Following the Offer Announcement, UOB announced, for and on behalf of the Offeror, that the Offeror had acquired (i) 7,036,300 Shares on 15 June 2021; (ii) 4,963,700 Shares on 16 June 2021; (iii) 4,615,300 Shares on 17 June 2021; (iv) 1,870,300 Shares on 18 June 2021; (v) 187,200 Shares on 21 June 2021; and (vi) 3,384,100 Shares on 22 June 2021 via Open Market Purchases. As a result of the Open Market Purchases, the Offeror owned or controlled an aggregate of additional 22,056,900 Shares, representing approximately 4.41% of the total number of Shares (excluding treasury Shares) as at the Latest Practicable Date.

As at 5 July 2021, UOB announced, for and on behalf of the Offeror, that the Offeror had received valid acceptances amounting to 8,381,051 Shares, representing approximately 1.68% of the total number of Shares (excluding treasury Shares). Following from the above, as at 5 July 2021, the Offeror and persons acting in concert with it (including the Relevant Concert Party Group) owned or controlled in aggregate 253,898,751 Shares, representing approximately 50.81% of the total number of Shares (excluding treasury Shares). Accordingly, the Offeror announced that the Offer had become unconditional as to acceptances and is declared unconditional in all respects as at 5 July 2021.

3.5 Warranty

Acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof: (a) fully paid-up; (b) free from Encumbrances; and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, other distributions and return of capital, if any, which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date).

3.6 Closing Date

Except insofar as the Offer may be withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder, the Offer will remain open for acceptances for a period of 28 days from the date of posting of the Offer Document.

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Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 26 July 2021 (“Final Closing Date”). The Offeror does not intend to extend the Offer beyond 5.30 p.m. (Singapore time) on the Final Closing Date. Notice is hereby given that the Offer will not be open for acceptance beyond 5.30 p.m. (Singapore time) on the Final Closing Date. Acceptances received after 5.30 p.m. (Singapore time) on the Final Closing Date will be rejected.

3.7 Further details of the Offer

Further details of the Offer, including details on: (a) the duration of the Offer; (b) the settlement of consideration of the Offer; (c) the requirements relating to the announcements of the level of acceptances of the Offer; and (d) the right of withdrawal of acceptances of the Offer, are set out in Appendix IV to the Offer Document.

The procedures for acceptance of the Offer is set out in Appendix V to the Offer Document.

4. NO IRREVOCABLE UNDERTAKING

The information on no irrevocable undertaking, as set out below in italics, has been extracted from Section 3 of the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document.

“As at the Latest Practicable Date, neither the Offeror nor any persons acting in concert with the Offeror has received any irrevocable undertaking from any person to accept or reject the Offer.”

5. NO CHAIN OFFER FOR SLBD

The information on no chain offer for SLBD, as set out below in italics, has been extracted from Section 4 of the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document.

“As at the Latest Practicable Date, based on publicly available information, the Company owns 708,081,400 issued and paid-up SLBD Shares, representing approximately 77.56% of issued SLBD Shares.

The Offer, if it becomes unconditional as to acceptances, will result in the Offeror acquiring statutory control (i.e. more than 50% of the total number of issued Shares) as at the close of the Offer and consequently, indirectly acquiring effective control of SLBD (through the Company). The Offeror has consulted with the SIC on the application of the chain offer principle, and the SIC confirmed in its ruling dated 31 May 2021 that the chain principle set out in Note 7 to Rule 14.1 does not apply, in that if the Offeror acquires statutory control of the Company as a result of the Offer, the Offeror shall not be required to make an offer for SLBD.

Accordingly, no offer will be made for SLBD in connection with the Offer.”

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6. INFORMATION ON THE OFFEROR

The information on the Offeror, as set out below in italics, has been extracted from Section 5 of the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document.

“The Offeror is an investment holding company incorporated under the laws of Singapore on 15 April 1998. As at the date of this Offer Document:

- (a) *the Offeror has an issued and paid-up share capital of S\$100,000 comprising 100,000 ordinary shares ("**Offeror Shares**"), which are held as follows:*
- (i) *40,000 Offeror Shares are held by Mr. Ong Pang Aik, representing 40% of the Offeror Shares in issue;*
 - (ii) *36,000 Offeror Shares are held by Ms. Ong Lay Huan, representing 36% of the Offeror Shares in issue;*
 - (iii) *12,000 Offeror Shares are held by Ms. Ong Lay Koon, representing 12% of the Offeror Shares in issue; and*
 - (iv) *12,000 Offeror Shares are held by Ms. Ong Lee Yap, representing 12% of the Offeror Shares in issue; and*
- (b) *the board of directors of the Offeror (the "**Offeror Directors**") comprises the following individuals:*
- (i) *Mr. Ong Pang Aik BBM (L);*
 - (ii) *Ms. Ong Lay Huan;*
 - (iii) *Ms. Ong Lay Koon;*
 - (iv) *Mr. Ong Phang Hoo PBM; and*
 - (v) *Mr. Ong Phang Hui PBM,*

*(the Offeror Directors together with Ms. Ong Lee Yap and OSCI, a wholly-owned subsidiary of the Offeror, collectively, the "**Relevant Concert Party Group**").*

APPENDIX I to this Offer Document sets out certain additional information on the Offeror.”

7. INFORMATION ON THE COMPANY

The information on the Company, as set out below in italics, has been extracted from Section 6 of the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document.

6.1 Incorporation and listing

Based on publicly available information, the Company was incorporated under the laws of Singapore on 25 May 1998 and was listed on the Main Board of the SGX-ST on 15 April 1999.

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6.2 Share capital

As at the Latest Practicable Date, based on publicly available information, the Company has an issued and paid-up share capital of S\$83,666,121.52 comprising 499,689,200 Shares (excluding 30,070,800 Shares held by the Company as treasury Shares).

6.3 Additional information on the Company

APPENDIX II to this Offer Document sets out additional information on the Company.”

7.1 Implied market capitalisation

As at the Latest Practicable Date, the Company has an issued and paid-up share capital comprising 499,689,200 Shares (excluding treasury Shares). Based on the Offer Price of S\$0.50 per Share and the total number of issued Shares as at the Latest Practicable Date, the implied market capitalisation of the Company is approximately S\$249.8 million. Additional information on the Company is set out in Appendix II to the Offer Document and Appendix II to the Circular.

8. RATIONALE FOR THE OFFER AND INTENTIONS FOR THE COMPANY

The full text of the rationale for the Offer has been extracted from Section 7 of the Offer Document and is set out in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document.

“7.1 Compliance with the Code

Under Rule 14.1(b) of the Code, where any person who, together with any of its concert parties, holds not less than 30% but not more than 50% of the voting rights and such person, or any of its concert parties, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights, such person must extend a mandatory offer in accordance with Rule 14 of the Code.

Prior to the Market Acquisition, the Offeror, together with its concert parties, held approximately 43.55% of the total number of issued Shares. As mentioned in paragraph 1.1 above, the Market Acquisition comprises approximately 1.17% of the total number of issued Shares and accordingly, the Offeror acquired more than 1% of the voting rights attributable to the Shares and is required to make the Offer in compliance with Rule 14.1(b) of the Code.

7.2 Low Trading Liquidity

The trading volume of the Shares has been generally low. The average daily trading volume of the Shares during the one (1)-month period, three (3)-month period, six (6)-month period and twelve (12)-month period up to and including the Last Trading Day are detailed in the table below.

Period up to and including the Last Trading Day	One-month	Three-month	Six-month	Twelve-month
Average daily trading volume (“ADTV”) ⁽¹⁾	241,529	450,970	537,060	363,562
ADTV as a percentage of total number of issued Shares	0.05%	0.09%	0.11%	0.07%

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Note:

- (1) *The ADTV is based on data extracted from Bloomberg L.P. and calculated using the total volume of Shares traded divided by the number of Market Days with respect to the relevant period prior to and including the Last Trading Day.*

The Offer represents a unique cash exit opportunity for the Shareholders to realise their entire investment at a premium over the historical market prices of the Shares up to and including the Last Trading Day as set out in paragraph 8 of this Offer Document, an option which may not otherwise be readily available due to the low trading liquidity of the Shares, without incurring brokerage and other trading costs.

7.3 Offeror's intentions for the Company

It is currently the intention of the Offeror to ensure continuity in the operations of the Group. The Offeror also intends to review the operations, management and financial position of the Company and to evaluate various options or opportunities which may present themselves which it regards to be in the interests of the Offeror and/or the Company.

Save as disclosed, the Offeror does not currently have any intention to (a) make any major changes to the business of the Company, (b) re-deploy the fixed assets of the Company other than in the ordinary course of business, or (c) discontinue the employment of the existing employees of the Group other than in the ordinary course of business."

9. LISTING STATUS AND COMPULSORY ACQUISITION

The full text relating to the listing status of the Company and compulsory acquisition has been extracted from Section 9 of the Offer Document and is set out in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document.

“9.1 Listing status

Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued Shares (excluding any treasury Shares), the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued Shares (excluding any treasury Shares) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding any treasury Shares), thus causing the percentage of the total number of issued Shares (excluding any treasury Shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

9.2 Compulsory acquisition

*Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding, for the avoidance of doubt, any treasury Shares), the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Offer (the “**Dissenting Shareholders**”) at a price equal to the Offer Price.*

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Pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with Shares held by it, its related corporations and their respective nominees and treasury Shares, comprise 90% or more of the Shares (including treasury Shares), the Dissenting Shareholders will have a right to require the Offeror to acquire their Shares at the Offer Price.

9.3 Offeror's intentions

*As mentioned in paragraph 2.1 above, the Offer will not be extended to treasury Shares or Shares already owned, controlled or agreed to be acquired by the Relevant Concert Party Group. As such, the Offeror will not be entitled to exercise any rights of compulsory acquisition that may arise under the Companies Act pursuant to or in connection with the Offer. **In any event, it is the Offeror's intention to maintain the listing status of the Company and the Offeror does not intend to exercise any rights of compulsory acquisition even if such right arises under Section 215(1) of the Companies Act.***

10. ASSESSMENT OF THE FINANCIAL TERMS OF THE OFFER

In our assessment of the financial terms of the Offer, we have performed the following evaluation which we consider to be pertinent and to have a significant bearing on our assessment of the Offer:

- (i) Market quotation and trading liquidity of the Shares;
- (ii) Historical financial performance and position of the Group;
- (iii) Revalued net asset value attributable to owners of the Company (“**RNAV**”) of the Group;
- (iv) Comparison with the valuation ratios of selected comparable companies listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) which are broadly comparable to the Group;
- (v) Comparison with recently completed non-privatisation transactions (“**Non-Privatisation Transactions**”) on the SGX-ST;
- (vi) Estimated theoretical valuation of the Shares;
- (vii) Dividend track record of the Company; and
- (viii) Other relevant considerations.

The figures, underlying financial and market data used in our analysis, including securities prices, trading volumes, free float data and foreign exchange rates have been extracted from Bloomberg L.P., SGX-ST and other publicly available information as at the Latest Practicable Date or as provided by the Company where relevant. RHTC makes no representation or warranties, express or implied, as to the accuracy or completeness of such information.

10.1 Market quotation and trading liquidity of the Shares

We have compared the Offer Price against the historical market price performance of the Shares and considered the historical trading volume over the observation periods as discussed below.

We note that trading of the Shares was halted from 10.54 am on 14 June 2021. The Offer Announcement was then released, followed by a response to the Offer Announcement by the Company to the Offer. The trading halt was subsequently lifted after trading hours on 14 June 2021.

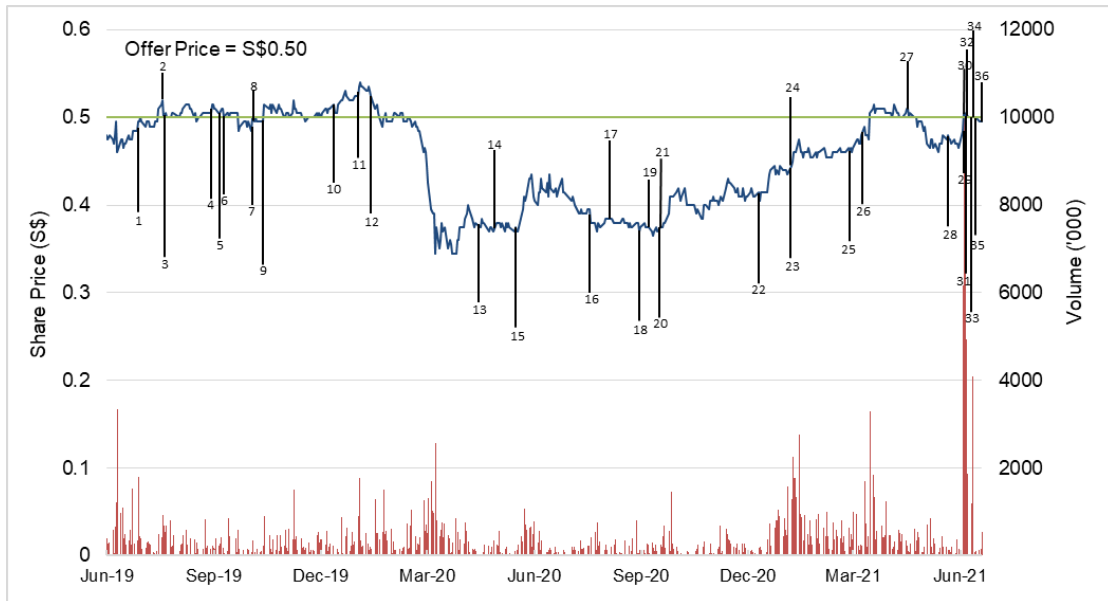
APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

We have compared the Offer Price against the historical market price performance of the Shares and considered the historical trading volume of the Shares from 12 June 2019, being approximately a 24-month period prior to 11 June 2021, which was the last traded day of the Shares before the release of the Offer Announcement (“**Last Traded Day**”) and up to the Latest Practicable Date (“**Period Under Review**”).

Share price chart for the Period Under Review

We set out below a chart showing the Offer Price relative to the daily last transacted prices and trading volume of the Shares for the Period Under Review.

Price movement and trading volume of the Shares for the Period Under Review



Source: Bloomberg L.P.

Significant announcements

- (1) **8 July 2019:** The Company announced that United Tec Construction Pte. Ltd, a 60% owned subsidiary of the Company, secured a contract through tender from NTUC Fairprice Co-operative Limited for the proposed erection of a 7-storey ramp up fresh food distribution centre. The contract is worth approximately S\$234.7 million with a contract period of 24 months. The Company further announced that the Group’s order book stood at approximately S\$1.5 billion which will provide a sustainable flow of activity through FY2022.
- (2) **30 July 2019:** The Company announced its full year financial results for the FY2019.
- (3) **31 July 2019:** The Company announced that its 30%-owned associated company, Wickham 186 Pty Ltd, had acquired 67% of the issued and paid up share capital of 186 Wickham Street (Residential) Pty Ltd from Marvel Investments Pty Ltd for a purchase consideration of A\$5.5 million which includes the discharge of a shareholder loan of A\$2.2 million.
- (4) **10 September 2019:** The Company announced the release of its annual report for FY2019.
- (5) **13 September 2019:** The Company announced that United Tec Construction Pte. Ltd, a 60% owned subsidiary of the Company, secured a contract through tender from CEL Newton Pte Ltd for the construction of a residential development at Kampong Java Road. The contract is worth approximately S\$107.5 million. The Company further announced that the Group’s order book stood at approximately S\$1.5 billion which will provide a sustainable flow of activity through FY2023.
- (6) **25 September 2019:** The Company announced that SLBD had entered into a share sale and purchase agreement with Jun Yuan Holdings Pte Ltd for the disposal of 100% of the ordinary shares in the capital of Wellprime Pte.Ltd., a wholly owned subsidiary of SLBD, which owns the property at 50 Lorong 21 Geylang Singapore 388465 for an aggregate consideration of S\$13.5 million (“**Wellprime Disposal**”).
- (7) **14 October 2019:** The Company announced its first quarter financial results for the period ended 31 August 2019.

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- (8) **16 October 2019:** The Company announced that SLBD had completed the Wellprime Disposal.
- (9) **24 October 2019:** The Company announced that Lian Beng Construction (1988) Pte. Ltd., a wholly owned subsidiary of the Company, secured a contract from Carmel Development Pte Ltd for the proposed condominium housing development at River Valley Close. The contract is worth approximately S\$173 million with a contract period of 36 months. The Company further announced that the Group's order book stood at approximately S\$1.6 billion which will provide a sustainable flow of activity through FY2023.
- (10) **27 December 2019:** The Company announced that United Tec Construction Pte. Ltd, a 60% owned subsidiary of the Company, secured a contract through tender from United Venture Development (Clementi 1) Pte Ltd for the proposed residential flat development at Clementi Avenue 1. The contract is worth approximately S\$178 million with a contract period of 36 months. The Company further announced that the Group's order book stood at approximately S\$1.7 billion which will provide a sustainable flow of activity through FY2023.
- (11) **13 January 2020:** The Company announced its half year financial results for the period ended 30 November 2019.
- (12) **23 January 2020:** The Company announced it had entered into a sale and purchase agreement with KKC Investment Holding Pte. Ltd. for the disposal of 5,720,000 ordinary shares in the capital of United E & P Pte. Ltd. ("UEP"), representing all of the Company's shareholding interest in the capital of UEP and amounting to 40% of the total issued shares of UEP, for an aggregate sale consideration of S\$9.4 million ("**UEP Disposal**").
- (13) **22 April 2020:** The Company announced the completion of the UEP Disposal.
- (14) **11 May 2020:** The Company announced that Lian Beng Construction (1988) Pte. Ltd., a wholly owned subsidiary of the Company, secured a contract through tender from NovaSims Development Pte Ltd for the proposed residential flat development at Sims Drive. The contract is worth approximately S\$174 million with a contract period of 36 months. The Company further announced that the Group's order book stood at approximately S\$1.7 billion which will provide a sustainable flow of activity through FY2023.
- (15) **22 May 2020:** The Company announced that it had sought a second extension of time from SLBD to comply with certain undertakings pursuant to SLBD's listing on the Catalist of SGX-ST on 20 April 2018.
- (16) **29 July 2020:** The Company announced its full year financial results for the FY2020.
- (17) **13 August 2020:** The Company announced an extension of the shareholder's loan to SLBD for a further two (2) years and the principal amount of the shareholder's loan will be repayable on 20 April 2023 as well as the interest payable had been reduced from 1.5% per annum above SIBOR to 1.25% per annum above SIBOR, subject to review every six (6) months.
- (18) **10 September 2020:** The Company announced the release of its annual report for the FY2020.
- (19) **17 September 2020:** The Company announced that SLBD had, through its wholly owned subsidiary, Wealth Space Pte. Ltd., entered into a sale and purchase agreement with Thye Hong Manufacturing Pte. Ltd. to purchase a freehold 6-storey industrial building located at 2 Leng Kee Road ("**Thye Hong Centre Acquisition**") for a purchase consideration of S\$112.5 million.
- (20) **26 September 2020:** The Company announced its responses to the query raised by the SGX-ST in relation to its annual report for FY2020, in respect of the material discrepancies in the values in net cash flows used in investing activities and net cash flows used in financing activities in the annual report for FY2020 and the financial statements for FY2020 which was issued on 29 July 2020.
- (21) **27 September 2020:** The Company announced its responses to the questions from shareholders in advance of its annual general meeting, in respect of, *inter alia*, the challenges brought on by COVID-19 and updates on the occupancy and rental collection situation for the commercial, industrial and hospitality properties of the Group.
- (22) **17 December 2020:** The Company announced that SLBD had completed the Thye Hong Centre Acquisition.
- (23) **14 January 2021:** The Company announced its half year ("**1H**") financial results for the period ended 30 November 2020.
- (24) **15 January 2021:** The Company announced that its 75%-owned subsidiary, Lian Beng (Tai Seng) Pte. Ltd., entered into a put and call option agreement with BreadTalk Group Pte. Ltd. for the proposed acquisition of BreadTalk IHQ Building ("**BreadTalk IHQ Acquisition**") for an aggregate purchase consideration of S\$118.0 million.
- (25) **5 March 2021:** The Company announced that its 75% owned subsidiary, Lian Beng (Tai Seng) Pte. Ltd., had exercised the call option in respect of the BreadTalk IHQ Acquisition.
- (26) **19 March 2021:** The Company announced that United Tec Construction Pte. Ltd, a 60% owned subsidiary of the Company, secured a contract from United Venture Development (2020) Pte. Ltd. for the proposed residential flat development at Canberra Drive. The contract is worth approximately S\$131.0 million with a contract period of 49 months. The Company further announced that the Group's order book stood at approximately S\$1.6 billion which will provide a sustainable flow of activity through FY2025.

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- (27) **30 April 2021:** The Company announced the completion of the BreadTalk IHQ Acquisition.
- (28) **28 May 2021:** The Company announced that it had sought a third extension of time from SLBD to comply with certain undertakings pursuant to SLBD's listing on the Catalist of SGX-ST on 20 April 2018.
- (29) **14 June 2021:** The Offeror announced the Offer.
- (30) **15 June 2021:** The Offeror announced the Open Market Purchases of 7,036,300 Shares.
- (31) **16 June 2021:** The Offeror announced the Open Market Purchases of 4,963,700 Shares.
- (32) **17 June 2021:** The Offeror announced the Open Market Purchases of 4,615,300 Shares.
- (33) **18 June 2021:** The Offeror announced the Open Market Purchases of 1,870,300 Shares.
- (34) **21 June 2021:** The Offeror announced the Open Market Purchases of 187,200 Shares.
- (35) **22 June 2021:** The Company announced the appointment of RHTC as the IFA in respect of the Offer and the Offeror announced the Open Market Purchases of 3,384,100 Shares.
- (36) **28 June 2021:** The Offeror announced the electronic despatch of the Offer Document and related documents.

From the Share price chart above, we noted that during the Period Under Review: (i) the Share price had traded in the range between S\$0.46 and S\$0.54 prior to March 2020; (ii) the Shares subsequently traded on a downward trend during the period between March 2020 and September 2020 where the Share price traded below the Offer Price as the COVID-19 pandemic had led to a general weakness in markets globally; (iii) the Shares began trading on an upward trend after September 2020 with the Share price trading above the Offer Price during the period between 26 March 2021 and 5 May 2021; (iv) the Share price traded at or above the Offer Price after the Offer Announcement Date and up to 25 June 2021; and (v) during the period after 25 June 2021 and up to the Latest Practicable Date, the Share traded at S\$0.495. As at the Latest Practicable Date, the Shares were last traded at S\$0.495.

As set out in Section 3.4 of this Letter, UOB announced, for and on behalf of the Offeror, that the Offeror had acquired, in aggregate, 22.1 million Shares via Open Market Purchases at the price of S\$0.50 per Share during the period after the Offer Announcement Date and up to the Latest Practicable Date, representing 73.5% of the total volume of Shares transacted during the aforementioned period.

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Market statistics

In addition to the share price chart above, we have tabulated below selected statistical information on the share price performance and trading liquidity of the Shares for the Period Under Review.

	Highest traded price (S\$)	Lowest traded price (S\$)	VWAP ⁽¹⁾ (S\$)	Premium / (discount) of Offer Price over / (to) VWAP (%)	Number of traded days	Average daily traded volume ⁽²⁾ ('000)	Average daily traded volume as a percentage of free float ⁽³⁾ (%)
Up to and including the Last Traded Day before the Offer Announcement Date							
Last 1 month	0.495	0.450	0.467	7.1	21	241.5	0.08
Last 3 months	0.520	0.450	0.492	1.6	63	451.0	0.16
Last 6 months	0.520	0.405	0.469	6.6	124	537.1	0.19
Last 12 months	0.520	0.360	0.449	11.4	247	370.9	0.13
Last 24 months	0.545	0.310	0.458	9.1	498	379.8	0.13
As at 11 June 2021, being the Last Traded Day before the Offer Announcement Date	0.470	0.470	0.470	6.4	1	90.9	0.03
After the Offer Announcement Date to the Latest Practicable Date							
After the Offer Announcement Date and up to the Latest Practicable Date	0.505	0.495	0.501	(0.2)	12	2,500.3	0.87
As at the Latest Practicable Date	0.500	0.495	0.495	1.0	1	537.5	0.19

Sources: Bloomberg L.P. and RHTC calculations

Notes:

- (1) The volume-weighted average price ("VWAP") is calculated based on the turnover divided by volume of the Shares as extracted from Bloomberg L.P..
- (2) The average daily trading volume of the Shares was computed based on the total volume of Shares traded during the relevant periods, divided by the number of days that were open for trading (excluding public holidays and days with full day trading halts on the Shares) during that period.
- (3) Free float refers to the Shares other than those held by the Directors, chief executive officer, controlling Shareholders or substantial Shareholders of the Company and amounts to approximately 286.8 million Shares representing approximately 57.4% of the issued Shares as disclosed in the annual report of the Company for FY2020.

Based on the above, we observe the following with regards to the Share price performance of the Company:

- (i) The Offer Price represents a premium of approximately 6.4% over the VWAP of the Shares of S\$0.470 on 11 June 2021, being the Last Traded Day before the release of the Offer Announcement;
- (ii) The Offer Price represents a premium of approximately 7.1%, 1.6%, 6.6%, 11.4% and 9.1% over the VWAPs of the Shares for the 1-month, 3-month, 6-month, 12-month and 24-month periods up to and including the Last Traded Day before the release of the Offer Announcement respectively;

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- (iii) Over the 12-month period up to and including the Last Traded Day before the release of the Offer Announcement, the Shares have traded between a low of S\$0.360 and a high of S\$0.520. The Offer Price represents a premium of S\$0.140 (or 38.9%) over the lowest transacted price of the Shares and a discount of S\$0.020 (or 3.8%) to the highest transacted price of the Shares;
- (iv) Over the 24-month period up to and including the Last Traded Day before the release of the Offer Announcement, the Shares have traded between a low of S\$0.310 and a high of S\$0.545. The Offer Price represents a premium of S\$0.190 (or 61.3%) over the lowest transacted price of the Shares and a discount of S\$0.045 (or 8.3%) to the highest transacted price of the Shares;
- (v) The Offer Price represents a discount of approximately 0.2% to the VWAP of the Shares of S\$0.501 for the period after the release of the Offer Announcement to the Latest Practicable Date;
- (vi) For the period after the release of the Offer Announcement to the Latest Practicable Date, the Shares have traded between a low of S\$0.495 and a high of S\$0.505. The Offer Price represents a premium of S\$0.005 (or 1.0%) over the lowest transacted price of the Shares and a discount of S\$0.005 (or 1.0%) to the highest transacted price of the Shares; and
- (vii) The Offer Price represents a premium of 1.0% over the VWAP of the Shares of S\$0.495 as at the Latest Practicable Date.

We observe the following with regards to the trading liquidity of the Shares:

- (i) Over the 24-month period up to and including the Last Traded Day before the release of the Offer Announcement, the Shares were traded on 498 days out of a total of 504 market days. The average daily trading volume of the Shares for the 1-month, 3-month, 6-month, 12-month and 24-month periods up to and including the Last Traded Day before the release of the Offer Announcement represent 0.08%, 0.16%, 0.19%, 0.13% and 0.13% of the free float of the Shares respectively; and
- (ii) For the period after the release of the Offer Announcement and up to the Latest Practicable Date, the average daily trading volume on the Shares was approximately 2.5 million Shares, representing 0.87% of the free float of the Shares, of which bulk of these transactions done in the open market were purchases made by the Offeror.

Summary

In summary, the Share price had traded in the range between S\$0.46 and S\$0.54 prior to March 2020. As a result of the COVID-19 pandemic which had led to a general weakness in markets globally, the Shares traded on a downward trend during the period between March 2020 and September 2020. The Share has since been on a general upward trend and traded above the Offer Price: (i) during the period between 26 March 2021 and 5 May 2021; and (ii) after the Offer Announcement Date and up to 25 June 2021. During the period after 25 June 2021 and up to the Latest Practicable Date, the Share traded at S\$0.495. The bulk of the transactions done in the open market after the Offer Announcement Date and up to the Latest Practicable Date were purchases made by the Offeror. As at the Latest Practicable Date, the Shares were last traded at S\$0.495.

Further, while there appears to be a ready market for the Shares as indicated by the number of transactions during the Period Under Review, the absolute trading volume of the Shares is nevertheless very thin which renders the Shares illiquid for investors who wish to undertake transactions in larger amounts of Shares.

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Shareholders should note that there is no assurance that the market prices of the Shares would remain at the current prevailing level after the close of the Offer, and that the past trading performance of the Shares should not in any way be relied upon as an indication or a promise of its future trading performance.

10.2 Historical financial performance and position of the Group

For the purpose of evaluating the financial terms of the Offer, we have considered the audited financial results of the Group for FY2018, FY2019 and FY2020 and the unaudited financial results of the Group for 1H2020 and 1H2021.

10.2.1 Financial performance of the Group

The following summary of the financial information should be read in conjunction with the full text of the Group's audited financial statements for FY2018, FY2019 and FY2020 and the Group's unaudited financial statements for 1H2020 and 1H2021 in respect of the relevant financial periods, including the notes thereto.

(\$'000)	Audited			Unaudited	
	FY2018	FY2019	FY2020	1H2020	1H2021
Revenue	406,960	386,791	556,043	311,616	197,503
Cost of sales	(293,813)	(305,004)	(471,577)	(264,554)	(172,707)
Gross profit	113,147	81,787	84,466	47,062	24,796
Other operating income	54,322	11,115	20,878	8,063	21,028
Distribution expenses	(8,450)	(3,856)	(2,474)	(1,131)	(1,201)
Administrative expenses	(31,309)	(25,881)	(28,138)	(13,792)	(15,198)
Other operating expenses	(10,493)	(8,843)	(9,088)	(3,541)	(4,974)
Finance costs	(17,178)	(17,600)	(18,286)	(9,880)	(5,628)
Impairment losses on financial assets	(3,210)	(2,022)	(743)	-	(88)
Share of results of associates	4,491	(246)	(10,907)	2,513	4,590
Share of results of joint ventures	8,982	6,533	6,455	(1,803)	1,602
	110,302	40,987	42,163	27,491	24,927
Fair value gain / (loss) on investment properties	9,657	3,500	(667)	-	-
Profit before taxation	119,959	44,487	41,496	27,491	24,927
Taxation	(24,710)	(6,313)	(7,850)	(4,949)	(2,763)
Profit for the year / period, net of taxation	95,249	38,174	33,646	22,542	22,164

Other comprehensive income:

Items that will not be reclassified to profit or loss:

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(S\$'000)	Audited			Unaudited	
	FY2018	FY2019	FY2020	1H2020	1H2021
Net (loss) / gain on equity instruments at fair value through other comprehensive income	-	(862)	(4,285)	(346)	2,141
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Net gain / (loss) on debt instruments at fair value through other comprehensive income	-	298	(1,834)	783	533
Net (loss) on fair value changes of available-for-sale financial assets	(2,770)	-	-	-	-
Foreign currency translation gain / (loss)	2,141	(1,630)	(108)	(349)	524
Other comprehensive income for the year / period, net of taxation	(629)	(2,194)	(6,227)	88	3,198
Total comprehensive income for the year / period	94,620	35,980	27,419	22,630	25,362
Profit attributable to:					
Owners of the Company	82,546	32,863	28,654	18,572	17,614
Non-controlling interests	12,703	5,311	4,992	3,970	4,550
	95,249	38,174	33,646	22,542	22,164
Total comprehensive income attributable to:					
Owners of the Company	81,985	30,838	22,535	18,764	20,841
Non-controlling interests	12,635	5,142	4,884	3,866	4,521
	94,620	35,980	27,419	22,630	25,362

Sources: Audited financial statements for FY2018, FY2019 and FY2020 and unaudited financial statements for 1H2020 and 1H2021 of the Group

FY2019 vs FY2018

The Group recorded revenue of S\$386.8 million in FY2019, a decrease of S\$20.2 million or 5.0% from S\$407.0 million in FY2018 mainly due to the decrease in revenue contribution from the property development segment (“**Property Development**”) with the industrial project T-Space (as defined herein) substantially completed in FY2018. The decrease was partially offset by an increase in revenue generated from the construction segment (“**Construction**”) and the investment holding segment (“**Investment Holding**”).

Cost of sales increased slightly by S\$11.2 million or 3.8% from S\$293.8 million in FY2018 to S\$305.0 million in FY2019 mainly due to increase in construction cost which was in line with the increase in construction activity. As such, the Group’s gross profit decreased by 27.7% or S\$31.4 million from S\$113.1 million in FY2018 to S\$81.8 million in FY2019.

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Other operating income normalised from S\$54.3 million in FY2018 to S\$11.1 million in FY2019, in the absence of the one-time gain on disposal of investment properties located at 247 & 249 Collins Street, Melbourne, Australia (“**Collins Property**”) and 50 Franklin Street, Melbourne, Australia (“**Franklin Property**”) in FY2018.

Distribution expenses decreased by 54.4% or S\$4.6 million from S\$8.5 million in FY2018 to S\$3.9 million in FY2019 mainly due to: (i) lower sales commission recognised for T-Space (as defined herein) in FY2019; and (ii) absence of marketing and leasing agent's fees incurred for the Franklin Property and commission paid for the sale of a development property at 596 St Kilda Road in Melbourne, Australia in FY2018.

Administrative expenses decreased by S\$5.4 million or 17.3% from S\$31.3 million in FY2018 to S\$25.9 million in FY2019 mainly due to overall reduction in overhead costs and the absence of listing expenses incurred by SLBD in respect of their listing on SGX-ST in FY2018.

Share of profit of associates and joint ventures decreased by S\$7.2 million or 53.3% from S\$13.5 million in FY2018 to S\$6.3 million in FY2019 after taking into account: (i) the share of loss of associates of S\$0.2 million in FY2019 as compared to share of profit of associates of S\$4.5 million in FY2018; and (ii) the lower share of profit of joint ventures of S\$2.4 million in FY2019.

As a result of the above, the profit attributable to owners of the Company decreased by S\$49.7 million or 60.2% from S\$82.5 million in FY2018 to S\$32.9 million in FY2019.

FY2020 vs FY2019

The Group recorded revenue of S\$556.0 million for FY2020, an increase of S\$169.2 million or 43.8% from S\$386.8 million in FY2019 mainly due to higher revenue generated from the Construction segment. The higher revenue from the Construction segment was due to the progressive revenue recognition of construction projects for about the first 10 months of FY2020. The Group did not record much revenue for the months of April and May 2020 as a result of the Circuit Breaker (“**CB**”) measures implemented by the Singapore government to combat the COVID-19 pandemic.

Cost of sales increased by S\$166.6 million or 54.6% from S\$305.0 million in FY2019 to S\$471.6 million in FY2020 mainly due to the increase in construction activity, following the commencement of new projects. As such, the Group's gross profit increased marginally by 3.3% or S\$2.7 million from S\$81.8 million in FY2019 to S\$84.5 million in FY2020.

Other operating income increased by S\$9.8 million or 87.8% from S\$11.1 million in FY2019 to S\$20.9 million in FY2020 mainly due to S\$6.7 million in government grant received through the various supplementary budgets, along with an increase of S\$1.6 million in interest income from loans to associates and a S\$0.6 million gain on disposal of a subsidiary which holds the development site at 50 Lorong 21 Geylang.

Distribution expenses decreased by S\$1.4 million or 35.8% from S\$3.9 million in FY2019 to S\$2.5 million in FY2020 mainly due to lower marketing expenses recognised from T-Space (as defined herein) with its completion in FY2019, offset by the marketing expenses recognised from Mactaggart Foodlink (as defined herein) and INSPACE (as defined herein) in FY2020.

Share of loss of associates increased by S\$10.7 million from S\$0.2 million in FY2019 to S\$10.9 million in FY2020 mainly due to the share of fair value loss of investment properties held by associates of S\$13.8 million, offset by the increase in development profits recognised from Riverfront Residences and Affinity @ Serangoon as the projects progress. Share of profit of joint ventures in FY2020 was similar to FY2019, after taking into account, the higher share of net fair value gain of investment properties held by joint ventures of S\$3.7 million, offset by lower share of results of joint ventures of S\$3.7 million.

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As a result of the above, the profit attributable to owners of the Company decreased by S\$4.2 million or 12.8% from S\$32.9 million in FY2019 to S\$28.7 million in FY2020. Assuming the lack of Government grants to deal with the COVID-19 pandemic, the Group would have recorded profit for the year attributable to the owners of the Company of S\$23.8 million for FY2020.

1H2021 vs 1H2020

The Group recorded revenue of S\$197.5 million in 1H2021, a decrease of S\$114.1 million or 36.6% or from S\$311.6 million in 1H2020 mainly due to a significant decline in contribution from the Construction segment. The lower revenue from the Construction segment was mainly due to the work suspension and delays arising from various measures implemented by the Singapore government to contain the outbreak of COVID-19 pandemic. Following the easing of the CB, the pace of work resumption has been slow amid manpower disruption from the workers' movement control, additional safe management measures at the worksites and other regulations. These have collectively impacted construction progress and, consequently, weighed down the segment's performance. The delay in construction activities has caused the decrease in revenue of the Property Development segment, while the decrease in revenue of the Investment Holding segment was due to the rental rebates given to tenants.

Cost of sales decreased by S\$91.8 million or 34.7% from S\$264.6 million in 1H2020 to S\$172.7 million in 1H2021 largely in line with the decrease in construction activities. As such, the Group's gross profit decreased by 47.3% or S\$22.3 million from S\$47.1 million in 1H2020 to S\$24.8 million in 1H2021.

Other operating income increased by S\$12.9 million or 160.8% from S\$8.1 million in 1H2020 to S\$21.0 million in 1H2021 mainly due to: (i) the S\$13.1 million in grants and incentives extended by the Singapore government in view of the COVID-19 pandemic; and (ii) the S\$2.8 million foreign exchange gain arising from the Group's US Dollar bank loans following the depreciation of the US Dollar against the Singapore Dollar, and Australian Dollar bank balances as a result of the appreciation of Australian Dollar against Singapore Dollar. The increase was partially offset by lower interest income of S\$1.2 million, lower gain on disposal of property, plant and equipment of S\$0.5 million and the absence of a S\$0.6 million gain on disposal of a subsidiary in 1H2020.

Other operating expenses increased by S\$1.5 million or 40.5% from S\$3.5 million in 1H2020 to S\$5.0 million in 1H2021 mainly due to grant expenses of S\$0.9 million in relation to property tax rebate given to tenants.

Finance cost decreased S\$4.3 million or 43.0% from S\$9.9 million in 1H2020 to S\$5.6 million in 1H2021 mainly due to lower interest rates in 1H2021.

Share of profit from associates increased by S\$2.1 million or 82.7% from S\$2.5 million in 1H2020 to S\$4.6 million in 1H2021 mainly due to development profit recognised from the progressive construction of Affinity @ Serangoon, Riverfront Residences and Rezi 24 as well as the sale of additional units, and the dormitory business benefiting from the lower interest rates which was partially offset by share of loss from the hospitality business in the United Kingdom. Share of profit from joint ventures increased by S\$3.4 million to S\$1.6 million in 1H2021 mainly due to improved performance from the Group's Investment Holdings segment as a result of lower interest rates. The share of loss from joint ventures in 1H2020 was S\$1.8 million, mainly due to loss recorded by a joint venture.

As a result of the above, the profit attributable to owners of the Company decreased by S\$1.0 million or 5.2% from S\$18.6 million in 1H2020 to S\$17.6 million in 1H2021. Assuming the lack of Government grants to deal with the COVID-19 pandemic, the Group would have recorded profit for the period attributable to the owners of the Company of S\$7.8 million for 1H2021.

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Order book of the Group

As announced by the Company on 19 March 2021, the Group has secured a contract from United Venture Development (2020) Pte Ltd for the proposed residential flat development at Canberra Drive which is worth S\$131 million for a contract period of 49 months. As at 19 March 2021, the Group has an order book of approximately S\$1.6 billion which will provide a sustainable flow of activity through FY2025.

Segmental information

The Group operates four (4) business segments comprising of: (i) the Construction segment wherein the Group is in the business of, *inter alia*, constructing residential, institutional, industrial and commercial properties, and civil engineering as the main contractor and other construction related activities; (ii) the dormitory segment wherein the Group is involved in the rental of dormitory units and provision of dormitory accommodation service (“**Dormitory**”); (iii) the Investment Holding segment wherein the Group holds investment in properties and quoted and unquoted securities for long-term capital appreciation, rental and dividend yields; and (iv) the Property Development segment wherein the Group is involved in the development and sale of properties as well as the fund management business. The Property Development segment of the Group is undertaken by SLBD, a Catalist-listed subsidiary on the SGX-ST, which we understand the Group holds 77.60% as at the Latest Practicable Date.

We set out below a profile of the key segmental information for FY2018, FY2019 and FY2020 before any reconciliation, adjustments or inter-segment eliminations with the Group’s reported results for the respective years:

Business Segment (S\$' million)	FY2018	FY2019	FY2020
<i>Construction</i>			
• Segment revenue from external customers	174.5	291.7	460.5
• Segment results	26.7	6.9	2.5
• Segment net assets	311.9	314.2	323.4
<i>Dormitory</i>			
• Segment revenue from external customers	22.3	23.1	23.3
• Segment results	20.3	19.9	7.8
• Segment net assets	175.5	173.7	169.6
<i>Investment Holding</i>			
• Segment revenue from external customers	20.3	24.3	26.1
• Segment results	42.1	17.9	19.5
• Segment net assets	284.0	280.3	295.6
<i>Property Development</i>			
• Segment revenue from external customers	189.8	47.6	46.2
• Segment results	32.7	(2.2)	11.9
• Segment net assets	158.0	170.3	176.3

Sources: Annual reports of the Group for FY2018, FY2019 and FY2020

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Based on the above, we note that the results from each of the business segment declined over the last three (3) years, save for the Property Development segment which fluctuated significantly, and each business segment are backed by a significant proportion of the Group's total net assets. For 1H2021, based on discussions with Management, we understand that the Construction segment, Dormitory segment, Investment Holding segment and Property Development segment are represented by approximately 32.5%, 17.7%, 31.6% and 18.2% of the Group's total net asset respectively which have not taken into consideration, *inter alia*, inter-segment elimination.

10.2.2 Financial position of the Group

A summary of the unaudited financial position of the Group as at 30 November 2020 is set out below:

(S\$'000)	Unaudited As at 30 November 2020
Non-current assets	
Property, plant and equipment	172,490
Investment properties	560,273
Investment in joint ventures	17,054
Investment in associates	33,629
Investment securities	141,750
Amounts due from associates	38,727
Deferred tax assets	676
Total non-current assets	964,599
Current assets	
Contract assets	100,097
Capitalised contract costs	1,471
Development properties	75,152
Inventories	16,403
Trade receivables	50,467
Other receivables and deposits	25,669
Prepayments	16,506
Tax recoverable	685
Amounts due from joint ventures	76,087
Amounts due from associates	182,309
Investment securities	19,778
Cash and cash equivalents	209,022
Total current assets	773,646
Current liabilities	
Contract liabilities	47,768
Trade and other payables	182,917
Accruals	21,374
Lease liabilities	4,090
Amounts due to associates	1,229
Amounts due to joint ventures	708

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(S\$'000)	Unaudited As at 30 November 2020
Bank loans and bills payable	311,947
Provision for taxation	7,704
Total current liabilities	577,737
Net current assets	195,909
Non-current liabilities	
Refundable rental deposits	2,587
Lease liabilities	11,268
Bank loans	295,616
Deferred tax liabilities	4,692
Total non-current liabilities	314,163
Net assets	846,345
Equity attributable to owners of the Company	
Share capital	82,275
Treasury shares	(17,777)
Retained earnings	664,250
Other reserves	(1,296)
	727,452
Non-controlling interests	118,893
Total equity	846,345
As at 30 November 2020	
Net asset value attributable to owners of the Company ("NAV") (S\$)	727,452,000
Number of Shares outstanding as at the Latest Practicable Date (excluding treasury Shares)	499,689,200
NAV per Share (S\$)	1.46
(Discount) of the Offer Price to the NAV per Share (%)	(65.8)
Price-to-NAV ("P/NAV") ratio as implied by the Offer Price (times)	0.34

Source: Unaudited financial statement for 1H2021 of the Group

Assets of the Group

As at 30 November 2020, the total assets of the Group of S\$1.7 billion comprised mainly: (i) investment properties of S\$560.3 million; (ii) amount due from associates of S\$221.0 million; (iii) cash and cash equivalents of S\$209.0 million; (iv) property, plant and equipment of S\$172.5 million; (v) investment securities of S\$161.5 million; (vi) contract assets of S\$100.1 million; and (vii) development properties of S\$75.2 million, representing approximately 32.2%, 12.7%, 12.0%, 9.9%, 9.3%, 5.8% and 4.3% of the total assets of the Group respectively.

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Investment properties

As at 30 November 2020, the investment properties of the Group amounted to S\$560.3 million and are in relation to the following properties (“**Investment Properties**”):

Investment Properties	Carrying amount as at 30 November 2020 (\$'000)
32, 34 & 36 Mandai Estate, Singapore	260,000
25 Playfair Road, Singapore	15,000
381 Joo Chiat Road, Singapore	27,000
4190 Ang Mo Kio Avenue 6, Broadway Plaza, Singapore	63,108
712 Ang Mo Kio Avenue 6, #01-4056, Singapore	40,000
166 Bukit Merah Central, #01-3527, Singapore	36,000
451 Clementi Avenue 3, #01-309, Singapore	42,000
192 Lorong 4 Toa Payoh, #01-674, Singapore	38,000
221 Balestier Road, #02-05, #03-04 & #04-01 Rocca Balestier, Singapore	7,170
221 Boon Lay Place, #01-140 & #01-144, Boon Lay Shopping Centre, Singapore	3,300
65 Cairnhill Road, #06-01, The Ritz Carlton Residences, Singapore	8,850
111 Emerald Hill Road, #05-02, 111 Emerald Hill, Singapore	5,600
111 Emerald Hill Road, #03-03, 111 Emerald Hill, Singapore	4,450
1 Kiang Guan Avenue, #22-02, Lincoln Suites, Singapore	3,200
16 Spottiswoode Park Road, #36-07, Spottiswoode Suites, Singapore	2,100
134 Serangoon Avenue 3, #15-15, The Scala, Singapore	1,500
76 Dakota Crescent, #18-13, Waterbank at Dakota, Singapore	1,100
38 Cairnhill Road, #15-06, The Laurels, Singapore	1,460
Unit 1503, Level 15, One Unit Block 10, Li Du Road 700, Gaoxin District, Chengdu City, China	435

The Investment Properties are stated at fair value based on the independent valuations carried out by the valuers of the Group for the purposes of the financial reporting by the Group for FY2020 and, taking into account, minor cost incurred during 1H2021 which have been capitalised.

In connection with the Offer and/or for the purposes of the financial reporting by the Group for FY2021, the Company has commissioned the Independent Valuers to undertake the Independent Valuations on the Investment Properties to ascertain the market value of these properties as at the valuation dates as set out in Section 2 of this Letter. Further details of the Independent Valuations are set out in Section 10.3 of the Letter.

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Amount due from associates

As at 30 November 2020, the amount due from associates from the Group amounted to S\$221.0 million comprised mainly: (i) current trade amounts due from associates of S\$3.3 million; (ii) current non-trade amounts due from associates of S\$179.0 million; and (iii) non-current non-trade amount due from associates of S\$38.7 million.

Cash and cash equivalents

As at 30 November 2020, the cash and cash equivalents of the Group amounted to S\$209.0 million comprised mainly: (i) cash on hand and at banks of S\$187.0 million; and (ii) fixed deposits of S\$22.0 million. Of the cash and cash equivalents of S\$209.0 million, S\$14.8 million relates to restricted cash comprising of fixed deposits and bank balances pledged for bank loans of the Group.

Property, plant and equipment

As at 30 November 2020, the property, plant and equipment of the Group amounted to S\$172.5 million comprised mainly: (i) freehold land, freehold properties and leasehold properties of S\$121.4 million; (ii) plant and machinery of S\$20.0 million; (iii) construction in-progress of S\$13.2 million; (iv) tugboats and barges of S\$6.2 million; and (v) right-of-use assets classified as leasehold properties of S\$5.6 million.

As at 30 November 2020, the freehold land, freehold properties and leasehold properties of the Group are in relation to the following properties ("**PPE Properties**"):

PPE Properties	Net book value as at 30 November 2020 (S\$'000)
<i>Freehold land / freehold properties / leasehold properties</i>	
A single storey detached factory building with a mezzanine level and an adjoining 3-storey workers' dormitory (" Industrial Factory with Dormitory ") located at 63 Senoko Drive, Singapore	201
A 11-storey light industrial building located at 29 Harrison Road, Singapore	12,198
A 6-storey detached factory building located at 2 Penjuru Close, Singapore	4,803
An 8-storey light industrial building located at 24 Leng Kee Road, Singapore	96,979
A single storey detached factory building with two (2) mezzanine levels (" Factory Building ") located at 5 Tuas South Link 3, Singapore	7,187

Construction in-progress is in relation to all cost of construction and other direct costs for the construction of a 4-storey general industrial factory with a 1-storey factory addition at rear at 20 Kranji Way, Singapore ("**Kranji Way Industrial Factory**").

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated. All other items of the property, plant and equipment are depreciated using a straight-line basis over the estimated useful lives of the assets which range between three (3) years to fifty (50) years.

In connection with the Offer and/or for the purposes of the financial reporting by the Group for FY2021, the Company has commissioned the Independent Valuers to undertake the Independent Valuations on the PPE Properties to ascertain the market value of these properties as at 31 May 2021. Further details of the Independent Valuations are set out in Section 10.3 of the Letter.

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Investment securities

As at 30 November 2020, the investment securities of the Group amounted to S\$161.5 million comprised mainly: (i) current quoted equity and debt investments of S\$19.8 million; (ii) non-current quoted equity and debt investments of S\$132.7 million; and (iii) non-current unquoted equity investments of S\$9.0 million (collectively, “**Investment Securities**”).

The Investment Securities are measured either at: (i) fair value through profit or loss; or (ii) fair value through other comprehensive income.

Contract assets

As at 30 November 2020, the contract assets of the Group amounted to S\$100.1 million which primarily relates to the Group’s right to consideration for work completed but not yet billed at the reporting date for construction, contracts and sale of development properties. Contract assets are transferred to receivables when the rights become unconditional.

Development properties

As at 30 November 2020, the development properties of the Group amounted to S\$75.2 million and are in relation to the following properties (“**Development Properties**”):

Development Properties	Carrying amount as at 30 November 2020 (S\$’000)
Proposed 9 storey ramp up strata industrial building located at Tampines North Drive 1, Singapore (“ T-Space ”)	5,207
Proposed 8-storey multi-user industrial building located at 24 New Industrial Road, Singapore (“ INSPACE ”)	69,945

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

Based on discussions with the Management, the development of T-Space, which was completed in FY2019, has since been fully sold after 30 November 2020. Further details on T-Space is set out below in this Section of this Letter.

In connection with the Offer and for the purposes of the financial reporting by the Group for FY2021, the Company has commissioned the Independent Valuer to undertake the Independent Valuation on INSPACE to ascertain the market value of the development property as at 31 May 2021. Further details of the Independent Valuation are set out in Section 10.3 of the Letter.

Liabilities of the Group

The corresponding liabilities of the Group of S\$891.9 million comprised mainly: (i) bank loans and bills payable of S\$607.6 million; (ii) trade and other payables of S\$182.9 million; and (iii) contract liabilities of S\$47.8 million, representing approximately 68.1%, 20.5% and 5.4% of the total liabilities of the Group respectively.

Bank loans and bill payable

As at 30 November 2020, the bank loans and bills payable of the Group amounted to S\$607.6 million comprised mainly: (i) current bank loans and bill payable of S\$312.0 million; and (ii) non-current bank loans of S\$295.6 million.

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Trade and other payables

As at 30 November 2020, the trade and other payables of the Group amounted to S\$182.9 million.

Contract liabilities

As at 30 November 2020, the contract liabilities of the Group amounted to S\$47.8 million which primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received consideration from customers. Contract liabilities are recognised as revenue as the Group performs under the contract.

Material post balance sheet events after 30 November 2020

Thye Hong Centre Acquisition – Property Development segment

On 17 September 2020, the Group announced that SLBD had on the same day entered into a sale and purchase agreement with Thye Hong Manufacturing Pte. Ltd. to purchase a freehold 6-storey industrial building located at 2 Leng Kee Road ("**Thye Hong Centre**") at a purchase consideration of S\$112.5 million. On 17 December 2020, the Group announced the completion of the acquisition of the Thye Hong Centre.

In connection with the Offer and for the purposes of the financial reporting by the Group for FY2021, the Company had commissioned an independent valuation on the property conducted by Savills, who had determined the market value to be S\$117.5 million as at 31 May 2021. Based on discussions with the Management, the Company had further incurred a transaction cost of S\$4.8 million in respect of the Thye Hong Centre Acquisition. Accordingly, the Group expects to record a fair value gain of S\$0.2 million, net of tax, of which S\$0.1 million is attributable to the owners of the Company.

BreadTalk IHQ Building Acquisition – Investment Holding segment

On 15 January 2021, the Group announced that Lian Beng (Tai Seng) Pte. Ltd. ("**Purchaser**"), a subsidiary of the Group, had on the same day entered into a put and call option agreement with BreadTalk Group Pte. Ltd. ("**Vendor**") for the proposed acquisition of BreadTalk IHQ Building, a 10-storey high, single-user industrial development with retail component located at 30 Tai Seng Street, Singapore ("**BreadTalk IHQ Building**") at a consideration of S\$118.0 million. The Purchaser subsequently exercised the call option on 5 March 2021 and a binding contract for the sale and purchase of the BreadTalk IHQ Building was deemed to be entered into between the Vendor and Purchaser. On 30 April 2021, the Group announced the completion of the acquisition of the BreadTalk IHQ Building.

Based on discussions with the Management, the consideration was determined based on an independent valuation conducted for the purposes of the acquisition as at 12 January 2021. The Company has obtained confirmation from the independent valuer for the BreadTalk IHQ Building that the market valuation remains valid and unchanged as at 31 May 2021 for the purposes of the Offer and the valuation methodology used for the valuation do not vary due to the different purposes of the valuation. Notwithstanding this, due to the transaction cost incurred, the Group expects to record a fair value loss amounting to S\$4.9 million of which S\$3.9 million is attributable to the owners of the Company.

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Completion of Mactaggart Foodlink (as defined herein) and Sale of T-Space – Property Development segment

Based on discussions with the Management, the development of a 5-storey multi-user light industrial building for food production located at 20 Mactaggart Road, Singapore (“**Mactaggart Foodlink**”), which had been fully sold but yet to be completed as at 30 November 2020 has since been completed in March 2021. Further, the development of T-Space, which was completed in FY2019, has since been fully sold after 30 November 2020. As a result, the Group expects to record an increase in profit attributable to the owners of the Company of S\$0.5 million.

Completion of construction of Kranji Way Industrial Factory – Construction segment

Based on discussions with the Management, the construction of the 4-storey main factory building of the Kranji Way Industrial Factory, which had been in-progress as at 30 November 2020, has since been completed in January 2021 while the 1-storey factory addition at rear is currently under construction. As at 30 November 2020, the cost of construction was recorded as construction-in-progress amounting to S\$13.2 million. We further understand that the Group expects to incur additional construction cost of S\$4.8 million after 30 November 2020. Following the completion of the 4-storey main factory building, the Company had commission an independent valuation on the property conducted by Savills, who had determined the market value to be S\$21.0 million as at 29 April 2021, taking into account, the 1-storey factory addition on a completed basis. The Company has obtained confirmation from the independent valuer for the Kranji Way Industrial Factory that the market valuation remains valid and unchanged as at 31 May 2021 for the purposes of the Offer and the valuation methodology used for the valuation do not vary due to the different purposes of the valuation. Accordingly, based on the above, the revaluation surplus is expected to be S\$3.0 million. The Management further confirmed that there would not be any potential tax liability in the event of a hypothetical sales of the Kranji Way Industrial Factory as it is for the Group’s own use and therefore any gains would be capital in nature.

Impairment losses on financial assets – Investment Holding segment

Based on discussions with the Management, the Group expects to record impairment losses on financial assets of S\$1.4 million. This is mainly in relation to doubtful other receivables from an investee company of the Group, whose hotel business in the United Kingdom had been negatively impacted by the continuing spread of the COVID-19 pandemic and related movement and travel restrictions.

Save as disclosed above and in Section 10.3 of the Letter, the Management has confirmed that they are not aware of any other material post balance sheet events which would have a material impact on the NAV of the Group, excluding the impact of the financial results during the financial period from 1 December 2020 to the Latest Practicable Date as the financial results are pending finalisation as at the Latest Practicable Date. Further details on the RNAV of the Group are set out in Section 10.3 of this Letter.

NAV of the Group

Accordingly, the NAV of the Group as at 30 November 2020 was S\$727.5 million, representing NAV per Share of S\$1.46 based on 499,689,200 Shares (excluding treasury Shares) as at the Latest Practicable Date. The Offer Price represents a significant discount of 65.8% to the NAV per Share and values the Group at a P/NAV ratio of approximately 0.34 times.

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10.2.3 Cash flow of the Group

A summary of the cash flow of the Group for FY2018, FY2019, FY2020, 1H2020 and 1H2021 is set out below:

(\$'000)	Audited			Unaudited	
	FY2018	FY2019	FY2020	1H2020	1H2021
Cash flow from operating activities:					
Profit before taxation	119,959	44,487	41,496	27,491	24,927
Adjustments for:					
Amortisation of capitalised contract costs	51,657	2,251	1,971	823	987
Amortisation of other assets	183	76	-	-	-
Depreciation of property, plant and equipment	14,779	15,636	17,169	8,473	8,472
Dividend income from investment securities	(1,887)	(1,747)	(2,357)	(1,087)	(572)
Fair value gain on derivative instrument	(358)	(91)	-	-	-
Fair value (gain) / loss on investment properties	(9,657)	(3,500)	667	-	-
Fair value loss / (gain) on investment securities	52	507	599	(146)	(450)
Gain on disposal of property, plant and equipment	(695)	(970)	(853)	(777)	(249)
Gain on disposal of investment properties	(41,766)	-	-	-	-
Gain on disposal of a subsidiary	-	-	(640)	(640)	-
Gain on dilution of investment in a joint venture	-	-	-	-	(113)
Gain on dilution of ownership interest in subsidiary	(1)	-	-	-	-
Loss / (gain) on disposal of investment securities	44	39	114	92	(190)
Impairment losses on financial assets	3,210	2,022	743	-	88
Interest income	(10,402)	(11,567)	(12,704)	(6,656)	(5,716)
Interest expense	17,178	17,600	18,286	9,880	5,628
Loss on disposal of a joint venture	-	-	325	-	-
Unrealised exchange differences	235	(540)	265	(313)	(2,525)
Property, plant and equipment written off	-	9	51	-	-
Bad debts written off	10	72	12	12	-

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(S\$'000)	Audited			Unaudited	
	FY2018	FY2019	FY2020	1H2020	1H2021
Bad debts recovered	(7)	-	-	-	-
Goodwill written off	-	9	-	-	-
Share of results of associates and joint ventures	(13,473)	(6,287)	4,452	(710)	(6,192)
Waiver of amount due to associate	-	-	(390)	-	(4)
Operating cash flows before changes in working capital	129,061	58,006	69,206	36,442	24,091
Changes in working capital:					
Development properties	51,760	(29,440)	13,404	7,754	3,201
Capitalised contract costs	(4,899)	(3,495)	(2,177)	(1,361)	(790)
Contract assets	(102,404)	26,699	17,136	1,487	(15,519)
Contract liabilities	(163)	29,018	27,786	4,249	(8,943)
Inventories	470	932	(9,645)	(12,094)	(3,863)
Trade receivables	(23,628)	5,561	17,100	4,002	(23,853)
Other receivables and deposits	(4,842)	11,679	(8,755)	1,083	(3,361)
Prepayments	728	(4,315)	(6,600)	(2,488)	(4,324)
Trade and other payables and accruals	(22,692)	3,247	(18,943)	12,021	36,412
Balances with joint ventures and associates	6,480	780	3,873	(133)	(2,694)
Total changes in working capital	(99,190)	40,666	33,179	14,520	(23,734)
Cash flows from operations	29,871	98,672	102,385	50,962	357
Interest paid and capitalised in development properties	(638)	(731)	(112)	(112)	-
Income tax paid	(10,777)	(18,217)	(7,624)	(4,222)	(3,677)
Net cash from / (used in) operating activities	18,456	79,724	94,649	46,628	(3,320)
Cash flow from investing activities:					
Interest received	9,929	9,707	7,795	3,903	3,785
Dividend income from investment securities	1,887	1,747	2,357	1,087	572
Dividend income from associates	1,273	19,410	784	654	961

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(S\$'000)	Audited			Unaudited	
	FY2018	FY2019	FY2020	1H2020	1H2021
Dividend income from joint ventures	24,860	6,500	1,450	1,450	-
Additions to investment securities	(45,984)	(38,172)	(42,742)	(24,375)	(42,816)
Purchase of property, plant and equipment	(2,965)	(11,744)	(19,259)	(12,173)	(3,507)
Additional investments in investment properties	(4,060)	(75)	(25,628)	(27,805)	(109)
Proceeds from disposal of investment securities	21,647	42,543	29,934	12,264	33,458
Proceeds from disposal of property, plant equipment	969	1,446	862	786	308
Proceeds from disposal of investment properties	129,692	-	-	-	-
Proceeds from disposal of a subsidiary	-	-	4,046	4,046	-
Proceeds from disposal of a joint venture	-	-	9,438	-	-
Repayment of loans by / (loans to) associates	(59,185)	1,488	115	(6,015)	(5,132)
Investment in associates	(2,440)	(12,804)	-	-	-
Repayment of loans by / (loans to) joint ventures	(39,956)	(13,583)	686	(35)	675
Additional investment in SLB	-	(1,505)	(1,190)	(60)	(1,936)
Additional investment in an associate	-	-	(387)	(387)	(157)
Acquisition of a subsidiary	-	(27)	-	-	-
Investment in a joint venture	-	-	(1,000)	-	-
Proceeds from liquidation of associates	-	826	-	-	-
Repayment of loan by third parties	3,357	-	-	-	-
Net cash flows from / (used in) investing activities	39,024	5,757	(32,739)	(46,660)	(13,898)
Cash flows from financing activities:					
Interest paid	(17,178)	(17,600)	(18,272)	(9,880)	(5,326)
Proceeds from bank loans and bills payable	145,760	134,095	185,932	131,687	90,775
Repayment of bank loans and bills payable	(185,743)	(197,090)	(170,819)	(107,905)	(66,156)
Repayment of hire purchase creditors	(4,220)	(3,257)	-	-	-

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(S\$'000)	Audited			Unaudited	
	FY2018	FY2019	FY2020	1H2020	1H2021
Repayment of lease liabilities	-	-	(5,644)	(2,128)	(1,589)
Dividends paid on ordinary shares	(11,243)	(11,243)	(11,243)	(6,246)	-
Dividends paid to non-controlling interests of subsidiaries	(3,446)	(9,995)	(10,436)	(9,573)	(1,763)
(Repayment of loans to) / loans from joint ventures	(13,210)	(2,350)	(1,450)	(1,450)	8
(Repayment of loans to) / loans from associates	-	(7,490)	627	(303)	(130)
Repayment of loans due to non-controlling interests of a subsidiary	-	(9,776)	(1,600)	(1,600)	(80)
Loans from the non-controlling interests of subsidiaries	789	10,784	617	309	-
Loan to non-controlling interests of a subsidiary	-	(262)	-	-	-
Capital contribution from non-controlling interest of a subsidiary	-	280	-	-	-
Restricted cash – fixed deposits and bank balances pledged for bank loan	-	-	(14,814)	-	-
Process from IPO of shares of SLB, net listing expenses capitalised	52,567	-	-	-	-
Net cash flows (used in) / from financing activities	(35,924)	(113,904)	(47,102)	(7,089)	15,739
Net increase / (decrease) in cash and cash equivalents	21,556	(28,423)	14,808	(7,121)	(1,479)
Cash and cash equivalents at beginning of year / period	187,804	209,214	179,924	179,924	194,602
Effect of exchange rate changes on cash and cash equivalents	(146)	(867)	(130)	(381)	1,085
Cash and cash equivalents at end of year / period	209,214	179,924	194,602	172,422	194,208

Sources: Audited financial statements for FY2018, FY2019 and FY2020 and unaudited financial statements for 1H2020 and 1H2021 of the Group

FY2018

In FY2018, the Group's cash and cash equivalents were S\$209.2 million, an increase of S\$21.4 million from S\$187.8 million in FY2017, mainly due to net cash from operating activities and investing activities of S\$18.5 million and S\$39.0 million respectively, offset by the net cash used in financing activities of S\$35.9 million.

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Net cash from operating activities of S\$18.5 million in FY2018 was mainly due to operating cash flow before changes in working capital of S\$129.1 million, offset by net working capital outflow of S\$99.2 million and payment of income tax of S\$10.8 million and interest charges of S\$0.6 million capitalised in development properties.

Net cash from investing activities of S\$39.0 million in FY2018 was mainly due to: (i) proceeds from disposal of investment properties of Collins Property and Franklin Property of S\$129.7 million; (ii) redemption and disposal of investment securities of S\$21.6 million; and (iii) dividend income from joint ventures of S\$24.9 million, offset by: (a) purchase of investment securities of S\$46.0 million; and (b) loans to joint ventures and associates of S\$40.0 million and S\$59.2 million respectively.

Net cash used in financing activities of S\$35.9 million in FY2018 was mainly due to: (i) repayment of bank loans and bills payable of S\$185.7 million; (ii) interest and dividends of S\$31.9 million; and (iii) loans to joint venture of S\$13.2 million, offset by: (a) proceeds from the IPO of shares of SLBD of S\$52.6 million; and (b) bank loans and bills payable of S\$145.8 million.

FY2019

In FY2019, the Group's cash and cash equivalents were S\$179.9, a decrease of S\$29.3 million from S\$209.2 million in FY2018, million mainly due to net cash from operating activities of S\$79.7 million and investing activities of S\$5.8 million respectively, offset by the net cash used in financing activities of S\$113.9 million,

Net cash from operating activities of S\$79.7 million in FY2019 was mainly due to operating cash flow before changes in working capital of S\$58.0 million, and net working capital inflow of S\$40.7 million, offset by payment of income tax of S\$18.2 million and interest charges of S\$0.7 million capitalised in development properties.

Net cash from investing activities of S\$5.8 million in FY2019 was mainly due to: (i) dividend income from joint ventures and associates S\$25.9 million and investment securities S\$1.7 million; (ii) interest received of S\$9.7 million; (iii) net proceeds from redemption and disposal of investment securities S\$42.5 million; and (iv) loans repayment from associates S\$1.5 million, offset by: (a) the loans to joint ventures of S\$13.6 million; (b) purchase of property, plant and equipment of S\$11.7 million; (c) purchase of investment securities of S\$38.2 million; and (d) investment in new associates S\$12.8 million.

Net cash used in financing activities of S\$113.9 million in FY2019 was mainly due to (i) repayment of bank loans and bills payable of S\$197.1 million; (ii) dividend paid on ordinary shares S\$11.2 million and to non-controlling interests of subsidiaries S\$10.0 million; (iii) repayment of loans to associates and joint ventures S\$9.8 million; and (iv) payment for interest S\$17.6 million, offset by: (a) proceeds from bank loans and bills payable of S\$134.1 million; and (b) loans from non-controlling interests of subsidiaries of S\$10.8 million.

FY2020

In FY2020, cash and cash equivalents were S\$194.6 million, an increase of S\$14.7 million from S\$179.9 million in FY2019, mainly due to net cash from operating activities of S\$94.6 million, offset by net cash used in investing activities of S\$32.7 million and financing activities of S\$47.1 million respectively.

Net cash from operating activities of S\$94.6 million was mainly due to operating cash flow before changes in working capital of S\$69.2 million and net working capital inflow of S\$33.2 million, partially offset by income tax paid of S\$7.6 million.

Net cash used in investing activities of S\$32.7 million was mainly due to purchase of: (i) investment securities of S\$42.7 million; (ii) investment property of S\$25.6 million; and (iii) property, plant and equipment of S\$19.3 million, partially offset by: (a) net proceeds from the redemption and disposal of investment securities of S\$29.9 million; and (b) the disposal of a subsidiary and a joint venture of S\$13.5 million; and (c) interest received of S\$7.8 million.

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Net cash used in financing activities of S\$47.1 million was mainly due to: (i) interest payment of S\$18.3 million; (ii) repayment of bank loans and bills payable of S\$170.8 million; (iii) fixed deposits and cash at bank pledged for bank loans of S\$14.8 million; (iv) dividends of S\$11.2 million paid on ordinary shares; and (v) dividends amounting to S\$10.4 million paid to non-controlling interests of subsidiaries, offset by proceeds from bank loans and bills payable of S\$185.9 million.

1H2020

In 1H2020, the Group's cash and cash equivalents were S\$172.4 million, a decrease of S\$7.5 million from S\$179.9 million in FY2019, mainly due to net cash used in investing activities of S\$46.7 million and financing activities of S\$7.1 million respectively, offset by net cash from operating activities of S\$46.6 million.

Net cash from operating activities of S\$46.6 million was mainly due to operating cash flow before changes in working capital of S\$36.4 million and net working capital inflow of S\$14.5 million, offset by income tax paid of S\$4.2 million.

Net cash used in investing activities of S\$46.7 million was mainly due to purchase of: (i) investment properties of S\$27.8 million; (ii) investment securities of S\$24.4 million; and (iii) property, plant and equipment S\$12.2 million, offset by net proceeds from redemption and disposal of investment securities S\$12.3 million.

Net cash used in financing activities of S\$7.1 million was mainly due to: (i) dividends paid to non-controlling interests of subsidiaries S\$9.6 million; (ii) dividends paid on ordinary shares S\$6.2 million; (iii) payment for interest S\$9.9 million; and (iv) repayment of bank loans and bills payable of S\$107.9 million, offset by proceeds from bank loans and bills payable S\$131.7 million.

1H2021

In 1H2021, the Group's cash and cash equivalents were S\$194.2 million, a decrease of S\$0.4 million from S\$194.6 million in FY2020, mainly due to net cash used in operating activities of S\$3.3 million and investing activities of S\$13.9 million offset by net cash from financing activities of S\$15.7 million.

Net cash used in operating activities of S\$3.3 million was mainly due to operating cash flow before changes in working capital of S\$24.1 million, partially offset by net working capital outflow of S\$23.7 million and income tax paid of S\$3.7 million.

Net cash used in investing activities of S\$13.9 million was mainly due to: (i) purchase of investment securities of S\$42.8 million; (ii) loan to associates of S\$5.1 million; and (iii) purchase of property, plant and equipment of S\$3.5 million, partially offset by: (a) net proceeds from the redemption and disposal of investment securities of S\$33.5 million; and (b) interest received of S\$3.8 million.

Net cash from financing activities of S\$15.7 million was mainly due to the proceeds from bank loans and bills payable of S\$90.8 million, offset by: (i) payment for interest of S\$5.3 million; (ii) dividends paid to non-controlling interests of subsidiaries of S\$1.8 million; (iii) repayment of lease liabilities of S\$1.6 million; and (iv) repayment of bank loans and bills payable of S\$66.2 million.

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10.3 RNAV of the Group

Revaluation of the Properties (as defined herein)

In connection with the Offer and/or for the purposes of the financial reporting by the Group for FY2021, the Company has commissioned the Independent Valuers to undertake the Independent Valuations on the Investment Properties, PPE Properties and Development Property (collectively, “**Properties**”) of the Group as at the valuation dates as set out in Section 2 of this Letter.

Based on the Valuation Reports, the Independent Valuations have been prepared on the basis of “Market Value”, defined as the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing, where the parties had each acted knowledgeably, prudently and without compulsion. Copies of the Valuation Reports issued by the Independent Valuers are available for inspection at the registered address of the Company as set out in Section 9 of Appendix II to the Circular.

We recommend the Independent Directors to advise Shareholders to read the Valuation Reports carefully, in particular, the terms of reference, key assumptions and critical factors.

Based on the carrying amount or book value (as the case may be) of the Properties as at 30 November 2020 and the market value based on the Valuation Reports, we have computed the revaluation surplus of the Properties as set out below:

Properties	Valuer / Valuation methodologies	Carrying amount / book value as at 30 November 2020 ⁽¹⁾ (S\$’000)	Market value based on the Valuation Reports (S\$’000)	Revaluation surplus / (deficit) ⁽²⁾ (S\$’000)	Business segment
<i>Investment Properties</i>					
32, 34 & 36 Mandai Estate, Singapore	SRE Global / Discount cash flow and income approaches	260,000	263,000	1,650 ⁽³⁾	Dormitory
25 Playfair Road, Singapore	Savills / Direct comparison method	15,000	15,500	495 ⁽⁴⁾	Investment Holding
381 Joo Chiat Road, Singapore	Savills / Direct comparison and income capitalisation methods	27,000	27,000	-	Investment Holding
4190 Ang Mo Kio Avenue 6, Broadway Plaza, Singapore	Knight Frank / Capitalisation approach and direct comparison method	63,108	62,000	(1,108)	Investment Holding
712 Ang Mo Kio Avenue 6, #01-4056, Singapore	Knight Frank / Capitalisation approach and direct comparison method	40,000	40,000	-	Investment Holding

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Properties	Valuer / Valuation methodologies	Carrying amount / book value as at 30 November 2020⁽¹⁾ (S\$'000)	Market value based on the Valuation Reports (S\$'000)	Revaluation surplus / (deficit)⁽²⁾ (S\$'000)	Business segment
166 Bukit Merah Central, #01-3527, Singapore	Knight Frank / Capitalisation approach and direct comparison method	36,000	36,000	-	Investment Holding
451 Clementi Avenue 3, #01-309, Singapore	Knight Frank / Capitalisation approach and direct comparison method	42,000	42,000	-	Investment Holding
192 Lorong 4 Toa Payoh, #01-674, Singapore	Knight Frank / Capitalisation approach and direct comparison method	38,000	38,000	-	Investment Holding
221 Balestier Road, #02-05, #03-04 & #04-01, Rocca Balestier, Singapore	Savills / Direct comparison method	7,170	7,300	130	Investment Holding
221 Boon Lay Place, #01-140 & #01-144, Boon Lay Shopping Centre, Singapore	Knight Frank / Capitalisation approach and direct comparison method	3,300	3,300	-	Investment Holding
65 Cairnhill Road, #06-01, The Ritz Carlton Residences, Singapore	Savills / Direct comparison method	8,850	10,000	1,150	Construction
111 Emerald Hill Road #05-02, 111 Emerald Hill, Singapore	Savills / Direct comparison method	5,600	5,250	(350)	Investment Holding
111 Emerald Hill Road #03-03, 111 Emerald Hill, Singapore	Savills / Direct comparison method	4,450	4,300	(150)	Investment Holding
1 Kiang Guan Avenue #22-02, Lincoln Suites, Singapore	Savills / Direct comparison method	3,200	3,200	-	Investment Holding
16 Spottiswoode Park Road, #36-07 Spottiswoode Suites, Singapore	Savills / Direct comparison method	2,100	2,000	(100)	Construction
134 Serangoon Avenue 3, #15-15 The Scala, Singapore	Savills / Direct comparison method	1,500	1,550	50	Construction
76 Dakota Crescent, #18-13, Waterbank at Dakota, Singapore	Savills / Direct comparison method	1,100	1,120	20	Construction
38 Cairnhill Road, #15-06, The Laurels, Singapore	Savills / Direct comparison method	1,460	1,460	-	Construction
Unit 1503, Level 15, One Unit Block 10, Li Du Road 700, Gaoxin District, Chengdu City, China ⁽⁵⁾	CJRE / Comparison method	435	506	71	Investment Holding

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Properties	Valuer / Valuation methodologies	Carrying amount / book value as at 30 November 2020 ⁽¹⁾ (S\$'000)	Market value based on the Valuation Reports (S\$'000)	Revaluation surplus / (deficit) ⁽²⁾ (S\$'000)	Business segment
<i>PPE Properties</i>					
An Industrial Factory with Dormitory located at 63 Senoko Drive, Singapore	Savills / Direct comparison method	201	680	479	Construction
A 11-storey light industrial building located at 29 Harrison Road, Singapore	Savills / Direct comparison method	12,198	24,500	12,302	Investment Holding
A 6-storey detached factory building located at 2 Penjuru Close, Singapore	Savills / Direct comparison method	4,803	4,100	(703)	Construction
An 8-storey light industrial building located at 24 Leng Kee Road, Singapore	Savills / Direct comparison and income capitalisation methods	96,979	100,000	2,417 ⁽⁶⁾	Investment Holding
A Factory Building located at 5 Tuas South Link 3, Singapore	Savills / Direct comparison method	7,187	8,700	1,513	Construction
<i>Development Property</i>					
INSPACE	Savills / Direct comparison and residual method ⁽⁷⁾	69,945	89,670	65 ⁽⁸⁾	Property Development
Total net revaluation surplus				17,931	
Breakdown between segments:					
• Total net revaluation surplus attributable to the Property Development segment				65	
• Total net revaluation surplus attributable to all other segments				17,866	

Sources: *Valuation Reports and Management*

Notes:

- (1) The carrying amount or book value of the PPE Properties as at 30 November 2020 does not include the right-of-use assets which does not have any impact on the revaluation surplus or deficit of the Properties.
- (2) The revaluation surplus or deficit are calculated as the difference between the market value of the Properties in their existing state and their corresponding carrying amount or book value (as the case may be) as at 30 November 2020.
- (3) The Group has an effective interest of 55% in Lian Beng – Centurion (Mandai) Pte Ltd which holds the property. Accordingly, the revaluation surplus has been presented based on the amount attributable to the owners of the Company.
- (4) The computation of the revaluation surplus takes into account minor cost incurred after 30 November 2020 and up to 31 May 2021.
- (5) The exchange rate used for conversion to SGD is S\$:RMB4.8216 as at 31 May 2021.
- (6) The Group has an effective interest of 80% in Wealth Assets Pte Ltd which holds the property. Accordingly, the revaluation surplus has been presented based on the amount attributable to the owners of the Company.

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- (7) Based on discussions with Management, we understand that the construction of INSPACE is undergoing and is expected to be completed after FY2022. Accordingly, the Independent Valuation had been conducted on an as-is basis, taking into account, the estimated cost of development expended as at 31 May 2021.
- (8) The computation of the revaluation surplus takes into account the additional cost of development incurred after 30 November 2020 and up to 31 May 2021 and deduction of development profits that had been recognised in the profit and loss statement for pre-sold units according to the percentage of completion recognition method up to 30 November 2020. Further, the Company has an effective interest of 40% in SLB-Oxley (NIR) Pte Ltd which holds INSPACE. Accordingly, the revaluation surplus has been presented based on the amount attributable to the owners of the Company.

We note that the Valuation Reports issued by certain Independent Valuers included statements on market valuation uncertainty in view of the current COVID-19 situation which highlight that a higher degree of caution should be attached to the valuation than would normally be the case.

Accordingly, we set out the following statements of material valuation uncertainty as extracted from the respective Savills' and Knight Frank's Valuation Reports:

(i) Savills' Valuation Reports

(a) "Material Valuation Uncertainty"

The outbreak of the Coronavirus Disease 2019 (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted both local and global financial markets with increased uncertainty.

Market activity is being impacted in many sectors and at the valuation date, we can consider placing less weightage on the previous market evidence for comparison purpose to fully inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuation is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation under frequent review."

- (b) *"With the outbreak of the Coronavirus Disease 2019 (COVID-19) and the prevailing uncertainty in the global economy, it is difficult to predict the future impact that COVID-19 might have on the real estate market. In view of the foregoing, our opinions and assessments are based on the information provided and prevailing market data as at the date of this valuation report. We would recommend that more frequent reviews on the market value of the property to be carried out as a precaution in view of the current situation."*

(ii) Knight Frank's Valuation Reports

"Material Valuation Uncertainty"

As at the valuation date, we continue to be faced with an unprecedented set of circumstances caused by COVID-19. Our valuation is therefore reported as being subject to Material Valuation Uncertainty. A higher degree of caution should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this Property under frequent review.

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For the avoidance of doubt, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, we highlight the importance of the valuation date.”

In addition, in assessing the revaluation surplus of the Properties, we have also considered whether there are any potential tax liabilities on the revaluation surplus which may affect the NAV of the Group, especially if the Properties were to be sold at the valuation amount. It should be noted that this assumes the hypothetical sales of the Properties. Accordingly, the Management confirmed that there would not be any potential tax liabilities in the event of a hypothetical sales of the Properties (excluding the Development Property) at the valuation amount as the Properties (excluding the Development Property) are: (i) held for long-term capital appreciation in respect of the Investment Properties; and (ii) for the Group’s own use in respect of the PPE Properties, and therefore any gains would be capital in nature. Further, the Management have represented and confirmed that the Company has no immediate plans to dispose of any of the Properties (excluding the Development Property). In respect of the Development Property, the Management confirmed that any potential tax liability arising from the hypothetical sales of the property at the valuation amount is expected to be immaterial relative to the NAV of the Group. As such, we have disregarded the impact of any potential tax liability when computing the RNAV of the Group.

Revaluation of the Investment Securities

As at 30 November 2020, the Investment Securities of the Group amounted to S\$161.5 million. Based on discussions with the Management, we note that that since 30 November 2020 to the Latest Practicable Date, the Group had acquired new holdings and disposed some of its existing holdings of its Investment Securities. For the purposes of the evaluation of the RNAV of the Group, we have therefore taken into consideration the following:

- (i) disposals of existing Investment Securities between 30 November 2020 and the Latest Practicable Date and any gain or loss arising from such sales;
- (ii) acquisitions of Investment Securities between 30 November 2020 and the Latest Practicable Date and any gain or loss arising from the difference in market price between the acquisition date and the Latest Practicable Date;
- (iii) market price of the outstanding quoted Investment Securities between 30 November 2020 and the Latest Practicable Date as compared to their recorded amount as at 30 November 2020; and
- (iv) fair value of the unquoted Investment Securities based on the latest valuation performed on such unquoted Investment Securities as at 31 May 2021 or the Latest Practicable Date (as the case may be) as compared to their recorded amount as at 30 November 2020.

The Management had confirmed to us the following:

- (i) the Group had disposed existing Investment Securities between 30 November 2020 and the Latest Practicable Date, and recorded a net gain of S\$1.2 million over the book values of these Investment Securities as at 30 November 2020;
- (ii) the Group had acquired Investment Securities between 30 November 2020 and the Latest Practicable Date, and recorded a slight unrealised loss of S\$0.3 million based on the fair value of these Investment Securities as at the Latest Practicable Date;
- (iii) for the quoted Investment Securities which continued to be held by the Group from 30 November 2020 to the Latest Practicable Date, the Group would have an unrealised net gain of S\$3.7 million, of which S\$3.5 million is attributable to owners of the Company; and

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- (iv) for the unquoted Investment Securities which continued to be held by the Group from 30 November to the Latest Practicable Date, the Group would have an unrealised net gain of S\$0.2 million based on the latest valuation performed on such unquoted Investment Securities as at 31 May 2021 or the Latest Practicable Date (as the case may be).

Based on the above, we have taken into consideration the total net gain of approximately S\$4.7 million in respect of the above Investment Securities in arriving at the RNAV of the Group of which S\$0.6 million is attributable to the Property Development segment.

In assessing the revaluation surplus of the Investment Securities, we have also considered whether there are any potential tax liabilities on the revaluation surplus which may affect the NAV of the Group, especially if the portfolio Investment Securities were liquidated. Accordingly, the Management has confirmed that there would not be any potential tax liabilities in the event of a hypothetical sale of the portfolio of Investment Securities (excluding those held for investment trading) at the valuation amount as the Investment Securities (excluding those held for investment trading) are held for long-term capital appreciation and therefore any gains would be capital in nature. In respect of the Investment Securities held for investment trading, the Management confirmed that any potential tax liabilities arising from the hypothetical sale of such Investment Securities are expected to be immaterial relative to the NAV of the Group. As such, we have disregarded the impact of any potential tax liabilities when computing the RNAV of the Group.

Adjustments for material post balance sheet events

As set out in Section 10.2.2 of this Letter, we also set out the material post balance sheet events ("**Material Post Balance Sheet Events Adjustments**") which would require adjustments to the NAV of the Group:

- (i) the fair value gain, net of tax, of S\$0.1 million in respect of the Thye Hong Centre Acquisition;
- (ii) the fair value loss of S\$3.9 million in respect of the BreadTalk IHQ Building Acquisition;
- (iii) the increase in profit of S\$0.5 million in respect of the completion of Mactaggart Foodlink and sale of T-Space;
- (iv) the revaluation surplus of S\$3.0 million in respect of the completion of the construction of Kranji Way Industrial Factory; and
- (v) the impairment losses on other receivables of S\$1.4 million.

Based on the above, we have taken into consideration the total net loss of approximately S\$1.7 million in respect of the above Material Post Balance Sheet Events Adjustments in arriving at the RNAV of the Group.

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RNAV of the Group

Based on the above, we set out below the adjustments which are made to the NAV of the Group to determine the RNAV:

Estimated RNAV of the Group	(\$'000)
The Group's unaudited NAV as at 30 November 2020	727,452
Add: Revaluation surplus in relation to the Properties	17,931
Add: Revaluation surplus in relation to the Investment Securities	4,680
Add: Material Post Balance Sheet Event Adjustments	(1,650)
RNAV of the Group	748,413
Number of Shares outstanding as at Latest Practicable Date (excluding treasury Shares)	499,689,200
RNAV per Share (\$)	1.50
(Discount) of the Offer Price to the RNAV per Share (%)	(66.7)
Price-to-RNAV ("P/RNAV") ratio as implied by the Offer Price (times)	0.33

Sources: Valuation Reports and Management

Based on the above, we note that the Offer Price represents a discount of 66.7% to the RNAV per Share of S\$1.50 and values the Group at a P/RNAV ratio of 0.33 times.

RNAV of the Property Development segment vis a vis all other business segments

We also set out below the breakdown of the RNAV attributable to the Property Development segment vis a vis all other business segments of the Group:

Estimated RNAV of the Property Development segment	(\$'000)
The unaudited NAV of the Property Development segment as at 30 November 2020 ⁽¹⁾	126,943
Add: Revaluation surplus in relation to the Properties related to the Property Development segment	65
Add: Revaluation surplus in relation to the Investment Securities related to the Property Development segment	601
Add: Material Post Balance Sheet Event Adjustments Securities related to the Property Development segment, namely, Thye Hong Centre, Mactaggart Foodlink and T-Space	673
RNAV of the Property Development segment	128,282
Corresponding RNAV of all other business segments of the Group	620,131

Sources: Valuation Reports, Management and unaudited financial statement for 1H2021 of SLBD

Note:

- (1) The unaudited NAV of the Property Development segment have been computed based on Company's effective interest of 77.60% in SLBD which is the amount attributable to the owners of the Company.

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Notwithstanding the above, Shareholders should note that the above analysis on the RNAV provides an estimate of the value of the Group assuming the hypothetical sales of the Group's assets as at the Latest Practicable Date. Further, such a hypothetical scenario is assumed to be made without considering factors such as, *inter alia*, time value of money, market conditions, professional fees, liquidation costs, contractual obligations, any other regulatory requirements and availability of potential buyers, which may in theory, alter the RNAV that can be realised. Shareholders should be aware that the Group has not realised the loss or gain as set out in the adjustments to the NAV as at the Latest Practicable Date. There is no assurance that the actual loss or gain (if any) eventually recorded by the Group will be the same as that derived from the assessments made based on the current market value, independent valuation and the Management's estimates.

In our assessment of the financial terms of the Offer, we have also considered whether there is any other asset which should be valued at an amount that is materially different from that which was recorded in the statement of financial position of the Group as at 30 November 2020 and whether there are any factors which have not been otherwise disclosed in the financial statements of the Group that are likely to impact the NAV of the Group as at 30 November 2020.

In respect of the above, we have sought the following confirmations from the Independent Directors and Management, and they confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief that:

- (a) save as disclosed in this Letter, there are no material differences between realisable values of Group's assets and their respective book values as at the Latest Practicable Date which would have material impact on the NAV of the Group as at 30 November 2020;
- (b) save as disclosed in this Letter, there are no other contingent liabilities, bad or doubtful debts or material events as at the Latest Practicable Date which would likely have a material impact on the NAV of the Group as at 30 November 2020;
- (c) there are no litigation, claim or proceedings pending or threatened against the Company or Group or of any fact likely to give rise to any proceedings as at the Latest Practicable Date which might materially and adversely affect the financial position of the Company and Group as at 30 November 2020;
- (d) there are no other intangible assets as at the Latest Practicable Date and which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards (International) and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group as at 30 November 2020; and
- (e) save as disclosed in this Letter, there are no material acquisitions or disposals of assets by the Group between 30 November 2020 and the Latest Practicable Date, and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of the Group's material assets or material change in the nature of the Group's business.

We wish to highlight to the Interested Directors that the above analysis is only for illustrative purposes and is not meant to be an indication of, or comment on the Group's future profitability, growth prospects, financial positions and working capital sufficiency.

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10.4 Comparison with the valuation ratios of selected comparable companies listed on the SGX-ST which are broadly comparable to the Group

For the purpose of our evaluation on the financial terms of the Offer, we have made reference to the valuation ratios of selected companies listed on the SGX-ST. These companies are principally engaged in, *inter alia*, construction activities which can be considered as broad proxies to the principal business of the Group. (“**Comparable Companies**”).

We had discussions with the Management on the suitability and reasonableness of the selected Comparable Companies acting as a basis for comparison with the Group. Relevant information has been extracted from Bloomberg L.P., publicly available annual reports and/or public announcements of the Comparable Companies. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information. The accounting policies of the Comparable Companies with respect to the values for which the assets, revenue or cost are recorded may differ from that of the Group.

We wish to highlight that the Comparable Companies are not exhaustive and we recognise that there is no company listed on the SGX-ST, which we may consider to be identical to the Group in terms of, inter alia, geographical markets, composition of business activities, scale of the business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives. The Independent Directors should note that any comparison made with respect to the Comparable Companies merely serve to provide an illustrative perceived market valuation of the Group as at the Latest Practicable Date.

A brief description of the Comparable Companies is as follows:

Comparable Companies	Business description	Financial year ended
KSH Holdings Limited (“ KSH Holdings ”)	KSH Holdings constructs, develops, and manages various properties in Singapore, Malaysia, and the People's Republic of China.	31 March 2020
Wee Hur Holdings Ltd (“ Wee Hur ”)	Wee Hur provides building construction services and acts as the management or main contractor in construction projects for both private and public sectors. The company's clients are from the private sector include property owners and developers, and those from the public sector comprise government bodies and statutory boards.	31 December 2020
Lum Chang Holdings Limited (“ Lum Chang ”)	Lum Chang is an investment holding company whose subsidiaries provide services such as property development and management, building construction, and investment dealing. The company also provides home and office improvement services via the Internet for home and office owners. Lum Chang owns and manages hotels and serviced residences.	31 June 2020

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Comparable Companies	Business description	Financial year ended
Keong Hong Holdings Limited (“Keong Hong”)	Keong Hong offers construction services. The company builds residential, commercial, industrial and institutional construction services. Keong Hong offers construction services in Singapore and the Maldives and develops property in Singapore.	30 September 2020
Koh Brothers Group Limited (“Koh Brothers Group”)	Koh Brothers is an investment holding company whose subsidiaries are active in construction and real estate development. The company also manufactures concrete products and building materials, manages hotels, and sells and rents construction equipment. Koh Brothers distributes, designs, and fabricates equipment products for the oil and gas industry.	31 December 2020
Tiong Seng Holdings Ltd (“Tiong Seng”)	Tiong Seng is a construction company. The company's activities include building construction and civil engineering business in Singapore. Tiong Seng's main focus of its property development business is to develop residential and commercial properties in various second- and third-tier cities in the PRC, such as Tianjin and Yangzhou.	31 December 2020
Soilbuild Construction Group Ltd (“Soilbuild Construction”)	Soilbuild Construction is involved in in general building and construction. The company is principally engaged in building works in Singapore in which they act as the main contractor. In addition, they are also engaged in architectural works in Singapore in which they act as a direct contractor, and project management services.	31 December 2020
TA Corporation Ltd (“TA Corporation”)	TA Corporation develop and sells residential and other types of properties. The company is also involved in the construction business, including complementary services such as steel fabrication and metal works, a worker training and test center in Chennai, India, as well as the design, installation and maintenance of air conditioning and mechanical ventilation systems.	31 December 2020
Sysma Holdings Limited (“Sysma Holdings”)	Sysma Holdings is principally engaged in providing building construction services to the private sector in Singapore. The company's current focus is on building high-end landed housing (especially Bungalows) and conducting A&A works on landed and other properties in Singapore.	31 July 2020

Source: Bloomberg L.P.

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In our evaluation, we have considered the following widely used valuation measures:

Valuation ratio	Description
Price-to-earnings (“P/E”) ratio	<p>P/E ratio or earnings multiple is the ratio of a company’s market capitalisation divided by the historical consolidated net profit attributable to shareholders.</p> <p>The P/E ratio is an earnings-based valuation methodology and is calculated based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses. The P/E ratio illustrates the ratio of the market capitalisation of an entity in relation to the historical net profit attributable to its shareholders.</p> <p>As such, it is affected by the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets.</p>
Enterprise Value-to-Earnings before Interests, Taxes, Depreciation and Amortisation (“EV/EBITDA”) ratio	<p>EV refers to enterprise value which is the sum of a company’s market capitalisation, preferred equity, minority interests, short-term and long-term debts (inclusive of finance leases), less its cash and cash equivalents.</p> <p>EBITDA refers to the historical consolidated earnings before interest, taxes, depreciation and amortisation. The EV/EBITDA ratio illustrates the ratio of the market value of an entity’s business in relation to its historical pre-tax operating cash flow performance. The EV/EBITDA multiple is an earnings-based valuation methodology. The difference between EV/EBITDA and the P/E ratios (described above) is that it does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges.</p>
P/NAV ratio	<p>NAV refers to consolidated NAV, which are the total assets of a company less total liabilities.</p> <p>P/NAV refers to the ratio of a company’s share price divided by NAV per share. The P/NAV ratio represents an asset-based relative valuation which takes into consideration the book value or NAV backing of a company.</p> <p>The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its assets and repayment of its liabilities and obligations, with the balance being available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net assets of the company.</p>

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The valuation ratios of the Comparable Companies based on their respective last traded share prices as at the Latest Practicable Date are set out below:

Comparable Companies	Market Capitalisation (S\$'million)	P/E ⁽¹⁾ (times)	EV/EBITDA ⁽²⁾ (times)	P/NAV ⁽³⁾ (times)
KSH Holdings	208.5	n.m. ⁽⁴⁾	739.25 ⁽⁵⁾	0.65
Wee Hur	193.0	6.78	14.18	0.46
Lum Chang	148.8	n.m. ⁽⁴⁾	n.m. ⁽⁴⁾	0.59
Keong Hong	82.3	n.m. ⁽⁴⁾	n.m. ⁽⁴⁾	0.44
Koh Brothers Group	72.2	n.m. ⁽⁴⁾	21.14	0.25
Tiong Seng	68.4	n.m. ⁽⁴⁾	n.m. ⁽⁴⁾	0.29
Soilbuild Construction	50.5	n.m. ⁽⁴⁾	n.m. ⁽⁴⁾	0.96
TA Corporation	45.1	n.m. ⁽⁴⁾	n.m. ⁽⁴⁾	0.42
Sysma Holdings	34.1	12.62	2.18 ⁽⁵⁾	0.60

Max		12.62	739.25	0.96
Min		6.78	2.18	0.25
Mean		9.70	17.66	0.52
Median		9.70	17.66	0.46

Company (implied by the Offer Price)	249.8	9.02	10.56	0.34
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(based on
NAV as at
30 November
2020)

0.33

(based on
RNAV as at
30 November
2020)

Sources: Bloomberg L.P., annual reports and announcements of the Comparable Companies and RHTC calculations

Notes:

- (1) The P/E ratios of the Comparable Companies are calculated based on their respective trailing 12 months ("T12M") earnings as set out in their latest published interim results or latest full year results, whichever is applicable.
- (2) The EV of the Comparable Companies are calculated based on: (i) their market capitalisation; and (ii) their preferred equity, minority interests and net debt (if any), as set out in their respective latest available published interim results or latest full year results, whichever is applicable. The EBITDAs are calculated based on the T12M results of the respective Comparable Companies.
- (3) The P/NAV ratios of the Comparable Companies are calculated based on their respective NAV values as set out in their latest available published interim results or latest full year results, whichever is applicable.
- (4) "n.m." denotes not meaningful.
- (5) Excluded as statistical outlier in the mean and median computations in relation to the EV/EBITDA ratio.

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Based on the above, we observe that:

- (i) The P/E ratio of the Group of 9.02 times is within the range but below the mean and median P/E ratios of the Comparable Companies;
- (ii) The EV/EBITDA ratio of the Group of 10.56 times is within the range but below the mean and median EV/EBITDA ratios of the Comparable Companies;
- (iii) The P/NAV ratio of the Group of 0.34 times is within the range but below the mean and median P/NAV ratios of the Comparable Companies; and
- (iv) The P/RNAV ratio of the Group of 0.33 times is within the range but below the mean and median P/NAV ratios of the Comparable Companies.

10.5 Comparison with recently completed Non-Privatisation Transactions on the SGX-ST

As set out in Section 9 of this Letter, it is the intention of the Offeror to maintain the listing status of the Company on the SGX-ST. In assessing the reasonableness of the Offer Price, we have compared the financial statistics implied by the Offer Price with those of selected recently non-privatisation take-over offers of companies listed on the SGX-ST which were announced since 1 January 2017 and up to the Latest Practicable Date (“**Selected Comparable Transactions**”).

We wish to highlight that the list of target companies set out under the Selected Comparable Transactions are not directly comparable with the Company in terms of business activities, market capitalisation, scale of operations, accounting policies, financial performance, future prospects and other relevant criteria. Each transaction must be judged on its own commercial and financial merits.

We also wish to highlight that the list of Selected Comparable Transactions is by no means exhaustive and has been compiled based on publicly available information as at the Latest Practicable Date.

The premium (if any) that an offeror would pay in respect of any particular takeover depends on various factors, *inter alia*, the offeror’s intention with regard to the target company, the potential synergy that the offeror can derive from acquiring the target company, the presence of competing bids for the target company, prevailing market conditions and sentiments, attractiveness and profitability of the target’s business and assets as well as existing and desired level of control in the target company. Therefore, the comparison of the Offer with the Selected Comparable Transactions set out below is for illustrative purposes only. Conclusions drawn from the comparisons made may not reflect the perceived market valuation of the Company.

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Selected Comparable Transactions	Date of announcement	Premium / (Discount) of Offer Price over / (to)					P/NAV (times)	Independent financial adviser's advice to the independent directors on their recommendation to shareholders in relation to the offers
		Last transacted market price prior to announcement (%)	VWAP for the 1-month period prior to announcement (%)	VWAP for the 3-month period prior to announcement (%)	VWAP for the 6-month period prior to announcement (%)	VWAP for the 12-month period prior to announcement (%)		
Healthway Medical Corporation Limited	7 Feb 17	1.3	8.9	15.0	16.8	19.8	0.7 ⁽¹⁾	Accept the offer
OUE Lippo Healthcare Limited (formerly known as International Healthway Corporation Limited)	16 Feb 17	0.0	14.0	20.5	32.5	37.7	1.1 ⁽²⁾	Accept the offer
Yinda Infocomm Limited (formerly known as CMC Infocomm Limited)	7 May 17	18.8	18.8	35.5	9.5	16.7	1.7 ⁽³⁾	Accept the offer
Cityneon Holdings Limited ⁽⁴⁾	12 May 17	(5.4)	0.6	3.9	0.3	4.2	3.2 ⁽⁵⁾	Reject the offer
Blumont Group Ltd	24 Aug 17	(81.8) ⁽⁶⁾	(89.9) ⁽⁶⁾	(88.5) ⁽⁶⁾	(91.4) ⁽⁶⁾	(94.0) ⁽⁶⁾	0.6 ⁽⁷⁾	Reject the offer
Mary Chia Holdings Limited	24 Aug 17	69.2 ⁽⁸⁾	93.0 ⁽⁸⁾	96.1 ⁽⁸⁾	99.6 ⁽⁸⁾	72.4 ⁽⁸⁾	2.8 ⁽⁹⁾	Accept the offer
BRC Asia Limited ⁽¹⁰⁾	8 Sep 17	33.1	30.3	35.3	42.0	47.0	0.8 ⁽¹¹⁾	Reject the offer
New Wave Holdings Ltd.	19 Oct 17	44.4	38.0	9.0	18.7	29.1	0.9 ⁽¹²⁾	Accept the offer
TMC Education Corporation Limited	15 Dec 17	68.8 ⁽¹³⁾	50.0	29.8	29.8	7.1	1.5 ⁽¹⁴⁾	Accept the offer
CH Offshore Ltd	26 Jul 18	0.0	(11.0)	(11.6)	(21.7)	(33.7)	0.5 ⁽¹⁵⁾	Reject the offer
OneApex Limited ⁽¹⁶⁾ (formerly known as Chew's Group Limited)	22 Aug 18	26.2	30.9	33.4	37.7	35.9	1.2 ⁽¹⁷⁾	Accept the offer
Sunrise Shares Holding Ltd.	6 Dec 18	21.4	30.8	36.0	14.9	(64.4) ⁽¹⁸⁾	0.3 ⁽¹⁹⁾	Reject the offer

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Selected Comparable Transactions	Date of announcement	Premium / (Discount) of Offer Price over / (to)					P/NAV (times)	Independent financial adviser's advice to the independent directors on their recommendation to shareholders in relation to the offers
		Last transacted market price prior to announcement (%)	VWAP for the 1-month period prior to announcement (%)	VWAP for the 3-month period prior to announcement (%)	VWAP for the 6-month period prior to announcement (%)	VWAP for the 12-month period prior to announcement (%)		
Thakral Corporation Ltd	4 Mar 19	11.8	17.1	18.1	18.0	14.6	0.5 ⁽²⁰⁾	Accept the offer
Sevak Limited ⁽²¹⁾	21 Mar 19	17.4	9.3	9.8	18.7	24.6	1.1 ⁽²²⁾	Accept the offer
Ying Li International Real Estate Limited	3 Apr 19	1.6	5.7	10.5	17.8	18.2	0.3 ⁽²³⁾	Reject the offer
OIO Holdings Limited (formerly known as DLF Holdings Limited)	20 Sep 19	(56.2) ⁽²⁴⁾	(54.4) ⁽²⁴⁾	(54.4) ⁽²⁴⁾	(56.2) ⁽²⁴⁾	(51.9) ⁽²⁴⁾	18.6 ⁽²⁴⁾⁽²⁵⁾	Accept the offer
ISEC Healthcare Ltd. ⁽²⁶⁾	25 Oct 19	5.9	11.3	15.1	19.9	22.6	7.7 ⁽²⁷⁾⁽²⁸⁾	Accept the offer
Amcorp Global Limited (formerly known as Tee Land Limited) ⁽²⁹⁾	13 Jan 20	8.0	12.1	19.6	20.4	14.7	0.6 ⁽³⁰⁾	Accept the offer
Darco Water Technologies Limited	5 May 20	30.8	33.3	30.6	(15.9)	(20.5)	0.44 ⁽³¹⁾	Reject the offer
Axington Inc.	1 Jun 20	43.4	40.1	41.3	78.6 ⁽³²⁾	205.2 ⁽³²⁾	1.3 ⁽³³⁾	Accept the offer
Tee International Limited	7 Jul 20	12.7	12.7	25.2	(11.1)	(33.7)	1.0	Accept the offer
Blumont Group Ltd	16 Nov 20	(80.0) ⁽³⁴⁾	(79.4) ⁽³⁴⁾	(80.6) ⁽³⁴⁾	(80.0) ⁽³⁴⁾	(82.1) ⁽³⁴⁾	1.1 ⁽³⁵⁾	Reject the offer
Lum Chang Holdings Limited	17 Nov 20	8.6	8.6	8.7	8.8	10.3	0.5 ⁽³⁶⁾	Reject the offer
Tianjin Zhong Xin Pharmaceutical Group Corporation Limited ⁽³⁷⁾	26 Mar 21	(5.3)	(0.7)	5.3	1.8	9.9	0.8 ⁽³⁸⁾	Reject the offer

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Selected Comparable Transactions	Date of announcement	Premium / (Discount) of Offer Price over / (to)					P/NAV (times)	Independent financial adviser's advice to the independent directors on their recommendation to shareholders in relation to the offers
		Last transacted market price prior to announcement (%)	VWAP for the 1-month period prior to announcement (%)	VWAP for the 3-month period prior to announcement (%)	VWAP for the 6-month period prior to announcement (%)	VWAP for the 12-month period prior to announcement (%)		
Max		69.2	93.0	96.1	99.6	205.2	18.6	
Min		(81.8)	(89.9)	(88.5)	(91.4)	(94.0)	0.3	
Mean		14.5	18.0	19.6	13.6	12.5	1.3	
Median		11.8	13.4	18.9	17.8	15.7	0.9	
The Company (implied by the Offer Price)	14 Jun 21	6.4	7.1	1.6	6.6	11.4	0.34	
							(based on NAV as at 30 November 2020)	
							0.33	
							(based on RNAV as at 30 November 2020)	

Sources: *Circulars and announcements of the Selected Comparable Transactions and RHTC calculations*

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Notes:

- (1) Based on the unaudited NAV as at 31 December 2016.
- (2) Based on the revalued net tangible asset (“NTA”) as at 30 September 2016.
- (3) Based on the unaudited NTA 30 November 2016.
- (4) On 12 May 2017, Cityneon Holdings Limited (“**Cityneon**”) released a pre-conditional offer announcement (“**Pre-Conditional Offer Announcement**”) to inform its shareholders that Lucrum 1 Investment Limited had entered into a conditional share purchase agreement for the purchase of 128,458,59 shares, representing 52.2% of the issued and paid up share capital of Cityneon. The market premium in the table above was computed based on the share prices prior to the Pre-Conditional Offer Announcement.
- (5) Based on the NAV as at 31 December 2016.
- (6) Excluded as statistical outlier in the mean and median computations in relation to the Premium / (Discount) of Offer Price over / (to): (i) the last transacted market price prior to announcement; and (ii) the relevant VWAPs for the 1-month, 3-month, 6-month and 12-month periods prior to the announcement.
- (7) Based on the revalued NTA as at 30 June 2017.
- (8) Excluded as statistical outlier in the mean and median computations in relation to the Premium / (Discount) of Offer Price over / (to): (i) the last transacted market price prior to announcement; and (ii) the relevant VWAPs for the 1-month, 3-month, 6-month and 12-month periods prior to the announcement.
- (9) Based on the revalued NTA as at 31 March 2017.
- (10) On 30 May 2017, BRC Asia Limited (“**BRC Asia**”) released a holding announcement (“**BRC Asia Holding Announcement**”) to inform its shareholders that some of the substantial shareholders of BRC Asia had received an unsolicited approach in connection with a potential transaction which may or may not lead to an acquisition of the issued shares of BRC Asia. The market premium in the table above was computed based on the share prices prior to the BRC Asia Holding Announcement.
- (11) Based on the revalued NAV as at 30 June 2017.
- (12) Based on the revalued NTA as at 30 September 2017.
- (13) Excluded as statistical outlier in the mean and median computations in relation to the Premium / (Discount) of Offer Price over / (to) the last transacted market price prior to announcement.
- (14) Based on the adjusted NTA as at 30 June 2017.
- (15) Based on the revalued NAV as at 30 June 2018.
- (16) On 8 June 2018, Chew’s Group Limited (“**Chew’s Group**”) announced (“**Termsheet Announcement**”) that it had been informed by its controlling shareholder, Fenghe Investment Holding Pte. Ltd. (“**Fenghe**”), that Fenghe had entered into a non-legally binding term sheet with a potential third-party purchaser for the proposed acquisition by the purchaser from Fenghe 57,580,341 ordinary shares of Chew’s Group, representing approximately 68.14% of the issued share capital of Chew’s Group, at a price of S\$0.2107 per sale share. The market premium in the table above were computed based on the share prices prior to the Termsheet Announcement. Chew’s Group had on 21 March 2018 and 26 September 2018 declared a special one-tier tax exempt dividend of S\$0.35 per share and a one-tier tax exempt interim dividend of S\$0.10 per share respectively, which were paid on 10 May 2018 and 12 October 2018 respectively. In connection therewith, the share prices of Chew’s Group in the table above had been adjusted to exclude the effects of the dividends on the share prices of Chew’s Group. Accordingly, the VWAPs of Chew’s Group had been weighted based on the average traded prices (as adjusted for the dividends) and traded volumes of the shares during the relevant trading days for each of the respective periods prior to the Termsheet Announcement.
- (17) Based on the adjusted NAV as at 31 March 2018.
- (18) Excluded as statistical outlier in the mean and median computations in relation to the Premium / (Discount) of Offer Price over / (to) the VWAP for the 12-month period prior to the announcement.
- (19) Based on the unaudited NAV as at 30 June 2018.
- (20) Based on the unaudited NAV as at 31 December 2018.
- (21) On 1 February 2019, Sevak Limited (“**Sevak**”) released a holding announcement (“**Sevak Holding Announcement**”) to inform its shareholders in relation to a potential partial offer and no offer price was mentioned in the Sevak Holding Announcement. The market premium in the table above was computed based on the share prices prior to the Sevak Holding Announcement.
- (22) Based on the audited NAV as at 31 December 2018.

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- (23) Based on the revalued NAV as at 31 December 2018.
- (24) Excluded as statistical outlier in the mean and median computations in relation to the Premium / (Discount) of Offer Price over / (to): (i) the last transacted market price prior to announcement; and (ii) the relevant VWAPs for the 1-month, 3-month, 6-month and 12-month periods prior to the announcement, as well as the P/NAV ratio.
- (25) Based on the revalued NTA as at 30 June 2019.
- (26) On 2 July 2019, ISEC Healthcare Ltd. (“**ISEC**”) released a holding announcement (“**ISEC Holding Announcement**”) to inform its shareholders that some of the shareholders were at an advanced stage of negotiations with a third party purchaser for the sale of part of their shares of ISEC and that based on the proposed terms, the potential transaction if completed, is likely to lead to an offer for the shares of ISEC. The market premium in the table above was computed based on the share prices prior to the ISEC Holding Announcement.
- (27) Excluded as statistical outlier in the mean and median computations in relation to the P/NAV ratio.
- (28) Based on the unaudited NTA as at 30 September 2019.
- (29) On 13 January 2020, Amcorp Global Limited (formerly known as Tee Land Limited) (“**Amcorp**”) released a pre-conditional offer announcement (“**Pre-Conditional Offer Announcement**”) to inform its shareholders that Amcorp Supreme Pte. Ltd. had entered into two (2) conditional sale and purchase agreements for the purchase of 307,371,268 shares, representing 68.8% of the issued and paid up share capital of Amcorp. The market premium in the table above was computed based on the share prices prior to the Pre-Conditional Offer Announcement.
- (30) Based on the revalued NAV as at 30 November 2019.
- (31) Based on the audited NTA as at 31 December 2019.
- (32) Excluded as statistical outlier in the mean and median computations in relation to the Premium / (Discount) of Offer Price over / (to) the relevant VWAPs for the 6-month and 12-month periods prior to the announcement.
- (33) Based on the adjusted NAV as at 31 December 2019.
- (34) Excluded as statistical outlier in the mean and median computations in relation to the Premium / (Discount) of Offer Price over / (to): (i) the last transacted market price prior to announcement; and (ii) the relevant VWAPs for the 1-month, 3-month, 6-month and 12-month periods prior to the announcement.
- (35) Based on the revalued NAV as at 30 December 2020.
- (36) Based on the revalued NAV as at 30 June 2020.
- (37) On 20 December 2020, Tianjin Zhong Xin Pharmaceutical Group Corporation Limited (“**Tianjin Zhong Xin**”) released a holding announcement (“**Tianjin Zhong Xin Holding Announcement**”) to inform its shareholders in relation to a possible mandatory conditional cash offer to acquire all the issued and paid-up share capital of the company which are listed on the SGX-ST (“**S Shares**”) as a result of an acquisition of a stake of 67% in Tianjin Pharmaceutical Holdings Co., Ltd. (“**TPH**”) by Jinhushen Biological Medical Science and Technology Co., Ltd. Prior to the Tianjin Zhong Xin Holding Announcement, TPH held direct interest in 325,855,528 shares of the company which are listed on the Shanghai Stock Exchange and indirect interest in 5,265,000 S Shares. The Tianjin Zhong Xin Holding Announcement had set out the ruling by the Securities Industry Council of Singapore on the offer terms. The market premium in the table above was computed based on the S Share prices prior to the Tianjin Zhong Xin Holding Announcement.
- (38) Based on the audited NAV as at 31 December 2020.

Based on the above, we observe that:

- (i) The premium implied by the Offer Price of 6.4% over the last transacted market price of the Shares prior to the Offer Announcement Date is within the range but below the mean and median of the corresponding premium of the Selected Comparable Transactions;
- (ii) The premium implied by the Offer Price of 7.1%, 1.6%, 6.6% and 11.4% over the VWAPs for the 1-month, 3-month, 6-month and 12-month periods prior to the Offer Announcement Date respectively is within the range but below the mean and median of the corresponding premium of the Selected Comparable Transactions;
- (iii) The P/NAV ratio of the Group of 0.34 times as implied by the Offer Price is within the range but below the mean and median P/NAV ratios of the Selected Comparable Transactions;

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- (iv) The P/RNAV ratio of the Group of 0.33 times as implied by the Offer Price is within the range but below the mean and median P/NAV ratios of the Selected Comparable Transactions; and
- (v) Further, we noted that amongst the Selected Comparable Transactions where the respective independent financial advisers had advised independent directors to recommend to shareholders to “accept” the offer, the P/NAV ratios of all such Selected Comparable Transactions are above the P/RNAV ratio implied by the Offer Price in relation to the Company.

10.6 Estimated theoretical valuation of Shares

Having considered Sections 10.2 to 10.4 of this Letter, the asset-based approach of the Group based on the P/NAV valuation multiple is our primary valuation methodology taking into consideration, among others, the asset heavy nature of the Group and the proportion of each business segments being represented by net assets. Further, year 2020 had been unprecedented in view of the COVID-19 pandemic where the Group and the Comparable Companies were affected by, *inter alia*, the impact of the COVID-19 pandemic as well as benefited from one-off government grants. It is to be noted that seven (7) out of the nine (9) Comparable Companies as set out in Section 10.4 of this Letter have been loss-making for T12M while one (1) recorded low profits which resulted in a skewed P/E ratio. As such, we are of the view that the earnings approach based on the P/E and EV/EBITDA valuation multiples may not be appropriate in valuing the Group.

As set out in Section 10.2.1 of this Letter, the Property Development segment of the Group is undertaken by its 77.60% owned subsidiary, SLBD, which is listed on the Catalist of SGX-ST. In estimating the theoretical valuation of the Shares of the Group, we have also considered the valuation ratio of SLBD based on its last traded share prices as at the Latest Practicable Date as set out below:

	Market Capitalisation (S\$'million)	P/E ⁽¹⁾ (times)	EV/EBITDA ⁽²⁾ (times)	P/NAV ⁽³⁾ (times)
SLBD	107.7	9.91	8.77	0.66

Accordingly, the estimated theoretical valuation of the Company would be as follows:

Valuation methodology	Theoretical valuation (S\$'million)	Theoretical valuation per Share ⁽¹⁾ (S\$)
<i>Asset-based approach</i>		
P/NAV multiple for Comparable Companies ⁽²⁾⁽³⁾	285.3 to 322.5	
P/NAV multiple for SLBD ⁽⁴⁾⁽⁵⁾	84.7	
Theoretical valuation range	369.9 to 407.1⁽⁶⁾	0.74 to 0.81

Notes:

- (1) Based on 499,689,200 number of Shares outstanding as at the Latest Practicable Date (excluding treasury Shares).
- (2) Based on the RNAV of the Group excluding the RNAV of the Property Development segment as set out in Section 10.3 of this Letter.
- (3) Based on the mean and median of the P/NAV valuation multiple of the Comparable Companies.

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- (4) Based on the RNAV of the Property Development segment as set out in Section 10.3 of this Letter. For avoidance of doubt, the RNAV of the Property Development segment have been computed based on Company's effective interest of 77.60% in SLBD which is the amount attributable to the owners of the Company.
- (5) Based on the P/NAV valuation multiple of SLBD.
- (6) Does not add up due to rounding.

For avoidance of doubt, we had also considered the P/NAV valuation multiple of the Non-Privatisation Transactions and are of the view that such valuation multiple may not be appropriate in valuing the Group as the target companies that were involved in the Non-Privatisation Transactions are from various industry sectors and accordingly are not representative of the business activities of the Group.

Accordingly, based on the above, we note that the Offer Price is below the range of the overall estimated theoretical valuation of the Company of between S\$0.74 to S\$0.81 based on the asset-based approach.

10.7 Dividend track record of the Company

We set out the dividend track record of the Shares of the past five (5) financial years prior to the Offer Announcement Date:

Dividend declared (S\$)	FY2016	FY2017	FY2018	FY2019	FY2020
Interim tax-exempt dividend per Share	0.01	0.01	0.01	0.01	0.01
Final tax-exempt dividend per Share	0.01	0.0125	0.0125	0.0125	-
Special tax-exempt dividend per Share	0.01	-	-	-	-
Total dividends per Share	0.03	0.0225	0.0225	0.0225	0.01
Average Share price ⁽¹⁾	0.460	0.613	0.574	0.501	0.416
Dividend yield ⁽²⁾ (%)	6.5	3.7	3.9	4.5	2.4

Sources: Bloomberg L.P., annual reports of the Group and announcements of the Company

Notes:

- (1) Average daily closing price of the Shares.
- (2) Computed based on dividends per Share divided by the average Share price.

We note that the Company has been consistently paying dividend in the last five (5) financial years with the total annual dividend per Share between S\$0.01 and S\$0.03 and dividend yield ranging from approximately 2.4% and 6.5% per annum. We note that the Company did not declare a final dividend for FY2020 to retain funds for its working capital in view of the uncertainty caused by the COVID-19 pandemic.

The Directors have confirmed that the Company does not have a formal dividend policy and that they will recommend future dividends after taking into consideration the Company's cash and financial position, financial performance of the Group, working capital requirements and projected capital expenditure and other investments plans. Notwithstanding this, the Group has a good track record of paying annual dividend to Shareholders in the last ten (10) years.

We wish to highlight that the above dividend analysis of the Company serves only as an illustrative guide and is not an indication of the Company's future dividend policy.

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10.8 Other relevant considerations

10.8.1 Company's commentaries on the market outlook

We note the following commentary as set out in the Group's financial results for 1H2021, the relevant portion of which have been extracted and reproduced in italics below:

“According to the Ministry of Trade and Industry Singapore (“MTI”) advanced estimates released on 4 January 2021, Singapore’s GDP contracted by 5.8 per cent for the whole 2020 amid the disruption to economic activities caused by the Covid-19 pandemic. The construction sector contracted by a further 28.5% year-on-year in the fourth quarter of 2020, after falling 46.2% in the third quarter.

On 17 September 2020, the Building and Construction Authority Singapore made a downward revision to its 2020 forecast construction demand, from the initial \$28 billion - \$33 billion, to \$18 billion - \$23 billion. The revision takes into account a decline in private sector demand, and postponements in the award of some public sector projects from 2020 to 2021.

Against this backdrop, the Group expects operating conditions in the construction sector to remain challenging. The pace of resumption of the construction activity has been slow and is expected to continue to be limited by manpower deployment challenges and higher cost and time resources needed to comply with COVID-safe management measures. Amid the evolving COVID-19 situation in the region, the supply chain for materials may be disrupted. As a result, costs to complete the construction projects may be impacted.

As at 14 January 2021, the Group’s construction order book stands at S\$1.5 billion, which should support the Group’s activities through FY2023. The Group will continue to leverage its strengths, capabilities and solid track record to tender for public and private sector projects.

With regard to its property development business, while it expects possible delays in the completion for some of its development projects, the Group will continue to take active steps to ensure their smooth development and moderate any financial impact arising from the delays. The Group continues to prioritise cash conservation and cost control, and will exercise caution when exploring business opportunities in the region during this pandemic.”

10.8.2 Alternative offers from third parties

As at the Latest Practicable Date, there is no publicly available evidence of any alternative take-over offer for the Shares from any third party. The Directors have confirmed that, as at the Latest Practicable Date, save for the Offer made by the Offeror, no alternative offer from any third party has been received.

10.8.3 Conditional Offer

As at 5 July 2021, the Offeror announced that the Offer had become unconditional as to acceptances and is declared unconditional in all respects.

10.8.4 No chain offer for SLBD

As set out in Section 4 of the Offer Document, SIC confirmed in its ruling dated 31 May 2021 that the chain principle set out in Note 7 to Rule 14.1 of the Code does not apply, in that if the Offeror acquires statutory control of the Company as a result of the Offer, the Offeror shall not be required to make an offer for SLBD. Accordingly, no offer will be made for SLBD in connection with the Offer.

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10.8.5 Offeror's intentions in relation to the Company

As set out in Section 7 of the Offer Document, it is currently the intention of the Offeror to ensure continuity in the operations of the Group. The Offeror also intends to review the operations, management and financial position of the Company and to evaluate various options or opportunities which may present themselves which it regards to be in the interests of the Offeror and/or the Company.

Save as disclosed, the Offeror does not currently have any intention to: (i) make any major changes to the business of the Company; (ii) re-deploy the fixed assets of the Company other than in the ordinary course of business; or (iii) discontinue the employment of the existing employees of the Group other than in the ordinary course of business.

10.8.6 Offeror's intentions in relation to the listing status and compulsory acquisition

As set out in Section 9 of the Offer Document, the Offer will not be extended to treasury Shares or Shares already owned, controlled or agreed to be acquired by the Relevant Concert Party Group. As such, the Offeror will not be entitled to exercise any rights of compulsory acquisition that may arise under the Companies Act pursuant to or in connection with the Offer. In any event, it is the Offeror's intention to maintain the listing status of the Company and the Offeror does not intend to exercise any rights of compulsory acquisition even if such right arises under Section 215(1) of the Companies Act, Chapter 50 of Singapore ("**Companies Act**").

11. OPINION

In arriving at our opinion on the financial terms of the Offer, we have taken into consideration, *inter alia*, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter:

- (a) Market quotation and trading liquidity of the Shares:
 - (i) The Offer Price represents a premium of approximately 6.4% over the VWAP of the Shares of S\$0.470 on 11 June 2021, being the Last Traded Day before the release of the Offer Announcement;
 - (ii) The Offer Price represents a premium of approximately 7.1%, 1.6%, 6.6%, 11.4% and 9.1% over the VWAPs of the Shares for the 1-month, 3-month, 6-month, 12-month and 24-month periods up to and including the Last Traded Day before the release of the Offer Announcement respectively;
 - (iii) Over the 12-month period up to and including the Last Traded Day before the release of the Offer Announcement, the Shares have traded between a low of S\$0.360 and a high of S\$0.520. The Offer Price represents a premium of S\$0.140 (or 38.9%) over the lowest transacted price of the Shares and a discount of S\$0.020 (or 3.8%) to the highest transacted price of the Shares;
 - (iv) Over the 24-month period up to and including the Last Traded Day before the release of the Offer Announcement, the Shares have traded between a low of S\$0.310 and a high of S\$0.545. The Offer Price represents a premium of S\$0.190 (or 61.3%) over the lowest transacted price of the Shares and a discount of S\$0.045 (or 8.3%) to the highest transacted price of the Shares;
 - (v) The Offer Price represents a discount of approximately 0.2% to the VWAP of the Shares of S\$0.501 for the period after the release of the Offer Announcement to the Latest Practicable Date;

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- (vi) For the period after the release of the Offer Announcement to the Latest Practicable Date, the Shares have traded between a low of S\$0.495 and a high of S\$0.505. The Offer Price represents a premium of S\$0.005 (or 1.0%) over the lowest transacted price of the Shares and a discount of S\$0.005 (or 1.0%) to the highest transacted price of the Shares;
 - (vii) The Offer Price represents a premium of 1.0% over the VWAP of the Shares of S\$0.495 as at the Latest Practicable Date;
 - (viii) The average daily trading volume of the Shares for the 1-month, 3-month, 6-month, 12-month and 24-month periods up to and including the Last Traded Day before the release of the Offer Announcement represent 0.08%, 0.16%, 0.19%, 0.13% and 0.13% of the free float of the Shares respectively; and
 - (ix) For the period after the release of the Offer Announcement and up to the Latest Practicable Date, the average daily trading volume on the Shares was approximately 2.5 million Shares, representing 0.87% of the free float of the Shares, of which bulk of these transactions done in the open market were purchases made by the Offeror;
- (b) Historical financial performance and position of the Group:
- (i) The revenue of the Group decreased by 5.0% from FY2018 to FY2019, increased by 43.8% from FY2019 to FY2020 and decreased by 36.6% from 1H2020 to 1H2021. The profit for the year / period attributable to owners of the Company decreased by 60.2% from FY2018 to FY2019, decreased by 12.8% from FY2019 to FY2020 and decreased by 5.2% from 1H2020 to 1H2021;
 - (ii) As at 30 November 2020, the Group recorded a NAV of S\$727.5 million, based on the 499,689,200 Shares (excluding treasury Shares) as at the Latest Practicable Date, the NAV per Share is S\$1.46. The Offer Price represents a discount of 65.8% to the NAV per Share and values the Group at a P/NAV ratio of approximately 0.34 times; and
 - (iii) The Group recorded: (a) a net cash inflow from operating activities of S\$18.5 million, S\$79.7 million and S\$94.6 million in FY2018, FY2019 and FY2020 respectively and a net cash outflow from operating activities of S\$3.3 million in 1H2021; (b) a net cash inflow from investing activities of S\$39.0 million and S\$5.8 million in FY2018 and FY2019 respectively and a net cash outflow from investing activities of S\$32.7 million and S\$13.9 million in FY2020 and 1H2021 respectively; and (c) a net cash outflow from financing activities of S\$35.9 million, S\$113.9 million and S\$47.1 million in FY2018, FY2019 and FY2020 respectively and a net cash inflow from financing activities of S\$15.7 million in 1H2021;
- (c) RNAV of Group:
- (i) The Offer Price represents a discount of 66.7% to the RNAV per Share and values the Group at a P/RNAV ratio of approximately 0.33 times;
- (d) Comparison with Comparable Companies:
- (i) The P/E ratio of the Group of 9.02 times is within the range but below the mean and median P/E ratios of the Comparable Companies;
 - (ii) The EV/EBITDA ratio of the Group of 10.56 times is within the range but below the mean and median EV/EBITDA ratios of the Comparable Companies;
 - (iii) The P/NAV ratio of the Group of 0.34 times is within the range but below the mean and median P/NAV ratios of the Comparable Companies; and

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- (iv) The P/RNAV ratio of the Group of 0.33 times is within the range but below the mean and median P/NAV ratios of the Comparable Companies;
- (e) Comparison with Non-Privatisation Transactions:
 - (i) The premium implied by the Offer Price of 6.4% over the last transacted market price of the Shares prior to the Offer Announcement Date is within the range but below the mean and median of the corresponding premium of the Selected Comparable Transactions;
 - (ii) The premium implied by the Offer Price of 7.1%, 1.6%, 6.6% and 11.4% over the VWAPs for the 1-month, 3-month, 6-month and 12-month periods prior to the Offer Announcement Date respectively is within the range but below the mean and median of the corresponding premium of the Selected Comparable Transactions;
 - (iii) The P/NAV ratio of the Group of 0.34 times as implied by the Offer Price is within the range but below the mean and median P/NAV ratios of the Selected Comparable Transactions;
 - (iv) The P/RNAV ratio of the Group of 0.33 times as implied by the Offer Price is within the range but below the mean and median P/NAV ratios of the Selected Comparable Transactions; and
 - (v) Further, we noted that amongst the Selected Comparable Transactions where the respective independent financial advisers had advised independent directors to recommend to shareholders to “accept” the offer, the P/NAV ratios of all such Selected Comparable Transactions are above the P/RNAV ratio implied by the Offer Price in relation to the Company;
- (f) Estimated theoretical valuation of the Shares:
 - (i) The Offer Price is below the range of the overall estimated theoretical valuation of the Company of between S\$0.74 to S\$0.81 based on the asset-based approach;
- (g) Dividend track record of the Company:
 - (i) The Company has been consistently paying dividend in the last five (5) financial years with the total annual dividend per Share between S\$0.01 and S\$0.03 and dividend yield ranging from approximately 2.4% and 6.5% per annum;
- (h) Other relevant considerations:
 - (i) The Company’s commentaries on the market outlook;
 - (ii) As at the Latest Practicable Date, save for the Offer made by the Offeror, no alternative offer from any third party has been received;
 - (iii) As at 5 July 2021, the Offeror announced that the Offer had become unconditional as to acceptances and is declared unconditional in all respects;
 - (iv) In the event, the Offeror acquires statutory control of the Company as a result of the Offer, the Offeror shall not be required to make an offer for SLBD. Accordingly, no offer will be made for SLBD in connection with the Offer;

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- (v) It is currently the intention of the Offeror to ensure continuity in the operations of the Group. The Offeror also intends to review the operations, management and financial position of the Company and to evaluate various options or opportunities which may present themselves which it regards to be in the interests of the Offeror and/or the Company. Save as disclosed, the Offeror does not currently have any intention to: (i) make any major changes to the business of the Company; (ii) re-deploy the fixed assets of the Company other than in the ordinary course of business; or (iii) discontinue the employment of the existing employees of the Group other than in the ordinary course of business; and
- (vi) The Offer will not be extended to treasury Shares or Shares already owned, controlled or agreed to be acquired by the Relevant Concert Party Group. As such, the Offeror will not be entitled to exercise any rights of compulsory acquisition that may arise under the Companies Act pursuant to or in connection with the Offer. In any event, it is the Offeror's intention to maintain the listing status of the Company and the Offeror does not intend to exercise any rights of compulsory acquisition even if such right arises under Section 215(1) of the Companies Act.

Having considered the various factors set out in the earlier sections of this Letter and summarised below, we are of the opinion that the financial terms of the Offer are not fair and not reasonable.

We consider the financial terms of the Offer to be **NOT FAIR**, after taking into consideration the following factors:

- (a) Notwithstanding that the Offer Price represents: (i) a premium of approximately 6.4% over the VWAP of the Shares of S\$0.470 on 11 June 2021, being the Last Traded Day before the release of the Offer Announcement; and (ii) a premium of approximately 7.1%, 1.6%, 6.6%, 11.4% and 9.1% over the VWAPs of the Shares for the 1-month, 3-month, 6-month, 12-month and 24-month periods up to and including the Last Traded Day before the release of the Offer Announcement respectively, the Offer Price represents a discount of 65.8% and 66.7% to the NAV per Share and RNAV per Share respectively and values the Group at a P/NAV and P/RNAV ratios of approximately 0.34 times and 0.33 times respectively;
- (b) Comparison with Comparable Companies:
 - (i) The P/E ratio of the Group of 9.02 times is within the range but below the mean and median P/E ratios of the Comparable Companies;
 - (ii) The EV/EBITDA ratio of the Group of 10.56 times is within the range but below the mean and median EV/EBITDA ratios of the Comparable Companies;
 - (iii) The P/NAV ratio of the Group of 0.34 times is within the range but below the mean and median P/NAV ratios of the Comparable Companies; and
 - (iv) The P/RNAV ratio of the Group of 0.33 times is within the range but below the mean and median P/NAV ratios of the Comparable Companies;
- (c) Comparison with Privatisation Transactions:
 - (i) Notwithstanding the premium implied by the Offer Price of 6.4% over the last transacted market price of the Shares prior to the Offer Announcement Date, the premium is below the mean and median of the corresponding premium of the Selected Comparable Transactions;

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- (ii) Notwithstanding the premium implied by the Offer Price of 7.1%, 1.6%, 6.6% and 11.4% over the VWAPs for the 1-month, 3-month, 6-month and 12-month periods prior to the Offer Announcement Date respectively, the premium is below the mean and median of the corresponding premium of the Selected Comparable Transactions;
- (iii) The P/NAV ratio of the Group of 0.34 times as implied by the Offer Price is below the mean and median P/NAV ratios of the Selected Comparable Transactions;
- (iv) The P/RNAV ratio of the Group of 0.33 times as implied by the Offer Price is below the mean and median P/NAV ratios of the Selected Comparable Transactions; and
- (v) The Offer Price is below the range of the overall estimated theoretical valuation of the Company of between S\$0.74 to S\$0.81 based on the asset-based approach.

We consider the financial terms of the Offer to be **NOT REASONABLE**, after taking into consideration the following factors:

- (a) Notwithstanding the net cash outflow from operating activities of S\$3.3 million in 1H2021, the Group has an order book of approximately S\$1.6 billion which will provide a sustainable flow of activity through FY2025 as at 19 March 2021;
- (b) In respect of the Non-Privatisation Transactions, amongst the Selected Comparable Transactions where the respective independent financial advisers had advised independent directors to recommend to shareholders to “accept” the offer, the P/NAV ratios of all such Selected Comparable Transactions are above the P/RNAV ratio implied by the Offer Price in relation to the Company;
- (c) The Company has been consistently paying dividend in the last five (5) financial years with the total annual dividend per Share between S\$0.01 and S\$0.03 and dividend yield ranging from approximately 2.4% and 6.5% per annum;
- (d) In the event, the Offeror acquires statutory control of the Company as a result of the Offer, the Offeror shall not be required to make an offer for SLBD. Accordingly, no offer will be made for SLBD in connection with the Offer;
- (e) It is currently the intention of the Offeror to ensure continuity in the operations of the Group. The Offeror also intends to review the operations, management and financial position of the Company and to evaluate various options or opportunities which may present themselves which it regards to be in the interests of the Offeror and/or the Company. Save as disclosed, the Offeror does not currently have any intention to: (i) make any major changes to the business of the Company; (ii) re-deploy the fixed assets of the Company other than in the ordinary course of business; or (iii) discontinue the employment of the existing employees of the Group other than in the ordinary course of business; and
- (f) The Offer will not be extended to treasury Shares or Shares already owned, controlled or agreed to be acquired by the Relevant Concert Party Group. As such, the Offeror will not be entitled to exercise any rights of compulsory acquisition that may arise under the Companies Act pursuant to or in connection with the Offer. In any event, it is the Offeror's intention to maintain the listing status of the Company and the Offeror does not intend to exercise any rights of compulsory acquisition even if such right arises under Section 215(1) of the Companies Act.

Accordingly, we advise the Independent Directors to recommend that Shareholders REJECT the Offer. If Shareholders wish to realise their investments in the Company, they can choose to sell their Shares in the open market if they obtain a price higher than the Offer Price (after deducting transaction costs).

APPENDIX I – LETTER FROM RHT CAPITAL PTE. LTD. IN RESPECT OF THE OFFER

As set out in the Offer Document, Shareholders should also take note that it is the current intention of the Offeror to maintain the listing status of the Company on the SGX-ST and the Offeror does not intend to exercise any rights of compulsory acquisition even if such right arises under Section 215(1) of the Companies Act.

We have prepared this Letter for the use of the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the financial terms of the Offer and should not be relied on by any other party. The recommendation made by the Independent Directors to the Shareholders in relation to the Offer shall remain the sole responsibility of the Independent Directors.

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of RHTC in each specific case.

This Letter 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
RHT CAPITAL PTE. LTD.

Khong Choun Mun
Chief Executive Officer

Mah How Soon
Managing Director

APPENDIX II – ADDITIONAL GENERAL INFORMATION ON THE COMPANY

DIRECTORS

The names, addresses and designations of the directors of the Company as at the Latest Practicable Date are as follows:

Name	Address	Designation in the Company
Mr. Ong Pang Aik <small>BBM (L)</small>	c/o 29 Harrison Road Lian Beng Building Singapore 369648	Chairman and Managing Director
Ms. Ong Lay Huan	c/o 29 Harrison Road Lian Beng Building Singapore 369648	Executive Director
Ms. Ong Lay Koon	c/o 29 Harrison Road Lian Beng Building Singapore 369648	Executive Director
Mr. Low Beng Tin <small>BBM (L)</small>	c/o 29 Harrison Road Lian Beng Building Singapore 369648	Independent Director
Mr. Ko Chuan Aun	c/o 29 Harrison Road Lian Beng Building Singapore 369648	Independent Director
Mr. Ang Chun Giap <small>PBM</small>	c/o 29 Harrison Road Lian Beng Building Singapore 369648	Independent Director
Dr. Tan Khee Giap	c/o 29 Harrison Road Lian Beng Building Singapore 369648	Independent Director

1. PRINCIPAL ACTIVITIES

The Company was incorporated in Singapore in 1998 and its shares have been quoted and listed on the SGX-ST since 1999 on the Main Board of the SGX-ST.

The Group is involved in the following business segments:

- (a) Construction – The business of constructing residential, institutional, industrial and commercial properties, and civil engineering as the main contractor, and other construction-related activities;
- (b) Dormitory – The rental of dormitory units and provision of dormitory accommodation services;
- (c) Investment holding – The holding of investments in properties and quoted and unquoted securities for long-term capital appreciation, rental, as well as dividend yields; and
- (d) Property development – The development and sale of properties (residential, commercial and industrial), as well as fund management services, through the Company's listed subsidiary, SLBD.

2. SHARE CAPITAL

2.1. Authorised and issued share capital of the Company

The Company has only one class of shares, being ordinary shares, all fully-paid or credited as fully-paid, with equal ranking rights to dividend, voting at general meetings and return of capital. As at the Latest Practicable Date, the issued and paid-up share capital of the Company is S\$83,666,121.52, comprising 499,689,200 Shares (excluding 30,070,800 Shares held by the Company as treasury Shares).

Pursuant to the Companies (Amendments) Act 2005, companies incorporated in Singapore no longer have an authorised share capital and there is no concept of par value in respect of issued shares.

There is no restriction in the Constitution on the right to transfer any Shares, which has the effect of requiring the holders of Offer Shares, before transferring them, to offer them for purchase to members of the Company or to any other person.

Since the end of FY2020 and up to the Latest Practicable Date, the Company has not issued any new Shares nor has there been any alteration in the share capital of the Company.

2.2. Convertible securities

As at the Latest Practicable Date, the Company does not have any outstanding options, derivatives, warrants or other securities which are convertible or exchangeable into Shares or confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares, and the Company has not entered into any agreement for the issue of such options, derivatives, warrants or other securities which are convertible or exchangeable into Shares or confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

2.3. Rights of Shareholders in respect of capital, dividends and voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. For ease of reference, selected texts of the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting have been reproduced in **Appendix III** to this Circular.

3. SUMMARY OF FINANCIAL INFORMATION

3.1. Financial information of the Group

Please refer to **Appendix IV** to this Circular for further financial information in relation to the Group.

3.2. Material changes in financial position

As at the Latest Practicable Date, save as disclosed in this Circular and in publicly available information on the Company (including, without limitation, announcements released on SGXNET such as the unaudited HY2021 results announcement released on 14 January 2021), there has not been, within the knowledge of the Company, any material change in the financial position or prospects of the Company since 31 May 2020, being the date on which the last published audited consolidated financial statements of the Group were made up.

APPENDIX II – ADDITIONAL GENERAL INFORMATION ON THE COMPANY

3.3. Significant accounting policies

The summary of significant accounting policies of the Group are disclosed in Note 2 of the audited consolidated financial statements of the Group for FY2020 as set out in the Group's annual report for FY2020.

Save as disclosed in this Circular and save for information on the Group which is publicly available (including, without limitation, the audited financial statements of the Group for FY2018, FY2019 and FY2020), there were no significant accounting policies or any point from the notes of the accounts of the Group which are of major relevance for the interpretation of the accounts.

3.4. Changes in accounting policies

In FY2019, the Group has adopted Singapore Financial Reporting Standards (International) ("**SFRS(I)**") for the first time. The accounting policies adopted are consistent with those previously applied under Financial Reporting Standards in Singapore ("FRS") except that the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 June 2018. Details of the adoption of SFRS(I) are set out in Note 2.2 to the audited financial statements of the Group for FY2019.

In FY2020, the Group has adopted the accounting standard SFRS(I) 16 *Leases* from 1 June 2019. Details of the adoption of SFRS(I) 16 *Leases* are set out in Note 2.2 to the audited financial statements of the Group for FY2020.

Save as disclosed in this Circular and in publicly available information of the Group, as at the Latest Practicable Date, there was no change in the accounting policies of the Group which will cause the figures disclosed in this Circular not to be comparable to a material extent.

4. DISCLOSURE OF INTERESTS UNDER THE CODE

4.1. Interests of the Company in Shares of the Offeror

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries owns any shares, securities which carry voting rights, or convertible securities, warrants, options or derivatives in respect of shares or securities which carry voting rights (collectively, "**Relevant Securities**") of the Offeror, whether directly or indirectly.

4.2. Dealings in Shares and Relevant Securities of the Offeror by the Company

Neither the Company nor any of its subsidiaries have dealt for value in the shares and Relevant Securities of the Offeror during the six months prior to the date of the Offer Announcement and ending on the Latest Practicable Date ("**Relevant Period**").

4.3. Interests of Directors in Shares and Relevant Securities of the Offeror

As at the Latest Practicable Date, save as disclosed below, none of the Directors has any direct or deemed interest in any of the shares or Relevant Securities of the Offeror:

Director	No. of Shares held	Approximate Shareholding (%) ⁽¹⁾
Mr. Ong Pang Aik	40,000	40.0%
Ms. Ong Lay Huan	36,000	36.0%
Ms. Ong Lay Koon	12,000	12.0%

Note:

(1) The percentage shareholding is based on 100,000 ordinary shares in the capital of the Offeror.

APPENDIX II – ADDITIONAL GENERAL INFORMATION ON THE COMPANY

4.4. Dealings in Shares and Relevant Securities of the Offeror by the Directors

As at the Latest Practicable Date, none of the Directors has dealt for value in any of the shares or Relevant Securities of the Offeror during the Relevant Period.

4.5. Interests of Directors in Shares and Relevant Securities of the Company

As at the Latest Practicable Date, based on information available to the Company and save as disclosed below, none of the Directors has any direct or deemed interest in any of the Shares or Relevant Securities of the Company:

	Direct Interest		Deemed Interest		Total	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors						
Mr. Ong Pang Aik ^{(2),(5)}	1	NM ⁽⁶⁾	215,397,799	43.11	215,397,800	43.11
Ms. Ong Lay Huan ^{(3),(5)}	1	NM ⁽⁶⁾	202,760,498	40.58	202,760,499	40.58
Ms. Ong Lay Koon ^{(4),(5)}	1	NM ⁽⁶⁾	8,539,199	1.71	8,539,200	1.71
Mr. Low Beng Tin	900,000	0.18	-	-	900,000	0.18
Mr. Ko Chuan Aun	205,000	0.04	-	-	205,000	0.04
Mr. Ang Chun Giap	-	-	-	-	-	-
Dr. Tan Khee Giap	-	-	-	-	-	-

Notes:

- (1) Based on 499,689,200 Shares (excluding 30,070,800 treasury Shares) as at the Latest Practicable Date.
- (2) Mr. Ong Pang Aik is deemed interested in (a) 186,748,500 Shares in which the Offeror is interested, and (b) 28,649,299 Shares registered in the name of nominee account(s).
- (3) Ms. Ong Lay Huan is deemed interested in (a) 186,748,500 Shares in which the Offeror is interested, and (b) 16,011,998 Shares registered in the name of nominee account(s).
- (4) Ms. Ong Lay Koon is deemed interested in 8,539,199 Shares registered in the name of nominee account(s).
- (5) Excluding valid acceptances of the Offer for the purpose of the above disclosure up to the Latest Practicable Date.
- (6) The percentage of shareholding is not meaningful when rounded to two decimal places.

4.6. Dealings in Shares and Relevant Securities of the Company by the Directors

As at the Latest Practicable Date, save as disclosed in **Section 1.1** of this Circular, Paragraph 1.2 of Appendix III of the Offer Document and any information on the Group which is publicly available (including without limitation the dealings disclosures made by the Offeror, announcements, financial statements and annual reports released by the Company on SGXNET), none of the Directors has dealt for value in any of the Shares or Relevant Securities of the Company during the Relevant Period.

APPENDIX II – ADDITIONAL GENERAL INFORMATION ON THE COMPANY

4.7. Interests of the IFA in Shares and Relevant Securities of the Company

As at the Latest Practicable Date, the IFA, its other related corporations and funds whose investments are managed by the IFA on a discretionary basis do not own or control any of the Shares or Relevant Securities of the Company as at the Latest Practicable Date.

4.8. Dealings in Shares and Relevant Securities of the Company by the IFA

Neither the IFA, its other related corporations and funds whose investments are managed by the IFA on a discretionary basis have dealt for value in the Shares or Relevant Securities of the Company during the Relevant Period.

4.9. Directors' Intentions

- (a) The Offer does not extend to the Shares in which Mr. Ong Pang Aik, Ms. Ong Lay Huan and Ms. Ong Lay Koon are interested, as they are part of the Relevant Concert Party Group. Accordingly, the foregoing directors do not intend to accept the Offer.
- (b) Mr. Low Beng Tin intends to reject the Offer in respect of the Shares held by him.
- (c) Mr. Ko Chuan Aun intends to reject the Offer in respect of the Shares held by him.

Save as disclosed above, none of the Directors has any other direct or deemed interest in the Shares.

5. ARRANGEMENTS WITH DIRECTORS

5.1. Directors' Service Contracts

As at the Latest Practicable Date, there are no service contracts between any of the Directors with the Company or any of its subsidiaries which have more than 12 months to run and which cannot be terminated by the employing company within the next 12 months without paying any compensation, and there are no such service contracts entered into or amended by the Company or any of its subsidiaries during the Relevant Period.

5.2. Arrangements Affecting Directors

As at the Latest Practicable Date:

- (a) it is not proposed that any payment or other benefit shall be made or given to any Director, or any director of any other corporation which is, by virtue of Section 6 of the Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;
- (b) there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- (c) none of the Directors has any material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

6. VIEWS OF THE BOARD ON THE OFFEROR'S INTENTIONS FOR THE COMPANY AND ITS EMPLOYEES

The Board refers Shareholders to the rationale for the Offer and the Offeror's intentions for the Company and its employees as produced from the Offer Document in **Section 5** of this Circular. The Board is willing to render reasonable co-operation with the Offeror to maintain the existing business and operations of the Group which is in the interests of the Company and the Shareholders as a whole.

APPENDIX II – ADDITIONAL GENERAL INFORMATION ON THE COMPANY

7. MATERIAL CONTRACTS

Disclosure under the Code

Save as disclosed in publicly available information on the Company (including without limitation the announcements, financial statements and annual reports released by the Company on SGXNET), neither the Company nor its subsidiaries has entered into any material contract (other than in the ordinary course of business) with interested persons during the period commencing 3 years prior to the commencement of the Offer Period and ending on the Latest Practicable Date.

An "interested person", as defined in the Note on Rule 24.6 read with the Note on Rule 23.12 of the Code, means:

- (a) a director, chief executive officer, or Substantial Shareholder of the Company;
- (b) the immediate family of a director, the chief executive officer, or a Substantial Shareholder (being an individual) of the Company;
- (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a Substantial Shareholder (being an individual) of the Company and his/her immediate family is a beneficiary;
- (d) any company in which a director, the chief executive officer or a Substantial Shareholder (being an individual) of the Company and his/her immediate family together (directly or indirectly) have an interest of 30% or more;
- (e) any company that is the subsidiary, holding company or fellow subsidiary of a Substantial Shareholder (being a company); or
- (f) any company in which a Substantial Shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more.

For the purpose of this section 7, "Substantial Shareholder" shall mean a person (including a corporation) who has an interest in not less than 5% of the total Shares.

8. MATERIAL LITIGATION

As at the Latest Practicable Date:

- (a) no member of the Group is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of any member of the Group, taken as a whole; and
- (b) the Directors are not aware of any litigation, claim or proceeding pending or threatened against any member of the Group or to which any member of the Group may become a party or of any fact likely to give rise to any litigation, claims or proceeding which might materially and adversely affect the financial position of any member of the Group.

9. VALUATION REPORTS

The Company has commissioned the Valuers to conduct independent valuations of the Subject Properties.

Based on the Valuation Reports, the market value of the Subject Properties are as follows:

APPENDIX II – ADDITIONAL GENERAL INFORMATION ON THE COMPANY

S/N	Subject Property	Market Value based on the Valuation Reports	Date of Valuation
		S\$	
(i)	32, 34 & 36 Mandai Estate, Westlite Mandai Dormitory, Singapore 729939, 729940 and 729941	263,000,000	31 May 2021
(ii)	30 Tai Seng Street, BreadTalk IHQ, Singapore 534013	118,000,000	12 January 2021 ⁽³⁾
(iii)	4190 Ang Mo Kio Avenue 6, Broadway Plaza, Singapore 569841	62,000,000	31 May 2021
(iv)	451 Clementi Avenue 3, #01-309, Singapore 120451	42,000,000	31 May 2021
(v)	712 Ang Mo Kio Avenue 6, #01-4056, Singapore 560712	40,000,000	31 May 2021
(vi)	192 Lorong 4 Toa Payoh #01-674, Singapore 310192	38,000,000	31 May 2021
(vii)	166 Bukit Merah Central, #01-3527, Singapore 150166	36,000,000	31 May 2021
(viii)	381 Joo Chiat Road, Singapore 427621	27,000,000	31 May 2021
(ix)	25 Playfair Road, Singapore 367990	15,500,000	31 May 2021
(x)	65 Cairnhill Road, #06-01 The Ritz–Carlton Residences, Singapore 229721	10,000,000	31 May 2021
(xi)	221 Balestier Road, #02-05, #03-04 & #04-01 Rocca Balestier, Singapore 329928	7,300,000	31 May 2021
(xii)	111 Emerald Hill Road, #05-02, 111 Emerald Hill, Singapore 229391	5,250,000	31 May 2021
(xiii)	111 Emerald Hill Road, #03-03, 111 Emerald Hill, Singapore 229391	4,300,000	31 May 2021
(xiv)	221 Boon Lay Place, #01-140 & #01-144 Boon Lay Shopping Centre, Singapore 640221	3,300,000	31 May 2021
(xv)	1 Kiang Guan Avenue, #22-02 Lincoln Suites, Singapore 308380	3,200,000	31 May 2021
(xvi)	16 Spottiswoode Park Road, #36-07 Spottiswoode Suites, Singapore 088661	2,000,000	31 May 2021
(xvii)	38 Cairnhill Road, #15-06 The Laurels Singapore 229658	1,460,000	31 May 2021
(xviii)	134 Serangoon Avenue 3, #15-15 The Scala, Singapore 554477	1,550,000	31 May 2021
(xix)	76 Dakota Crescent, #18-13 Waterbank at Dakota, Singapore 399944	1,120,000	31 May 2021
(xx)	Unit 1503, Level 15, One Unit Block 10, Li Du Road 700, Gaoxin District, Chengdu City, China ⁽¹⁾	506,326 ⁽²⁾	19 May 2021
(xxi)	Lot 99488L Mukim 23 at 24 New Industrial Road, INSPACE, Singapore 536210	89,670,000	31 May 2021
(xxii)	2 Leng Kee Road, Thye Hong Centre, Singapore 159086	117,500,000	31 May 2021
(xxiii)	20 Kranji Way Singapore 739431	21,000,000	29 April 2021 ⁽³⁾
(xxiv)	29 Harrison Road, Lian Beng Building, Singapore 369648	24,500,000	31 May 2021
(xxv)	2 Penjuru Close, Singapore 608611	4,100,000	31 May 2021
(xxvi)	5 Tuas South Link 3, Singapore 636758	8,700,000	31 May 2021

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S/N	Subject Property	Market Value based on the Valuation Reports	Date of Valuation
		S\$	
(xxvii)	63 Senoko Drive, Singapore 758250	680,000	31 May 2021
(xxviii)	24 Leng Kee Road, Leng Kee Autopoint, Singapore 159096	100,000,000	31 May 2021

Notes:

- (1) This property is held by Mr. Ong Pang Aik on trust for the Group.
- (2) Based on the valuation amount of RMB2,441,300 and a currency exchange rate of RMB4.8216:S\$1 extracted from Bloomberg L.P. as at 31 May 2021.
- (3) The Company has obtained confirmation from the Valuer in respect of this property, Savills Valuation and Professional Services (S) Pte. Ltd., that the market valuation remains valid and unchanged as at 31 May 2021 for the purposes of the Offer.

Copies of the Valuation Reports issued by the Valuers are available for inspection at the registered address of the Company at 29 Harrison Road Lian Beng Building Singapore 369648 during normal business hours until the Closing Date.

Under Rule 26.3 of the Code, the Company is required, inter alia, to make an assessment of any potential tax liabilities which would arise if the Subject Properties, which are the subject of a valuation given in connection with the Offer, were to be sold at the amount of the valuation. Based on information provided to the Company by the Valuers, in a hypothetical scenario where the Subject Properties are sold on an “as is” basis, the Company expects that there would not be any potential tax liabilities (excluding the Subject Properties at Lot 99488L Mukim 23 at 24 New Industrial Road, INSPACE, Singapore 536210 and 2 Leng Kee Road, Thye Hong Centre, Singapore 159086) as they are held for long-term capital appreciation and the Group’s own-use (as the case may be). In respect of the Subject Properties at Lot 99488L Mukim 23 at 24 New Industrial Road, INSPACE, Singapore 536210 and 2 Leng Kee Road, Thye Hong Centre, Singapore 159086, which are development properties held by SLBD, the potential tax liabilities will be 17.0% of the profits from the sale proceeds, crystallising as and when the Group disposes of its interests in these Subject Properties or when they are developed, sold and handed over to the purchasers.

10. GENERAL INFORMATION

- (a) **Costs and Expenses.** All expenses and costs incurred by the Company in relation to the Offer will be borne by the Company.
- (b) **Consent of IFA.** RHTC has given and confirmed that it has not withdrawn its written consent to the issue of this Circular with the inclusion herein of the IFA Letter, the advice given to the Independent Directors and the references to its name in the form and context in which they appear in this Circular.
- (c) **Consent of Valuers.** Each of the Valuers have given and confirmed that they have not withdrawn their respective written consent to the issue of this Circular with the inclusion herein of its name and the references to its name and the Valuation Reports in the form and context in which they appear in this Circular.

APPENDIX II – ADDITIONAL GENERAL INFORMATION ON THE COMPANY

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company (by prior appointment in light of the COVID-19 pandemic) at 29 Harrison Road Lian Beng Building Singapore 369648 during normal business hours for the period during which the Offer remains open for acceptances:

- (a) the Constitution of the Company;
- (b) the annual reports of the Group for FY2018, FY2019 and FY2020;
- (c) the unaudited consolidated financial statements of the Group for HY2021 as announced on SGXNET on 14 January 2021;
- (d) the IFA Letter;
- (e) the Valuation Reports; and
- (f) the letters of consent as referred to in **Sections 10(b) and (c) of this Appendix II.**

APPENDIX III – RELEVANT EXTRACTS FROM THE COMPANY'S CONSTITUTION

The provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting have been reproduced below. Please see the definitions in the Constitution for terms used in the extracts below.

Rights in respect of capital

ISSUE OF SHARES

7. Subject to the Act, the Listing Manual and this Constitution, no shares may be issued by the Directors without the prior sanction of an ordinary resolution of the Company in General Meeting but subject thereto and to Regulation 51, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may think fit, and any shares may be issued in such denominations or with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors.

- 8(1). Preference shares may be issued subject to such limitations thereof as may be prescribed by any stock exchange upon which shares in the Company may be listed and the rights attaching to shares other than ordinary shares shall be expressed in this Constitution. The total number of issued preference shares shall not exceed the total number of issued ordinary shares at any time. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports, financial statements and balance sheets' and attending General Meetings of the Company. Preference shareholders shall also have the right to vote at any General Meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposition to be submitted to the General Meeting directly affects their rights and privileges or when the dividend on the preference shares is in arrears for more than six (6) months.

- 8(2). The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares from time to time already issued or about to be issued.

9. The Company shall not exercise any rights (including the right to attend and vote at General Meetings) in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.

VARIATION OF RIGHTS

- 10(1). If at any time the share capital is divided into different classes of shares, the repayment of preference capital other than redeemable preference capital and the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, whether or not the Company is being wound up, only be made, varied or abrogated with the sanction of a special resolution passed at a separate General Meeting of the holders of shares of the class and to every such special resolution, the provisions of Section 184 of the Act shall, with such adaptations as are necessary, apply. To every such separate General Meeting, the provisions of this Constitution relating to General Meetings shall *mutatis mutandis* apply; but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may

APPENDIX III – RELEVANT EXTRACTS FROM THE COMPANY'S CONSTITUTION

demand a poll, Provided always that where the necessary majority for such a special resolution is not obtained at the General Meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two (2) months of the General Meeting shall be as valid and effectual as a special resolution carried at the General Meeting.

- 10(2). The repayment of preference capital other than redeemable preference or any other alteration of preference shareholder rights may only be made pursuant to a special resolution of the preference shareholders concerned. Provided always that where the necessary majority for such a special resolution is not obtained at the General Meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the general meeting, shall be as valid and effectual as a special resolution carried at the general meeting.
11. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by this Constitution, be deemed to be varied by the creation or issue of further shares ranking equally therewith.

SHARES

12. Unless otherwise specified or restricted by law, the Company may pay any expenses (including commissions or brokerage) on any issue or purchase of its shares, or sale, disposal or transfer of treasury shares at such rate or amount and in such manner as the Directors may deem fit. Such expenses may be satisfied by the payment of cash out of the new share issue proceeds or out of the Company's share capital (and such payment shall not be taken as reduction of the amount of share capital of the Company) or the allotment of fully or partly paid shares, or partly in one way and partly in the other.
13. If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may, subject to the conditions and restrictions mentioned in the Act, pay interest on so much of the share capital as is for the time being paid up and may charge the same to capital as part of the cost of the construction or provision.
14. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by this Constitution or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository or its nominee (as the case may be)) entered in the Register of Members as the registered holder thereof or (where the person entered in the Register of Members as the registered holder of a share is the Depository) the person whose name is entered in the Depository Register in respect of that share.
15. No person shall be recognised by the Company as having title to a fractional part of a share otherwise than as the sole or a joint holder of the entirety of such share.
16. If by the conditions of allotment of any shares the whole or any part of the amount of the issue price thereof shall be payable by instalments every such instalment shall, when due, be paid

APPENDIX III – RELEVANT EXTRACTS FROM THE COMPANY'S CONSTITUTION

to the Company by the person who for the time being shall be the registered holder of the share or his personal representatives, but this provision shall not affect the liability of any allottee who may have agreed to pay the same.

SHARE CERTIFICATES

- 17(1). The share certificate of title to shares or debentures in the capital of the Company shall be issued under the seal or as an alternative to sealing, executed by the signatures of the relevant persons prescribed by the Act, in such form as the Directors shall from time to time prescribe, and shall specify the number and class of shares to which it relates, whether the shares are fully or partly paid-up and the amount (if any) unpaid on the shares. No certificate shall be issued representing shares of more than one class.
- 17(2). The provisions in this Regulation and Regulations 18 to 20 (so far as they are applicable) shall not apply to transfer of book-entry securities.
- 18(1). The Company shall not be bound to register more than three (3) persons as the joint holders of any share except in the case of executors, trustees or administrators of the estate of a deceased Member.
- 18(2). Only one certificate shall be issued in respect of any share.
- 18(3). If two (2) or more persons are registered as joint holders of any share any one of such persons may give effectual receipts for any dividend payable in respect of such share and the joint holders of a share shall, subject to the provisions of the Act, be severally as well as jointly liable for the payment of all instalments and calls and interest due in respect of such shares.
- 18(4). Only the person whose name stands first in the Register of Members as one (1) of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint holders. Only the person whose name stands first in the Depository Register shall be entitled to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint holders.
- 19(1). Shares must be allotted and certificates despatched within ten (10) market days of the final closing date for an issue of shares unless the Exchange shall agree to an extension of time in respect of that particular issue. The Depository must despatch statements to successful investor applicants confirming the number of shares held under their Securities Accounts. Persons entered in the Register of Members as registered holders of shares shall be entitled to receive certificates within ten (10) market days after lodgement of any transfer or on a transmission of shares (as the case may be). Every Member shall be entitled to receive share certificates in reasonable denominations for his holding and where a charge is made for certificates, such charge shall not exceed S\$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed). Where a Member transfers part only of the shares comprised in a certificate or where a Member requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner, the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and the Member shall pay a fee not exceeding S\$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed) for each such new certificate as the Directors may

APPENDIX III – RELEVANT EXTRACTS FROM THE COMPANY'S CONSTITUTION

determine. Where the member is a Depositor, the delivery by the Company to the Depository of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement.

- 19(2). The retention by the Directors of any unclaimed share certificates (or stock certificates as the case may be) shall not constitute the Company a trustee in respect thereof. Any share certificate (or stock certificate as the case may be) unclaimed after a period of six (6) years from the date of issue of such share certificate (or stock certificate as the case may be) may be forfeited and if so shall be dealt with in accordance with Regulations 40, 43, 44, 48 and 49, *mutatis mutandis*.
- 20(1). Subject to the provisions of the Act, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member company of the Exchange or on behalf of its / their client(s) as the Directors of the Company shall require, and in the case of defacement or wearing out on delivery of the old certificate and in any case on payment of such sum not exceeding S\$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed) as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.
- 20(2). When any shares under the powers in this Constitution herein contained are sold by the Directors and the certificate thereof has not been delivered up to the Company by the former holder of the said shares, the Directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up.

TRANSFER OF SHARES

21. Subject to this Constitution and the Statutes, any Member may transfer all or any of his shares but every instrument of transfer of the legal title in shares must be in writing and in the form for the time being approved by the Directors and the Exchange. Shares of different classes shall not be comprised in the same instrument of transfer. The Company shall accept for registration transfers in the form approved by the Exchange.
22. The instrument of transfer of a share shall be signed by or on behalf of the transferor and the transferee and be witnessed, Provided Always that an instrument of transfer in respect of which the transferee is the Depository or its nominee (as the case may be) shall not be ineffective by reason of it not being signed or witnessed for by or on behalf of the Depository or its nominee (as the case may be). The transferor (excluding the Depository or its nominee, as the case may be) shall be deemed to remain the holder of the share until the name of the transferee (whether a Depositor or otherwise but excluding the Depository or its nominee, as the case may be) is duly entered in the Depository Register (in the case of book-entry securities as defined in the Statutes) or the Register of Members maintained by the Company.
23. No share shall in any circumstances be transferred to any infant, bankrupt or person who becomes mentally disordered and incapable of managing himself or his affairs.

APPENDIX III – RELEVANT EXTRACTS FROM THE COMPANY'S CONSTITUTION

- 24(1). Subject to this Constitution, there shall be no restriction on the transfer of fully paid up shares except where required by law or by Listing Manual but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve (to the extent permitted by the Listing Manual). If the Directors shall decline to register any such transfer of shares, they shall give to both the transferor and the transferee written notice of their refusal to register as required by the Act and the listing rules of the Exchange.
- 24(2). The Directors may decline to register any instrument of transfer unless: -
- (i) such fee not exceeding S\$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed) as the Directors may from time to time require, is paid to the Company in respect thereof;
 - (ii) the instrument of transfer, duly stamped in accordance with any law for the time being in force relating to stamp duty, is deposited at the Office or at such other place (if any) as the Directors appoint, accompanied by a certificate of payment of stamp duty (if any is payable), the certificates of the shares to which the transfer relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and
 - (iii) the instrument of transfer is in respect of only one (1) class of shares.
- 25(1). All instruments of transfer which are registered may be retained by the Company, but any instrument of transfer which the Directors may decline to register shall (except in the case of fraud) be returned to the person depositing the same.
- 25(2). Subject to any legal requirements to the contrary, the Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six (6) years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six (6) years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six (6) years from the date of the cancellation thereof and it shall be conclusively presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other documents so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company, Provided that:-
- (i) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
 - (ii) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any circumstances which would not attach to the Company in the absence of this Regulation; and

APPENDIX III – RELEVANT EXTRACTS FROM THE COMPANY'S CONSTITUTION

- (iii) references herein to the destruction of any document include references to the disposal thereof in any manner.
26. The Register of Members and the Depository Register may be closed, and the registration of transfers may be suspended, at such times and for such period as the Directors may from time to time determine, provided always that the Registers shall not be closed for more than thirty (30) days in the aggregate in any year. The Company shall give prior notice of such closure as may be required to the Exchange, stating the period and purpose or purposes for which the closure is made.
- 27(1). Nothing in this Constitution shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.
- 27(2). Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers, be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. In every such case, the person registered as transferee, his executors, administrators and assigns, alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

TRANSMISSION OF SHARES

- 28(1). In case of the death of a Member, the survivor or survivors, where the deceased was a joint holder, and the legal representatives of the deceased, where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares, but nothing herein shall release the estate of a deceased Member (whether sole or joint) from any liability in respect of any share held by him.
- 28(2). In the case of the death of a Depositor, the survivor or survivors, where the deceased was a joint holder, and the legal personal representatives of the deceased, where he was a sole holder and where such legal representatives are entered in the Depository Register in respect of any shares of the deceased, shall be the only persons recognised by the Company as having any title to his interests in the share; but nothing herein contained shall release the estate of a deceased Depositor (whether sole or joint) from any liability in respect of any share held by him.
- 29(1). Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member whose name is entered in the Register of Members, and any guardian of an infant becoming entitled to the legal title in a share and whose name is entered in the Register of Members, and any person as properly has the management of the estate of a Member whose name is entered in the Register of Members and who is mentally disordered and incapable of managing himself or his affairs or by virtue of a vesting order by a court of competent jurisdiction and recognised by the Company as having any title to that share may, upon producing such evidence of title as the Directors shall require, be registered himself as holder of the share upon giving to the Company notice in writing or transfer such share to some other

APPENDIX III – RELEVANT EXTRACTS FROM THE COMPANY'S CONSTITUTION

person. If the person so becoming entitled shall elect to be registered himself, he shall send to the Company a notice in writing (in a form as may be approved by the Directors from time to time) signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers shall be applicable to any such notice or transfer as aforesaid as if the event upon which transmission took place had not occurred and the notice or transfer were a transfer executed by such Member. The Directors shall have, in respect of a transfer so executed, the same power of refusing registration as if the event upon which the transmission took place had not occurred, and the transfer were a transfer executed by the person from whom the title by transmission is derived.

- 29(2). The Directors may at any time give notice requiring any such person to elect whether to be registered himself as a Member in the Register of Members or, (as the case may be), entered in the Depository Register in respect of the share or to transfer the share and if the notice is not complied with within sixty (60) days the Directors may thereafter withhold payment of all dividends or other monies payable in respect of the share until the requirements of the notice have been complied with.
30. Save as otherwise provided in the Constitution or the Statutes, a person entitled to a share by transmission shall be entitled to receive, and may give a discharge for, any dividends or other monies payable in respect of the share, but he shall not be entitled in respect of it to receive notices of or to attend or vote at meetings of the Company, or, save as aforesaid, to exercise any of the rights or privileges of a Member, unless and until he shall become registered as a shareholder or have his name entered in the Depository Register as a Depositor in respect of the share.
31. There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any share, such fee not exceeding S\$2 (or such other sum as may be approved by the Exchange from time to time) as the Directors may from time to time require or prescribe.

CALL ON SHARES

32. The Directors may from time to time make such calls as they think fit upon the Members in respect of any monies unpaid on their shares, subject to the terms of the issue thereof. Each Member shall (subject to receiving at least fourteen (14) days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine.
33. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.
34. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum due from the day appointed for payment thereof to the time of actual payment at such rate not exceeding eight (8) per cent per annum as the Directors determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

APPENDIX III – RELEVANT EXTRACTS FROM THE COMPANY'S CONSTITUTION

35. Any sum which by the terms of issue and allotment of a share becomes payable upon allotment or at any fixed date shall for all purposes of this Constitution be deemed to be a call duly made and payable on the date on which, by the terms of issue, the same becomes payable, and in case of non-payment all the relevant provisions of the Regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
36. The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payments.
37. The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the monies uncalled and unpaid upon the shares held by him and such payments in advance of calls shall extinguish (so far as the same shall extend) the liability upon the shares in respect of which it is made, and upon the monies so received or so much thereof as from time to time exceeds the amount of the calls then made upon the shares concerned, the Company may pay interest at such rate not exceeding without the sanction of the Company in General Meeting eight (8) per cent per annum as the Member paying such sum and the Directors agree upon. Capital paid on shares in advance of calls shall not whilst carrying interest confer a right to participate in profits and until appropriated towards satisfaction of any call shall be treated as a loan to the Company and not as part of its capital and shall be repayable at any time if the Directors so decide.

FORFEITURE AND LIEN

38. If any Member fails to pay in full any call or instalment of a call on or before the day appointed for payment thereof, the Directors may at any time thereafter serve a notice on such Member requiring payment of so much of the call or instalment as is unpaid together with any interest and expense which may have accrued by reason of such non-payment.
39. The notice shall name a further day (not earlier than the expiration of seven (7) days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call was made will be liable to be forfeited.
40. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture. The forfeiture or surrender of a share shall involve the extinction at the time of forfeiture or surrender of all interest in and all claims and demands against the Company in respect of the share, and all other rights and liabilities incidental to the share as between the Member whose share is forfeited or surrendered and the Company, except only such of those rights and liabilities as are by this Constitution expressly saved, or as are by the Act given or imposed in the case of past Members. The Directors may accept a surrender of any share liable to be forfeited hereunder.
41. When any share has been forfeited in accordance with this Constitution, notice of the forfeiture shall forthwith be given to the holder of the share or to the person entitled to the share by transmission, as the case may be, and an entry of such notice having been given, and of the forfeiture with the date thereof, shall forthwith be made in the Register of Members or in the Depository Register (as the case may be) opposite to the share; but the provisions of this

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Regulation are directory only, and no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

42. Notwithstanding any such forfeiture as aforesaid, the Directors may, at any time before the forfeited share has been otherwise disposed of, annul the forfeiture, upon the terms of payment of all calls and interest due thereon and all expenses incurred in respect of the share and upon such further terms (if any) as they shall see fit.
43. A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person, upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. To give effect to any such sale, the Directors may, if necessary, authorise some person to transfer a forfeited or surrendered share to any such person as aforesaid.
44. A Member whose shares have been forfeited or surrendered shall cease to be a Member in respect of the shares, but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all monies which at the date of forfeiture or surrender were payable by him to the Company in respect of the shares with interest thereon at eight (8) per cent per annum (or such lower rate as the Directors may approve) from the date of forfeiture or surrender until payment, but such liability shall cease if and when the Company receives payment in full of all such money in respect of the shares and the Directors may waive payment of such interest either wholly or in part.
45. The Company shall have a first and paramount lien and charge on every share (not being a fully paid share) in the name of each Member (whether solely or jointly with others) and on the dividends declared or payable in respect thereof for all unpaid calls and instalments due on any such share and interest and expenses thereon but such lien shall only be upon the specific shares in respect of which such calls or instalments are due and unpaid and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Regulation.
46. No Member shall be entitled to receive any dividend or to exercise any privileges as a Member until he shall have paid all calls for the time being due and payable on every share held by him, whether alone or jointly with any other person, together with interest and expenses (if any).
- 47(1). The Directors may sell in such manner as the Directors think fit any share on which the Company has a lien but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of seven (7) days after notice in writing stating and demanding payment of the sum payable and giving notice of intention to sell in default, shall have been given to the Member for the time being in relation to the share or the person entitled thereto (if any) entitled to effect a transmission of the shares and who shall have produced to the Company satisfactory evidence of such capacity and default in payment shall have been made by him or them for seven days after such notice. Provided Always that if a Member shall have died or become mentally disordered and incapable of managing himself or his affairs or bankrupt and no person shall have given to the Company satisfactory proof of his right to effect a transmission of the shares held by such Member the Directors may exercise such power of sale without serving any such notice. To give effect to any such

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sale, the Directors may authorise some person to transfer the shares sold to the purchaser thereof.

- 47(2). In the event of a forfeiture of shares or a sale of shares to satisfy the Company's lien thereon the Member or other person who prior to such forfeiture or sale was entitled thereto shall be bound to deliver and shall forthwith deliver to the Company the certificate or certificates held by him for the shares so forfeited or sold.
48. The net proceeds of sale, whether of a share forfeited by the Company or of a share over which the Company has a lien, after payment of the costs of such sale, shall be applied in or towards payment or satisfaction of the unpaid call and accrued interest and expenses and the residue (if any) paid to the Member entitled to the share at the time of sale or his executors, administrators or assigns or as he may direct.
49. A statutory declaration in writing made by a Director of the Company that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts stated therein as against all persons claiming to be entitled to the share, and such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof, together with the certificate under seal for the share delivered to a purchaser (or where the purchaser is the Depositor, to the Depository or its nominee (as the case may be)) or allottee thereof, shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be entered in the Register of Members as the holder of the share or (as the case may be) in the Depository Register in respect of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the forfeiture, surrender, sale, re-allotment or disposal of the share.

ALTERATION OF CAPITAL

50. Subject to any special rights for the time being attached to any existing class of shares, all new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct and if no direction be given as the Directors shall determine; subject to the provisions of this Constitution and in particular (but without prejudice to the generality of the foregoing) such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company or otherwise.
- 51(1). Subject to any direction to the contrary that may be given by the Company in General Meeting, or except as permitted under the Listing Manual, all new shares shall, before issue, be offered to the Members in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled or hold. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of the aforesaid time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such a manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares or by reason of any other difficulty in apportioning the same) cannot, in the opinion of the Directors, be conveniently offered under this Regulation.

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- 51(2). Notwithstanding Regulation 51(1) above but subject to the Act and the byelaws and listing rules of the Exchange, the Company may by ordinary resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the ordinary resolution to:
- (i) issue shares (whether by way of rights, bonus or otherwise); and/or
 - (ii) (make or grant Instruments; and/or
 - (iii) (notwithstanding the authority conferred by the ordinary resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the ordinary resolution was in force;
- provided that:
- (a) the aggregate number of shares or Instruments to be issued pursuant to the ordinary resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the ordinary resolution but excluding shares which may be issued pursuant to any adjustments effected under the terms of any relevant Instrument) does not exceed any applicable limits prescribed by the Exchange;
 - (b) in exercising the authority conferred by the ordinary resolution, the Company shall comply with the Listing Manual for the time being in force (unless such compliance is waived by the Exchange) and this Constitution; and
 - (c) (unless revoked or varied by the Company in General Meeting) the authority conferred by the ordinary resolution shall not continue in force beyond the conclusion of the Annual General Meeting next following the passing of the ordinary resolution, or the date by which such Annual General Meeting is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).
- 51(3). Notwithstanding Regulations 51(1) and 51(2) above but subject to the Act, the Directors shall not be required to offer any new shares to members to whom by reason of foreign securities laws such offers may not be made without registration of the shares or a prospectus or other document, but may sell the entitlements to the new shares on behalf of such Members in such manner as they think most beneficial to the Company.
- 51(4). Except as herein provided, no person shall exercise any rights or privileges of a Member until he is registered in the Register of Members or (as the case may be) the Depository Register as a Member and shall have paid all calls and other monies due for the time being on every share held by him.
- 51(5). The rights attaching to shares of a class other than ordinary shares shall be expressed in this Constitution.
- 51(6). The Company may issue shares for which no consideration is payable to the Company.
52. Except so far as otherwise provided by the conditions of issue or by this Constitution, any capital raised by the creation of new shares shall be considered part of the original ordinary capital of the Company and shall be subject to the provisions of this Constitution with reference to allotments, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

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- 53(1). The Company may by ordinary resolution alter its share capital in the manner permitted under the Act including without limitation: -
- (i) consolidate and divide all or any of its shares;
 - (ii) cancel the number of shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or which have been forfeited and diminish its share capital in accordance with the Act;
 - (iii) subdivide its shares or any of them (subject to the provisions of the Act and this Constitution), Provided Always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and / or
 - (iv) subject to the provisions of this Constitution and the Act, convert its share capital or any class of shares from one currency to another currency.
- 53(2). The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Statutes (including the Act), the Listing Manual and any other relevant rule, law or regulation enacted or promulgated by any relevant competent authority from time to time (collectively, the "Relevant Laws"), on such terms and in such manner as it may from time to time think fit, and subject to such conditions as the Company may in General Meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid may be cancelled or held as treasury shares and dealt with in accordance with the Relevant Laws. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act.
- 53A. The Company may by special resolution, subject to and in accordance with the Act, convert one class of shares into another class of shares.
54. The Company may by special resolution reduce its share capital or any other undistributable reserve in any manner subject to any requirements and consents required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these presents and the Act, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and where any such cancelled shares were purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly.

STOCK

55. The Company may by ordinary resolution convert any or all its paid up shares into stock and may from time to time by resolution reconvert any stock into paid up shares of any denomination.
56. The holders of stock may transfer the same or any part thereof in the same manner and subject to this Constitution as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit but no stock shall be transferable except in such units as the Directors may from time to time determine.

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57. The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except as regards dividend and return of capital and the assets on winding up) shall be conferred by any such number of stock units which would not if existing in shares have conferred that privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.
58. All provisions of this Constitution applicable to paid up shares shall apply to stock and the words **share** and **shareholder** or similar expression herein shall include **stock** or **stockholder**.

Rights in respect of voting

GENERAL MEETINGS

- 59(1). Subject to the provisions of the Act, the Company shall in each year hold a General Meeting in addition to any other meetings in that year to be called the Annual General Meeting. The Annual General Meeting shall be held at such time and place as the Directors shall appoint (subject to the Listing Manual). The interval between the close of a financial year of the Company and the date of the Company's Annual General Meeting shall not exceed four months or such other period as may be prescribed by the Act, the Listing Manual, or other legislation applicable to the Company from time to time. If required by the Listing Manual, all General Meetings shall be held in Singapore, unless prohibited by relevant laws and regulations in the jurisdiction of its incorporation, or unless such requirement is waived by the Exchange.
- 59(2). All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.
60. The Directors may, whenever they think fit, convene an Extraordinary General Meeting and Extraordinary General Meetings shall also be convened on such requisition or, in default, may be convened by such requisitionists as provided by Section 176 of the Act. If at any time there are not within Singapore sufficient Directors capable of acting to form a quorum at a meeting of Directors, any Director may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors. All general meetings shall be held in Singapore, unless prohibited by the Statutes or such requirement is waived by the Exchange.

NOTICE OF GENERAL MEETINGS

- 61A. (1) Subject to the provisions of the Act as to the calling of meetings at short notice, at least fourteen (14) clear days' notice in writing of every General Meeting shall be given in the manner hereinafter mentioned to all members and such persons (including the auditors) as are under the provisions herein contained entitled to receive notice from the Company and at least fourteen (14) clear days' notice of every such meeting shall be given by advertisement in the daily press and in writing to the Exchange and any other stock exchange on which the Company is listed. Where notices contain special resolutions, they must be given to members and such persons entitled to receive the notice at least twenty-one (21) clear days before the General Meeting. Provided that a General Meeting notwithstanding that it has been called by

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a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:-

- (a) in the case of an Annual General Meeting by all the members entitled to attend and vote thereat; and
- (b) in the case of an Extraordinary General Meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent of the total voting rights of all members having a right to vote at that meeting.

(2) The accidental omission to give notice to, or the non-receipt by any person entitled thereto shall not invalidate the proceedings at any General Meeting.

61B. (1) Every notice calling a General Meeting shall specify the place, day and hour of the General Meeting and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and to vote instead of him and that a proxy need not be a Member of the Company.

(2) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.

(3) In the case of any General Meeting at which business other than routine business is to be transacted ("special business"), the notice shall specify the general nature of the special business, and if any resolution is to be proposed as a special resolution or as requiring special notice, the notice shall contain a statement to that effect.

62. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:-

- (a) declaring dividends;
- (b) receiving and adopting the financial statements, the Directors' Statement and the Auditors' Report and other documents required to be attached or annexed to the financial statements;
- (c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
- (d) appointing auditors or re-appointing the retiring auditors (unless they were last appointed otherwise than by the Company in General Meeting);
- (e) fixing the remuneration of the auditors or determining the manner in which such remuneration is to be fixed; and
- (f) fixing the Directors' fees proposed to be paid under Regulation 89.

Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business.

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PROCEEDINGS AT GENERAL MEETINGS

63. No business shall be transacted at any General Meeting unless a quorum is present at the time the meeting proceeds to business. Save as herein otherwise provided, two (2) Members present in person shall form a quorum. For the purpose of this Regulation, Member includes a person attending by proxy or by attorney or by a corporate representative in the case of a corporation which has appointed a corporate representative, Provided that (i) a proxy representing more than one (1) Member shall only count as one (1) Member for the purpose of determining the quorum; (ii) where a Member is represented by more than one (1) proxy such proxies shall count as only one (1) Member for the purpose of determining the quorum; and (iii) joint holders of any share shall be treated as one (1) Member.
64. If within half an hour from the time appointed for the General Meeting a quorum is not present, the General Meeting if convened on the requisition of Members shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as the Directors may determine. At the adjourned meeting, any one or more Members present in person or by proxy shall be a quorum.
65. Subject to the Act, a resolution in writing signed by every Member of the Company entitled to vote or being a corporation by its duly authorised representative shall have the same effect and validity as an ordinary resolution of the Company passed at a General Meeting duly convened, held and constituted, and may consist of several documents in the like form, each signed by one (1) or more of such Members.
66. The Chairman of the Board of Directors or, in his absence, the Deputy Chairman (if any) shall preside as Chairman at every General Meeting. If there is no such Chairman or Deputy Chairman or if at any General Meeting he is not present within fifteen minutes after the time appointed for holding the General Meeting or is unwilling to act, the Directors present shall choose a Director amongst them to be Chairman of the General Meeting or, if no Director is present or if all the Directors present are unwilling to take the Chair, or otherwise fail to choose a Director amongst them to be Chairman of the meeting, the Members present shall choose a Member present to be Chairman.
- 67(1). The Chairman may, with the consent of any General Meeting at which a quorum is present (and shall if so directed by the General Meeting), adjourn the General Meeting from time to time and from place to place, but no business shall be transacted at any adjourned General Meeting except business which might lawfully have been transacted at the General Meeting from which the adjournment took place. When a General Meeting is adjourned for fourteen (14) days or more, notice of the adjourned General Meeting shall be given as in the case of the original General Meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned General Meeting.
- 67(2). If required by the Listing Manual, all resolutions at General Meetings shall be voted by poll (unless such requirement is waived by the Exchange).
68. Subject to Regulation 67(2), at any General Meeting a resolution put to the vote of the General Meeting shall be decided on a show of hands by the Members present in person and entitled to vote unless a poll is (before or on the declaration of the result of the show of hands) demanded: -
- (i) by the Chairman of the General Meeting; or

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- (ii) not less than five (5) Members present in person or by proxy (where a Member has appointed more than one (1) proxy, any one (1) of such proxies may represent that Member) or attorney or in the case of a corporation by a representative and entitled to vote thereat; or
- (iii) by any Member or Members present in person or by proxy (where a Member has appointed more than two or more proxies, any one (1) of such proxies may represent that Member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing not less than five per cent (5%) of the total voting rights of all the Members having the right to vote at the General Meeting.

Provided always that no poll shall be demanded on the election of a Chairman or on a question of adjournment. Unless a poll is so demanded (and the demand is not withdrawn) a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. A demand for a poll may be withdrawn only with the approval of the meeting.

- 69. If a poll is duly demanded (and the demand is not withdrawn) it shall be taken in such manner (including the use of ballot or voting papers or tickets or electronic means) as the Chairman may direct and the result of a poll shall be deemed to be the resolution of the General Meeting at which the poll was required. The Chairman may, and if required by the Listing Manual or if so requested shall, appoint at least one scrutineer who shall be independent of the persons undertaking the polling process, and may adjourn the General Meeting to some place and time fixed by him for the purpose of declaring the result of the poll.
- 70. If any votes are counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the voting unless it is pointed out at the same General Meeting or at any adjournment thereof, and not in that case unless it shall in the opinion of the Chairman be of sufficient magnitude.
- 71. Subject to the Act and the requirements of the Exchange, in the case of equality of votes, whether on a show of hands or on a poll, the Chairman of the General Meeting at which the show of hands takes place or at which the poll is required shall be entitled to a second or casting vote in addition to the votes to which he may be entitled as a Member or as proxy of a Member
- 72. A poll required on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the General Meeting) and place as the Chairman may direct. No notice need be given of a poll not taken immediately.
- 73(1). The demand for a poll shall not prevent the continuance of a General Meeting for the transaction of any business, other than the question on which the poll has been demanded.
- 73(2). After the chairman of any meeting shall have declared the General Meeting to be over and shall have left the chair no business or question shall under any pretext whatsoever be brought forward or discussed.

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VOTES OF MEMBERS

- 74(1). Subject and without prejudice to any special rights, privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company and to Regulation 9, each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. A person entitled to more than one (1) vote need not use all his votes or cast all the votes he uses in the same way.
- 74(2). On a show of hands every Member who is present in person or by proxy (including every proxy appointed by the Depository) or attorney, or in the case of a corporation by a representative, shall have one (1) vote provided that if a Member who is not a relevant intermediary and who is represented by two (2) proxies, only one of the proxies as determined by their appointor shall vote on a show of hands and in the absence of such determination, only one of the proxies as determined by the Chairman (or by a person authorised by him) shall vote on a show of hands and in the case of a Member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.
- 74(3). On a poll, every Member who is present in person or by proxy, attorney or representative shall have one (1) vote for each share which he holds or represents.
- 74(4). Notwithstanding anything contained in this Constitution and except as required by the Statutes or law, a Depositor shall not be entitled to attend any General Meeting and to speak and vote thereat unless his name is certified by the Depository to the Company as appearing on the Depository Register not later than seventy two (72) hours (or any such time prescribed under the Statutes and the Listing Manual) before the time of the relevant General Meeting (the **cut-off time**) as a Depositor on whose behalf the Depository holds shares in the Company. For the purpose of determining the number of votes which a Depositor or his proxy or proxies may cast on a poll, the Depositor or his proxy or proxies shall be deemed to hold or represent that number of shares entered in the Depositor's Securities Account at the cut-off time as certified by the Depository to the Company, or where a Depositor has apportioned the balance standing to his Securities Account as at the cut-off time between such number of proxies, to apportion the said number of shares between the proxies in the same proportion as specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the number of shares standing to the credit of that Depositor's Securities Account as at the cut-off time, and the true balance standing to the Securities Account of a Depositor as at the time of the relevant General Meeting, if the instrument is dealt with in such manner as aforesaid.
75. Where there are joint holders of any share any one (1) of such persons may vote and be reckoned in a quorum at any meeting either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto but if more than one (1) of such joint holders is so present at any meeting then the person present whose name stands first in the Register of Members or the Depository Register (as the case may be) in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Regulation be deemed joint holders thereof.
76. If a Member becomes mentally disordered, he may vote whether on a show of hands or on a poll by his committee, legal representative or such other person as properly has the management of his estate and any such committee, legal representative or other person may

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vote by proxy or attorney, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than seventy two (72) hours before the time appointed for holding the meeting.

77. Subject to the provisions of this Constitution, every Member either personally or by proxy or by attorney or in the case of a corporation by a representative shall be entitled to be present and to vote at any General Meeting and to be reckoned in the quorum thereat in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid. In the event a member has appointed more than one (1) proxy, only one (1) proxy is counted in determining the quorum.

78. If: -

- (1) any objection shall be raised as to the qualification of any voter; or
- (2) any votes have been counted which ought not to have been counted or which might have been rejected; or
- (3) any votes are not counted which ought to have been counted.

the objection or error shall not vitiate the decision of the meeting on any resolution unless the same is raised or pointed out at the meeting or adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same is of sufficient magnitude to vitiate the resolution or may otherwise have affected the decision of the meeting. The decision of the chairman of the meeting on such matters shall be final and conclusive.

79. On a poll votes may be given either personally or by proxy or by attorney or in the case of a corporation by its representative and a person entitled to more than one (1) vote need not use all his votes or cast all the votes he uses in the same way.

80. (1) Unless otherwise provided by the Act, a Member who is not a relevant intermediary may appoint not more than two (2) to attend, speak and vote at the same General Meeting. Where such Member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy; and

(2) A Member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

(3) In any case where a Member is a Depositor, the Company shall be entitled and bound: -

- (i) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered in its Securities Account as at seventy-two (72) hours (or any such time prescribed under the Statutes and the Listing Manual) before the time of the relevant General Meeting as certified by the Depository to the Company; and

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- (ii) to accept as validly cast by the proxy or proxies appointed by the Depositor on a poll that number of votes which corresponds to or is less than the aggregate number of shares entered in its Securities Account of that Depositor as at seventy-two (72) hours (or any such time prescribed under the Statutes and the Listing Manual) before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.
- (4) Where a Member appoints more than one (1) proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
- (5) Voting right(s) attached to any shares in respect of which a Member has not appointed a proxy may only be exercised at the relevant General Meeting by the member personally or by his attorney, or in the case of a corporation by its representative.
- (6) Where a Member appoints a proxy in respect of more shares than the shares standing to his name in the Register of Members or, in the case of a Depositor, standing to the credit of that Depositor's Securities Account as at the cut-off time as certified by the Depository to the Company, such proxy may not exercise any of the votes or rights of the shares not registered in the name of that Member in the Register of Members or standing to the credit of that Depositor's Securities Account as at the cut-off time, as the case may be.
- (7) If the Chairman is appointed as proxy, he may authorise any other person to act as proxy in his stead. Where the Chairman has authorised another person to act as proxy, such other person shall be taken to represent all Members whom the Chairman represented as proxy.
- (8) Where a person present at a General Meeting represents by proxy, attorney or representative more than one (1) Member on a show of hands:
- (i) the person is entitled to one (1) vote only despite the number of Members the person represents; and
 - (ii) that vote will be taken as having been cast for all the Members the person represents; and
 - (iii) if the person has been appointed as a proxy under two (2) or more instruments that specify different ways to vote on a resolution, the person may not vote as a proxy on a show of hands, however, if the person is a Member, the person may vote on a show of hands without regard to the proxies the person holds.
- (9) The Company shall be entitled and bound in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.
- (10) A Member who has deposited an instrument appointing any number of proxies to vote on his behalf at a General Meeting shall not be precluded from attending, speaking and voting in person at that General Meeting. Any such appointment of all the proxies concerned shall be deemed to be revoked upon the attendance of the Member appointing the proxy/proxies at the relevant General Meeting.

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81. A Proxy or attorney need not be a Member.
82. (1) If the appointor is an individual member, any instrument appointing a proxy shall be in writing in the common form or any other form approved by the Directors from time to time (a) executed under the hand of the appointor or his attorney duly authorised in writing if the instrument of proxy is delivered personally or sent by post; or (b) authorised by the Member through such method and in such manner as may be approved by the Directors, if the instrument of proxy is submitted by electronic communication; and, if the appointor is a corporation, (i) executed under seal or such alternative to sealing as is valid under the law of its jurisdiction of incorporation, or under the hand of its attorney duly authorised or in such manner as appropriate under applicable laws and the Company shall accept as valid in all respects the form of proxy approved by the Directors for use at the date relevant to the General Meeting in question, if the instrument of proxy is delivered personally or sent by post; or (ii) authorised by the Member through such method and in such manner as may be approved by the Directors, if the instrument of proxy is submitted by electronic communication.

The Directors may, for the purposes of this Regulation, designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

(2) An instrument of proxy shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointer to move any resolution or amendment thereto and to speak at the meeting. Unless otherwise instructed, a proxy or an attorney shall vote as he thinks fit. The signature on or authorisation of, an instrument appointing a proxy need not be witnessed.

(3) The Directors may, in their absolute discretion:

(a) approve the method and manner for an instrument appointing a proxy to be authorised; and

(b) designate the procedure for authenticating an instrument appointing a proxy,

as contemplated in Regulation 82(1)(b) and 82(1)(ii) for application to such Members or class of Members as they may determine. Where the Directors do not so approve and designate in relation to a Member (whether of a class or otherwise), Regulation 82(1)(a) and/or (as the case may be) Regulation 82(1)(i) shall apply.

83. (1). The original instrument appointing a proxy, together with the original power of attorney or other authority, if any, under which the instrument of proxy is signed or a duly certified copy of that power of attorney or other authority (failing previous registration with the Company) shall be attached to the original instrument of proxy and (a) if sent personally or by post, must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the meeting or (b) if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of a note to the notice convening the General Meeting or in any document accompanying the notice convening the General Meeting, and in either case not less than seventy-two (72) hours (or any such time prescribed under the Act and the Listing Manual) before the time appointed for the holding of the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which it is to be used failing which the instrument may be treated as invalid. An instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates, provided that

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an instrument of proxy relating to more than one (1) meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.

(2). The Directors may, in their absolute discretion, and in relation to such Members or class of Members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communication, as contemplated in Regulation 83(1)(b). Where the Directors do not specify in relation to a Member (whether of a class or otherwise), Regulation 83(1)(a) shall apply.

84. A vote given in accordance with the terms of an instrument of proxy (which for the purposes of this Constitution shall also include a power of attorney) shall be valid notwithstanding the previous death or mental disorder of the principal or revocation of the proxy, or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no notice in writing of such death, mental disorder, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) before the commencement of the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used.
- 84A. Subject to this Constitution and the Act, the Directors may, at their sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow members who are unable to vote in person at any General Meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.
85. Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members and the persons so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Member of the Company. The Company shall be entitled to treat an original certificate under the seal of the corporation as conclusive evidence of the appointment or revocation of appointment of a representative under this Regulation.

Rights in respect of dividends

DIVIDENDS AND RESERVES

127. The Directors may, with the sanction of the Company by ordinary resolution, declare dividends but (without prejudice to the powers of the Company to pay interest on share capital as hereinbefore provided) no dividend shall be payable except out of the profits of the Company.
128. Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise provided by the Act:
- (a) all dividends in respect of shares must be paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and

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- (b) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.

For the purposes of this Regulation, an amount paid or credited as paid on a share in advance of a call is to be ignored.

129. Without the need for sanction of the Company under Regulation 127, if, and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may pay fixed preferential dividends on any express class of shares carrying a fixed preferential dividend expressed to be payable on a fixed date on the half-yearly or other dates (if any) prescribed for the payment thereof by the terms of issue of the shares, and may also from time to time pay to the holders of any class of shares interim dividends thereon of such amounts, on such dates and in respect of such periods as they may think fit.
130. No dividend or other monies payable on or in respect of a share shall bear interest against the Company.
131. The Directors may deduct from any dividend or other moneys payable to any Member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or in connection therewith, or any other account which the Company is required by law to withhold or deduct.
132. The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
133. The Directors may retain the dividends payable on shares in respect of which any person is under this Constitution, as to the transmission of shares, entitled to become a Member, or which any person under this Constitution is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same.
134. (1) The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six (6) years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company, but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends, howsoever and whatsoever. If the Depository returns any such dividend or money to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or money against the Company if a period of six (6) years has elapsed from the date of the declaration of such dividend or the date on which such other money was first payable.
- (2) A payment by the Company to the Depository of any dividend or other monies payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability to the Depositor in respect of that payment. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

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135. The Company may, upon the recommendation of the Directors, by ordinary resolution direct payment of a dividend in whole or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company or in any one or more of such ways, and the Directors shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.
136. (1) Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:
- (i) the basis of any such allotment shall be determined by the Directors;
 - (ii) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such election or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Regulation;
 - (iii) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion;
 - (iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the elected ordinary shares) and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and notwithstanding the provisions of Regulation 140, the Directors shall (a) capitalise and apply the amount standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis or (b) apply the sum which would otherwise have been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.

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(2) (i) The ordinary shares allotted pursuant to the provisions of Regulation 136(1) shall rank pari passu in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.

(ii) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of Regulation 136(1), with full power to make such provisions as they think fit in the case of shares becoming distributable in fractions (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to the Company rather than to the Members concerned).

(3) The Directors may, on any occasion when they resolve as provided in Regulation 136(1), determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of this Regulation shall be read and construed subject to such determination.

(4) The Directors may, on any occasion when they resolve as provided in Regulation 136(1), further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to Members whose registered addresses entered in the Register of Members or (as the case may be) the Depository Register are outside Singapore or to such other Members or class of Members as the Directors may in their sole discretion decide and in such event the only entitlement of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.

(5) Notwithstanding the foregoing provisions of this Regulation, if at any time after the Directors' resolution to apply the provisions of Regulation 136(1) in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and without assigning any reason therefor, cancel the proposed application of Regulation 136(1).

137. Any dividend or other monies payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto or, if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such person and such address as such persons may by writing direct provided that where the Member is a Depositor, the payment by the Company to the Depository of any dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment. Every such cheque and warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt

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of any such person shall be a good discharge to the Company. Every such cheque and warrant shall be sent at the risk of the person entitled to the money represented thereby.

138. A transfer of shares shall not pass the right to any dividend declared on such shares before the registration of the transfer.
139. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for meeting contingencies or for the gradual liquidation of any debt or liability of the Company or for repairing or maintaining the works, plant and machinery of the Company or for special dividends or bonuses or for equalising dividends or for any other purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund, any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits which they may think it not prudent to divide.

CAPITALISATION OF PROFITS AND RESERVES

- 140(1). The Directors may, with the sanction of an ordinary resolution of the Company (including any ordinary resolution passed pursuant to Regulation 51(2):
- (a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on:
 - (i) the date of the ordinary resolution (or such other date as may be specified therein or determined as therein provided); or
 - (ii) (in the case of an ordinary resolution passed pursuant to Regulation 51(2)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares; and/or
 - (b) capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:
 - (i) the date of the ordinary resolution (or such other date as may be specified therein or determined as therein provided); or
 - (ii) (in the case of an ordinary resolution passed pursuant to Regulation 51(2)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

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- 140(2). In addition and without prejudice to the powers provided for by Regulation 140(1) and 141, the Directors shall have power to issue shares for which no consideration is payable and to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up such shares in full, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting and on such terms as the Directors shall think fit.
141. The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation with full power to the Directors to make such provision for the satisfaction of the right of the holders of such shares in the Register of Members or in the Depository Register as the case may be and as they think fit for any fractional entitlements which would arise including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned. The Directors may authorise any person to enter, on behalf of all the members interested, into an agreement with the Company providing for any such capitalisation and matters incidental thereto, and any agreement made under such authority shall be effective and binding on all concerned.

APPENDIX IV – FINANCIAL INFORMATION OF THE GROUP

1. SUMMARY FINANCIAL INFORMATION OF THE GROUP

A summary of the audited financial information of the Group for the past three financial years ended FY2018, FY2019 and FY2020 (which should be read together with the Group's annual report for the relevant FY) and the unaudited consolidated financial information for HY2021 are set out below. Copies of the aforesaid documents are available on the website of the SGX-ST at www.sgx.com, the Company's corporate website at www.lianbeng.com.sg, and for inspection at the Company's registered office during normal business hours up to the Closing Date.

2. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30 November 2020 (unaudited) S\$'000	As at 31 May 2020 (audited) S\$'000	As at 31 May 2019 (audited) S\$'000	As at 31 May 2018 (audited) S\$'000
<u>Non-current assets</u>				
Property, plant and equipment	172,490	174,394	158,015	159,356
Investment properties	560,273	560,164	533,047	529,472
Investment in joint ventures	17,054	15,339	19,097	19,064
Investment in associates	33,629	29,625	41,075	49,235
Investment securities	141,750	120,955	127,573	129,097
Amounts due from associates	38,727	40,527	41,466	44,911
Other assets	-	-	-	77
Deferred tax assets	676	726	66	117
	964,599	941,730	920,339	931,329
<u>Current assets</u>				
Contract assets	100,097	84,578	101,714	128,413
Capitalised contract costs	1,471	1,668	1,462	218
Development properties	75,152	78,353	104,509	68,243
Inventories	16,403	12,540	2,895	3,827
Trade receivables	50,467	26,626	43,738	50,463
Other receivables and deposits	25,669	22,328	16,161	34,520
Prepayments	16,506	12,182	5,582	1,195
Tax recoverable	685	682	486	-
Amounts due from affiliated companies	-	2	12	-
Amounts due from joint ventures	76,087	76,833	78,514	66,345
Amounts due from associates	182,309	170,166	167,774	163,388
Investment securities	19,778	29,027	15,703	17,885
Cash and cash equivalents	209,022	209,416	179,924	209,214
	773,646	724,401	718,474	743,711
<u>Current liabilities</u>				
Contract liabilities	47,768	56,717	29,056	-
Trade and other payables	182,917	147,607	164,219	158,123
Accruals	21,374	20,159	23,246	24,774
Lease liabilities / obligations under hire purchase	4,090	4,134	1,984	3,324
Amounts due to associates	1,229	1,349	1,126	8,616

APPENDIX IV – FINANCIAL INFORMATION OF THE GROUP

	As at 30 November 2020 (unaudited) S\$'000	As at 31 May 2020 (audited) S\$'000	As at 31 May 2019 (audited) S\$'000	As at 31 May 2018 (audited) S\$'000
Amounts due to joint ventures	708	700	2,152	4,619
Bank loans and bills payable	311,947	243,527	309,966	330,707
Provision for taxation	7,704	9,474	8,111	18,606
	577,737	483,667	539,860	548,769
Net current assets	195,909	240,734	178,614	194,942
<u>Non-current liabilities</u>				
Refundable rental deposits	2,587	2,559	3,067	2,978
Lease liabilities / obligations under hire purchase	11,268	9,694	3,139	2,327
Bank loans	295,616	341,645	268,450	309,194
Deferred tax liabilities	4,692	3,884	4,165	5,271
	314,163	357,782	278,821	319,770
Net assets	846,345	824,682	820,132	806,501
<u>Equity attributable to owners of the Company</u>				
Share capital	82,275	82,275	82,275	82,275
Treasury shares	(17,777)	(17,777)	(17,777)	(17,777)
Other reserves	(1,296)	(5,213)	1,595	14,037
Retained earnings	664,250	646,474	627,967	596,137
	727,452	705,759	694,060	674,672
Non-controlling interests	118,893	118,923	126,072	131,829
Total equity	846,345	824,682	820,132	806,501

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	HY2021 (unaudited) S\$'000	FY2020 (audited) S\$'000	FY2019 (audited) S\$'000	FY2018 (audited) S\$'000
Revenue	197,503	556,043	386,791	406,960
Cost of sales	(172,707)	(471,577)	(305,004)	(293,813)
Gross profit	24,796	84,466	81,787	113,147
Other operating income	21,028	20,878	11,115	54,322
Distribution expenses	(1,201)	(2,474)	(3,856)	(8,450)
Administrative expenses	(15,198)	(28,138)	(25,881)	(31,309)
Other operating expenses	(4,974)	(9,088)	(8,843)	(10,493)
Finance costs	(5,628)	(18,286)	(17,600)	(17,178)
Impairment loss of financial assets	(88)	(743)	(2,022)	(3,210)
Share of results of associates	4,590	(10,907)	(246)	4,491
Share of results of joint ventures	1,602	6,455	6,533	8,982
	24,927	42,163	40,987	110,302

APPENDIX IV – FINANCIAL INFORMATION OF THE GROUP

	HY2021 (unaudited) S\$'000	FY2020 (audited) S\$'000	FY2019 (audited) S\$'000	FY2018 (audited) S\$'000
Fair value (loss)/gain on investment properties	-	(667)	3,500	9,657
Profit before taxation	24,927	41,496	44,487	119,959
Tax	(2,763)	(7,850)	(6,313)	(24,710)
Profit for the period / year, net of taxation	22,164	33,646	38,174	95,249
<u>Other comprehensive income:</u>				
Net gain/(loss) on equity instruments at fair value through other comprehensive income	2,141	(4,285)	(862)	-
Net gain/(loss) on debt instruments at fair value through other comprehensive income	533	(1,834)	298	-
Net loss on fair value changes on available-for-use financial assets	-	-	-	(2,770)
Foreign currency translation gain / (loss)	524	(108)	(1,630)	2,141
Other comprehensive income for the period / year, net of taxation	3,198	(6,227)	(2,194)	(629)
Total comprehensive income for the period / year	25,362	27,419	35,980	94,620
<u>Profit attributable to:</u>				
Owners of the Company	17,614	28,654	32,863	82,546
Non-controlling interests	4,550	4,992	5,311	12,703
	22,164	33,646	38,174	95,249
<u>Total comprehensive income attributable to:</u>				
Owners of the Company	20,841	22,535	30,838	81,985
Non-controlling interests	4,521	4,884	5,142	12,635
	25,362	27,419	35,980	94,620