

CIRCULAR DATED 10 FEBRUARY 2015

THIS CIRCULAR IS ISSUED BY POPULAR HOLDINGS LIMITED (THE “COMPANY”). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE RECOMMENDING DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF PRIMEPARTNERS CORPORATE FINANCE PTE. LTD. TO THE RECOMMENDING 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 ordinary shares in the capital of the Company (“Shares”) 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 which are not deposited with CDP, you should immediately forward this Circular to the purchaser, the transferee or the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or the transferee. The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



POPULAR HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199607187M)

**CIRCULAR TO SHAREHOLDERS
IN RELATION TO THE
VOLUNTARY CONDITIONAL CASH OFFER**

by

CIMB BANK BERHAD (13491-P)
SINGAPORE BRANCH
(Incorporated in Malaysia)

for and on behalf of

GRAND APEX HOLDINGS PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200307228E)

to acquire all the issued and paid-up ordinary shares in the capital of the Company, other than those owned, controlled or agreed to be acquired, directly or indirectly, by the Offeror (as defined herein) as at the date of the Offer

Independent Financial Adviser to the Recommending Directors



PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200207389D)

**CIRCULAR TO SHAREHOLDERS
IN RELATION TO THE
VOLUNTARY CONDITIONAL CASH OFFER**

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DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout the Circular:

“Articles”	: The articles of association of the Company
“CCN”	: As defined in the Offer Document, Mr Chou Cheng Ngok
“CDP”	: The Central Depository (Pte) Limited
“CIMB”	: CIMB Bank Berhad (13491-P) Singapore Branch, being the financial adviser to the Offeror in relation to the Offer
“Circular”	: This circular to Shareholders dated 10 February 2015 in relation to the Offer
“Closing Date”	: 5.30 p.m. on 25 February 2015 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the closing time and date for the lodgement of acceptances for the Offer
“Code”	: The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
“Companies Act”	: Companies Act, Chapter 50 of Singapore
“Company”	: Popular Holdings Limited
“Company Securities”	: Shares, securities which carry voting rights in the Company and convertible securities, warrants, options and derivatives in respect of such Shares or securities
“Concert Parties”	: Parties acting or deemed to be acting in concert with the Offeror in connection with the Offer
“CPF”	: Central Provident Fund
“CPF Agent Banks”	: Agent banks included under the CPFIS
“CPFIS”	: Central Provident Fund Investment Scheme
“CPFIS Investors”	: Investors who purchase Shares using their CPF contributions pursuant to the CPFIS
“Directors”	: The directors of the Company as at the Latest Practicable Date, and “Director” means any one of them
“Distribution”	: Any dividend, right and/or distribution
“Encumbrance”	: Any mortgage, debenture, lien, charge, pledge, title retention, right to acquire, security interest, option, pre-emptive or similar right, right of first refusal and any other encumbrance or condition whatsoever
“FAA”	: Form of Acceptance and Authorisation for Offer Shares which forms part of the Offer Document and which is issued to Shareholders whose Shares are deposited with CDP

DEFINITIONS

"FAT"	: Form of Acceptance and Transfer for Offer Shares which forms part of the Offer Document which is issued to Shareholders whose Shares are not deposited with CDP
"FY"	: Financial year ended or ending 30 April
"Group"	: The Company and its subsidiaries
"HNL"	: As defined in the Offer Document, Ms Hu Nan Lee
"HY2015"	: The financial period from 1 May 2014 to 31 October 2014
"IFA"	: PrimePartners Corporate Finance Pte. Ltd., the independent financial adviser to the Recommending Directors in connection with the Offer
"IFA Letter"	: The advice of the IFA to the Recommending Directors dated 10 February 2015, which is set out in Appendix I of this Circular
"Interested Person"	: As defined in Note on Rule 24.6 of the Code and read with Note on Rule 23.12 of the Code, an Interested Person, in relation to a company, is: (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) and his immediate family is a beneficiary; (d) any company in which a director, the chief executive officer, or a Substantial Shareholder (being an individual) together and his 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 the 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
"Latest Practicable Date"	: 2 February 2015, being the latest practicable date prior to the printing of this Circular
"Last Trading Day"	: As defined in the Offer Document, 13 January 2015, being the last full Market Day prior to the Offer Announcement Date on which the Shares were traded

DEFINITIONS

“Letter to Shareholders”	: The letter from the Directors to the Shareholders dated 10 February 2015 set out in this Circular
“Listing Manual”	: The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time up to the Latest Practicable Date
“Market Day”	: A day on which the SGX-ST is open for trading of securities
“Non-Recommendng Director”	: Mr Chou Cheng Ngok
“Offer”	: The voluntary conditional offer by CIMB, for and on behalf of the Offeror, to acquire the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT
“Offer Announcement”	: The announcement issued by CIMB for and on behalf of the Offeror relating to the Offer on the Offer Announcement Date
“Offer Announcement Date”	: 14 January 2015
“Offer Document”	: The document dated 28 January 2015 issued by CIMB for and on behalf of the Offeror in connection with the Offer including the FAAs and/or the FATs, and any other document(s) which may be issued for and on behalf of the Offeror in respect of the Offer to amend, revise, supplement or update the document(s) from time to time
“Offer Price”	: S\$0.32 in cash for each Offer Share
“Offer Shares”	: The Shares other than those Shares owned, controlled or agreed to be acquired, directly or indirectly, by the Offeror as at the date of the Offer
“Offeror”	: Grand Apex Holdings Pte. Ltd.
“Offeror Securities”	: Equity share capital of the Offeror and convertible securities, warrants, options and derivatives in respect of such equity share capital
“Overseas Shareholders”	: Shareholders whose addresses are outside Singapore as shown in the Register or the Depository Register (as the case may be)
“Recommending Directors”	: Mr Vangat Ramayah, Ms Lim Lee Ngoh, Mr Poon Chi Wai Ponch, Mrs Lim Soon Tze, Mr David Chia Tian Bin and Mr Desmond Wee Guan Oei
“Register”	: The register of holders of the Shares, as maintained by the Registrar
“Registrar”	: Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.)
“Relevant Period”	: The period commencing on the date falling six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date

DEFINITIONS

“SGX-ST”	: Singapore Exchange Securities Trading Limited
“SGXNET”	: Singapore Exchange Network, a system network used by listed companies to send information and announcements to SGX-ST or any other system networks prescribed by SGX-ST
“Shares”	: Issued and paid-up ordinary shares in the capital of the Company
“Shareholders”	: The holders of Shares, including persons whose Shares are deposited with CDP or who have purchased Shares on the SGX-ST
“SIC”	: The Securities Industry Council of Singapore
“Substantial Shareholder”	: A person who holds directly or indirectly not less than five per cent. (5%) of the total number of issued Shares
“Undertaking Shareholders”	World Holdings and Ms Hu Nan Lee
“VWAP”	: Volume weighted average price
“World Holdings”	: World Holdings (Pte) Limited
<i>Units and currencies</i>	
“S\$”	: The lawful currency of the Republic of Singapore
“%” or “per cent.”	: Per centum or percentage

DEFINITIONS

Acting in Concert and Associated Company. Unless otherwise defined, the expressions “**acting in concert**” and “**associated company**” shall have the same meanings as ascribed to them respectively in the Code.

Announcements and notices. References to the making of an announcement or the giving of notice by the Company shall include the release of an announcement by the Company or its agents, for and on behalf of the Company, to the press or the delivery of or transmission by telephone, telex, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified to the SGX-ST simultaneously.

Capitalised Terms in Extracts. Capitalised terms used in the extracts of the Offer Document and not defined herein shall bear the same meanings as attributed to them in the Offer Document.

Depository Related Terms. The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Expressions. Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

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

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

Shareholders. References to “**you**”, “**your**” and “**yours**” in this Circular are, as the context so determines, to Shareholders.

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

Subsidiary and Related Corporation. The terms “**subsidiary**” and “**related corporation**” shall have the meaning ascribed to it in Sections 5 and 6 of the Companies Act respectively.

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

Total number of Shares as at the Latest Practicable Date. Any reference in this Circular to the total Shares in issue as at the Latest Practicable Date is a reference to a total of 797,090,755 issued Shares.

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 “expect”, “anticipate”, “believe”, “estimate”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’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 neither the Company nor the IFA undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

POPULAR HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199607187M)

Board of Directors:

Mr Vangat Ramayah
Mr Chou Cheng Ngok
Ms Lim Lee Ngoh
Mr Poon Chi Wai Ponch
Mrs Lim Soon Tze
Mr David Chia Tian Bin
Mr Desmond Wee Guan Oei

Registered Office:

20 Old Toh Tuck Road
Singapore 597655

10 February 2015

To: The Shareholders of Popular Holdings Limited

Dear Sir/Madam,

VOLUNTARY CONDITIONAL CASH OFFER BY THE OFFEROR

1. INTRODUCTION

Offer Announcement. On 14 January 2015, CIMB announced, for and on behalf of the Offeror, that, *inter alia*, the Offeror intends to make a voluntary conditional cash offer to all the Shareholders for all the Shares of the Company other than those Shares owned, controlled or agreed to be acquired, directly or indirectly, by the Offeror as at the date of the Offer.

- 1.1. Offer Document.** Shareholders should by now have received a copy of the Offer Document issued by CIMB, for and on behalf of the Offeror, setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out on pages 8 to 10 of the Offer Document. Shareholders are advised to read the terms and conditions contained therein carefully.

The Offer Announcement and the Offer Document are available for download from the website of the SGX-ST at www.sgx.com.

- 1.2. Purpose of this Circular.** The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Company, the advice of the IFA to the Recommending Directors and the recommendation of the Recommending Directors with regards to the Offer.

LETTER TO SHAREHOLDERS

2. THE OFFER

- 2.1. Offer Terms.** The Offer is made by CIMB for and on behalf of the Offeror on the principal terms set out in section 2 of the Offer Document, extracts of which are set out below.

2. THE OFFER

2.1 Consideration

FOR EACH OFFER SHARE: S\$0.32 IN CASH (the “Offer Price”).

The Offer Shares are to be acquired (a) fully paid-up; (b) free from all liens, equities, mortgages, charges, pledges, claims, encumbrances, rights of pre-emption and any other third party rights or 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 but not limited to the right to receive and retain all dividends, rights, returns of capital and other distributions (“**Distribution**”) (if any) which may be announced, declared, paid or made by the Company, on or after the Offer Announcement Date.

If any Distribution is announced, declared, paid or made by the Company on or after the Offer Announcement Date, and the Offeror is not entitled to receive such Distribution in full in respect of any Offer Share tendered in acceptance of the Offer, the Offeror reserves the right to reduce the Offer Price payable in respect of such Offer Share by the amount of such Distribution.

2.2 Offer Shares

For the avoidance of doubt, the Offer will be extended, on the same terms and conditions, to all the Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror in connection with the Offer (“**Concert Parties**”), including without limitation, those Shares held or controlled by World Holdings and HNL (as described below in paragraph 3.4 of this Offer Document).

For the purposes of the Offer, the expression “**Offer Shares**” shall include such Shares.

2.3 Condition of the Offer

- (a) The Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of Shares which, when taken together with Shares owned, controlled or agreed to be acquired by the Offeror before or during the Offer, will result in the Offeror holding not less than 90% of the Shares as at the close of the Offer.
- (b) Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances unless, at any time prior to the close of the Offer, the Offeror has received valid acceptances (which have not been withdrawn) in respect of such number of Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror before or during the Offer, will result in the Offeror holding at least 90% of the Shares.
- (c) Save as provided in this paragraph 2.3, the Offer is unconditional in all other respects.

LETTER TO SHAREHOLDERS

2.4 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, is:

- (a) fully paid-up;
- (b) free from all Encumbrances; and
- (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all Distribution (if any) which may be announced, declared, paid or made by the Company, on or after the Offer Announcement Date.

2.5 Duration of the Offer

(a) Closing Date

The Offer is open for acceptance by Shareholders for at least 28 days from the date of posting of this Offer Document, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder.

The Offer will close at 5.30 p.m. on 25 February 2015 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

(b) Offer to Remain Open for 14 Days after Being Declared Unconditional as to Acceptances

Pursuant to Rule 22.6 of the Code, if the Offer becomes or is declared to be unconditional as to acceptances, the Offer will remain open for acceptance for not less than 14 days after the date on which it would otherwise have closed, in order to give those Shareholders who have not accepted the Offer the opportunity to do so. This requirement does not apply if, before the Offer becomes or is declared to be unconditional as to acceptances, the Offeror has given notice in writing to the Shareholders at least 14 days before the specified Closing Date that the Offer will not be open for acceptance beyond that date, provided that such notice may not be given, or if already given, shall not be capable of being enforced in a competitive situation. If a declaration that the Offer is unconditional as to acceptances is confirmed in accordance with paragraph 3(c) of **Appendix IV** to this Offer Document, such 14-day period referred to in Rule 22.6 of the Code will run from the date of such confirmation (if given), or the date on which the Offer would otherwise have expired, whichever is later.

(c) Final Day Rule

Pursuant to Rule 22.9 of the Code, the Offer (whether revised or not) will not be capable of becoming or being declared to be unconditional as to acceptances after 5.30 p.m. on the 60th day after the date of posting of this Offer Document or of being kept open after the expiry of such period, unless it has previously become or been declared to be unconditional as to acceptances, except with the prior approval of the SIC. The SIC will consider granting such permission in circumstances, including but not limited to, where a competing offer has been announced.

LETTER TO SHAREHOLDERS

(d) **Revision**

Pursuant to Rule 20.1 of the Code, the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders, including those who had previously accepted the Offer.

(e) **Subsequent Closing Date**

Pursuant to Rule 22.4 of the Code, any announcement of an extension of the Offer will state the next closing date or if the Offer is unconditional as to acceptances, a statement may be made that the Offer will remain open until further notice. In the latter case, those Shareholders who have not accepted the Offer will be notified in writing at least 14 days before the Offer is closed.

(f) **Time for Fulfilment of Other Conditions**

Except with the consent of the SIC, all conditions of the Offer must be fulfilled or the Offer must lapse within 21 days of the first Closing Date or of the date the Offer becomes or is declared unconditional as to acceptances, whichever is the later. The only condition to this Offer is set out in paragraph 2.3 of this Offer Document.

2.6 Details of the Offer

Appendix IV to this Offer Document sets out further details on (a) the settlement of the consideration for the Offer; (b) the requirements relating to the announcement of the level of acceptances of the Offer; and (c) the right of withdrawal of acceptances of the Offer.

2.7 Procedures for Acceptance

Appendix V to this Offer Document sets out the procedures for acceptance of the Offer.

2.2. Further Details of the Offer and Procedures for Acceptance. Further details of the Offer and the procedures for acceptance may be found in Appendix IV and Appendix V of the Offer Document.

2.3. Closing Date. Shareholders should note that as set out in section 2.5 of the Offer Document, the Offer will close at 5.30 p.m. on 25 February 2015 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

3. IRREVOCABLE UNDERTAKINGS

Section 3 of the Offer Document sets out certain information relating to the irrevocable undertakings of the Offeror and its Concert Parties, an extract of which is set out below.

3. IRREVOCABLE UNDERTAKINGS

3.1 As at the Latest Practicable Date, CCN, the Group Chief Executive Officer and Executive Director of the Company, owns 177 shares in World Holdings, a controlling shareholder of the Company, representing approximately 99.44% of the issued shares of World Holdings while his spouse, HNL, holds the remaining one (1) share in World Holdings, representing approximately 0.56% of the issued shares of World Holdings.

LETTER TO SHAREHOLDERS

3.2 As at the Latest Practicable Date, World Holdings has a direct interest in 483,676,075 Shares, representing approximately 60.68% of the total issued Shares. HNL has a direct interest in 4,563,000 Shares, representing approximately 0.57% of the total issued Shares.

3.3 CCN is deemed interested in:

- (a) the Shares held by World Holdings, by virtue of his direct interest in World Holdings, representing approximately 99.44% of the issued shares of World Holdings; and
- (b) 4,563,000 Shares held by HNL.

representing in aggregate approximately 61.25% of the total issued Shares.

3.4 World Holdings and HNL (collectively, the “**Undertaking Shareholders**”) have provided irrevocable undertakings (the “**Irrevocable Undertakings**”) in favour of the Offeror in respect of the Shares held by each of them:

Name	Number of Shares held	Percentage of Shares held (%)
World Holdings	483,676,075	60.68
HNL	4,563,000	0.57
Total	488,239,075	61.25

3.5 World Holdings and HNL have, pursuant to their respective Irrevocable Undertakings, undertaken to, *inter alia*:

- (a) accept and/or procure the acceptance of the Offer in respect of:
 - (i) all their Shares as set out in the table in paragraph 3.4 above (“**Existing Shares**”); and
 - (ii) all Shares which World Holdings and/or HNL may acquire on or after the date of their Irrevocable Undertakings whether by way of market purchase or otherwise,

(collectively, the “**Relevant Shares**”) in consideration of the Shareholders’ Loan Arrangement (as defined below) and not for cash consideration, such acceptance and/or procurement of acceptance of the Offer (the “**Acceptance**”) to take place:

 - (A) in relation to the Existing Shares, within five (5) business days after the despatch of the Offer Document or such other date as shall be agreed with the Offeror; and
 - (B) in relation to the Shares acquired by World Holdings and/or HNL on or after the date of their Irrevocable Undertakings whether by way of market purchase or otherwise, within five (5) business days after the later of (1) the despatch of the Offer Document; or (2) the date such Shares are credited into the “Free Balance” of World Holdings’ and/or HNL’s account with CDP or such other date as shall be agreed with the Offeror and in any event not later than the close of the Offer,

notwithstanding the date(s) of the Acceptance(s), the Shareholders’ Loan Arrangement shall only take effect from the first date of cash payment made to any other Shareholder who has accepted the Offer;

LETTER TO SHAREHOLDERS

- (b) waive each of their rights under Rule 30 of the Code to receive any cash settlement or payment for the Acceptance; and
- (c) not, whether directly or indirectly, through their nominees or otherwise, acquire or enter into any arrangement or contract to acquire any Shares or interest in Shares from the date of their Irrevocable Undertakings up to the date of the completion of the Offer, at a price higher than the Offer Price.

3.6 Shareholders' Loan Arrangement

- (a) In connection with the Offer and pursuant to the Irrevocable Undertakings provided by the Undertaking Shareholders, the Undertaking Shareholders will, without prejudice to the fact that the Offer is a cash-only offer, instead of receiving the cash consideration ("**Proceeds**") which would otherwise be payable pursuant to the Offer, treat such amounts payable to them, as interest-free shareholders' loans by CCN and HNL, who are shareholders of the Offeror, to the Offeror (the "**Shareholders' Loan Arrangement**").
- (b) Under the Shareholders' Loan Arrangement:
 - (i) HNL will, instead of receiving the Proceeds which would otherwise be payable to her pursuant to her acceptances of the Offer, treat such Proceeds payable to her as interest-free shareholders' loans owing by the Offeror to her; and
 - (ii) as World Holdings is not a shareholder of the Offeror, World Holdings will, instead of receiving the Proceeds which would otherwise be payable to it pursuant to its acceptances of the Offer, assign the right to receive such Proceeds to its shareholders, CCN and HNL instead, in proportion to CCN's and HNL's respective shareholding proportions in World Holdings, such that the Proceeds will be regarded as interest-free shareholders' loans from CCN and HNL owing by the Offeror to CCN and HNL (instead of to World Holdings).

3.7 The Irrevocable Undertakings will lapse on the date on which the Offer is withdrawn, lapses or closes.

3.8 The SIC has confirmed that the Irrevocable Undertakings and the Shareholders' Loan Arrangement do not constitute special deals for the purposes of the Code.

LETTER TO SHAREHOLDERS

4. FINANCIAL AND OTHER ASPECTS OF THE OFFER

Section 8 of the Offer Document sets out certain information on the financial and other aspects of the Offer, an extract of which is set out below.

8. FINANCIAL EVALUATION OF THE OFFER

The Offer Price represents the following premia over the historical traded prices of the Shares:

Description	Share Price ⁽¹⁾ (S\$)	Premium over Share Price (%)
(a) Last transacted price per Share on the Latest Practicable Date	0.315	1.6
(b) Last traded price of the Shares on 13 January 2015, being the Last Trading Day	0.230	39.1
(c) VWAP for the one (1)-month period up to and including the Last Trading Day	0.229	39.7
(d) VWAP for the three (3)-month period up to and including the Last Trading Day	0.233	37.3
(e) VWAP for the six (6)-month period up to and including the Last Trading Day	0.242	32.2
(f) VWAP for the 12-month period up to and including the Last Trading Day	0.249	28.5

Note:

- (1) The data was obtained from Bloomberg LLP and the figures were rounded to the nearest three (3) decimal places.

5. INFORMATION ON THE OFFEROR AND ARRANGEMENTS WITH WORLD HOLDINGS AND HNL

Section 4 of the Offer Document sets out certain information on the Offeror, an extract of which is set out below.

4.1 The Offeror

- (a) The Offeror is a special purpose vehicle incorporated in Singapore on 30 July 2003. As at the Latest Practicable Date, the issued share capital of the Offeror is S\$2.00 comprising two (2) issued ordinary shares. The Offeror has not carried on any business since its incorporation, except to enter into financing arrangements for the purpose of the Offer and other arrangements for the purpose of the Offer, including without limitation the Irrevocable Undertakings (as described in paragraph 3 above).

LETTER TO SHAREHOLDERS

- (b) As at the Latest Practicable Date, CCN and HNL are the only shareholders and directors of the Offeror. CCN and HNL each hold 50% of the Offeror.

CCN is also the Group Chief Executive Officer and Executive Director of the Company. As at the Latest Practicable Date, CCN is deemed interested in (i) the 483,676,075 Shares held by World Holdings by virtue of his direct interest in approximately 99.44% of the issued shares of World Holdings; and (ii) the 4,563,000 Shares held by his spouse, HNL, amounting in aggregate to 488,239,075 Shares, representing approximately 61.25% of the total issued Shares.

- (c) As at the Latest Practicable Date, the Offeror does not hold any Shares.

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

4.2 Arrangements with World Holdings and HNL

The total consideration based on the Offer Price which World Holdings and HNL would otherwise have received for their Relevant Shares tendered in acceptance of the Offer pursuant to each of their Irrevocable Undertakings would be subject to and be part of the Shareholders' Loan Arrangement (as described in paragraph 3.6 above).

6. RATIONALE FOR THE OFFER

The full text of the rationale for the Offer and the Offeror's intentions relating to the Company has been extracted from section 6 of the Offer Document and is set out below. **Shareholders are advised to read the extract below carefully.**

6. RATIONALE FOR THE OFFER

6.1 Privatisation

The intention of the Offeror, and the purpose of the Offer, is to delist and privatise the Company. To this end, the Offeror intends to rely on the compulsory acquisition provisions under Section 215(1) of the Companies Act. Section 215(1) of the Companies Act provides in effect that in the event the Offeror receives valid acceptances pursuant to the Offer in respect of not less than 90% of the total number of 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 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.

6.2 Clean Cash Exit Opportunity at an Attractive Premium

Through this Offer, the accepting Shareholders will have an opportunity to realise their investments in the Company for a cash consideration at an attractive premium over the historical transacted prices of the Shares on the SGX-ST, without incurring any brokerage and other trading costs.

The Offer Price represents a premium of approximately 40% to the one (1)-month VWAP of the Shares traded on the SGX-ST prior to the Offer Announcement Date. Further, the Offeror notes that as at the Offer Announcement Date, the Shares have not transacted at or above the Offer Price within the past seven (7) years prior to the Offer Announcement. Further details are set out in the table in paragraph 8 below.

6.3 Generally Low Trading Liquidity of Shares

The trading volume of the Shares on the SGX-ST has been generally low, with an average daily trading volume of approximately 307,901 Shares during the 12-month period up to and including the Last Trading Day². This represents only approximately 0.10% of the Shares held in public hands as at 8 July 2014 (being the latest publicly disclosed data on the Company's free float as disclosed in the Company's Annual Report for the financial year ended 30 April 2014) and approximately 0.04% of the total issued Shares as at the Latest Practicable Date. Hence the Offer represents a unique cash exit opportunity for Shareholders to realise their entire investment in the Shares at an attractive premium, 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.

6.4 Costs Associated with Listing Status

In maintaining the Company's listing status, the Company incurs additional compliance and associated costs. The Offeror believes that the privatisation of the Company will provide the Company with greater management flexibility to manage and develop its businesses, optimise the use of resources and facilitate the implementation of any strategic initiatives and/or operational changes. If the Company is delisted, the Company will be able to dispense with costs associated with complying with listing and other regulatory requirements and human resources that have to be committed for such compliance, as well.

In addition, as stated in the Company's half-year results announcement released on 10 December 2014, "... *The Group encounters marked difficulties in marketing and selling the unsold units in its property developments because of the current challenging market environment. If the Group is unable to sell all the unsold units within the time frame required under the Qualifying Certificate conditions issued in respect of its development properties, it would incur additional expenses for the extension of time to sell the unsold units. As at 31 October 2014, 21 units (of a total 26 units) of Ei8ht Raja remained unsold. Under the Qualifying Certificate issued in respect of Ei8ht Raja, all units must be sold within 2 years from 28 May 2013, the date of the issue of the Temporary Occupation Permit. ... Permai Residences should be completed by end of 2015. The Group would face the same challenges should the current market conditions persist.*" The privatisation of the Company would result in the Company being wholly-owned by Singapore citizens and better enable it to apply to the relevant Singapore authorities for the cancellation of the Qualifying Certificate and the issue of a clearance certificate under Section 10 of the Residential Property Act (Chapter 274) of Singapore, which will not contain the aforesaid deadline.

7. THE OFFEROR'S INTENTIONS FOR THE COMPANY

7.1 The Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company. Accordingly, the Offeror when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take steps for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, *inter alia*, less than 10% of the Shares (excluding treasury shares) are held in public hands. In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.

7.2 The Offeror currently has no intention to make major changes to (a) the business of the Group; (b) the deployment of the fixed assets of the Group; or (c) the employment of the employees of the Group, other than in the ordinary course of business.

Note:

2 The data was obtained from Bloomberg LLP and the figures were rounded to the nearest whole number.

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| 7.3 | It is envisaged that the Company will continue operating in its present form after the Offer. The Offeror does not intend to make changes to the management team of the Company. |
| 7.4 | Nonetheless, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves and which it regards to be in the interests of the Offeror and/or the Group. |

7. LISTING STATUS AND COMPULSORY ACQUISITION

Section 9 of the Offer Document sets out the intentions of the Offeror relating to the listing status of the Company and the relevant rights of compulsory acquisition, an extract of which is set out below.

9. LISTING STATUS AND COMPULSORY ACQUISITION

9.1 Listing Status

(a) Suspension of Trading

Under 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 its Concert Parties to above 90% of the total number of issued Shares (excluding treasury shares), the SGX-ST may suspend the listing of the Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least 10% of the Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public. Under Rule 1303(1) of the Listing Manual, where the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding treasury shares), thus causing the percentage of the total number of issued Shares (excluding 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.

(b) Free Float

Under Rule 724(1) of the Listing Manual, if the percentage of the total Shares (excluding treasury shares) held in public hands falls below 10%, the Company must as soon as practicable, announce the fact and the SGX-ST may suspend trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of the Shares in public hands to at least 10%, failing which the Company may be delisted.

In the event that the trading of Shares on the SGX-ST is suspended pursuant to Rule 724(1), Rule 1105 or Rule 1303(1) of the Listing Manual, **the Offeror does not intend to undertake or support any action for any such trading suspension by the SGX-ST to be lifted. It is the intention of the Offeror to privatise the Company and to delist the Company from the SGX-ST, should the option be available to the Offeror.**

9.2 Compulsory Acquisition

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror receives valid acceptances pursuant to the Offer of 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 treasury shares), the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares from the Dissenting Shareholders on the same terms as those offered under the Offer.

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As mentioned in paragraph 7.1 above, **the Offeror when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act to compulsorily acquire all the Offer Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from the SGX-ST.**

In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations and their respective nominees, comprise 90% or more of the total number of issued Shares (excluding treasury shares), the Dissenting Shareholders have a right to require the Offeror to acquire their Shares at the Offer Price. Such Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

8. ADVICE AND RECOMMENDATIONS

8.1. General. Shareholders should read and carefully consider the recommendations of the Recommending Directors and the advice of the IFA to the Recommending Directors dated 10 February 2015, which is set out in Appendix I of this Circular ("**IFA Letter**"), before deciding whether to accept or reject the Offer.

8.2. Independence of Directors. Mr Chou Cheng Ngok holds 50% of the issued share capital of the Offeror and his spouse, Ms Hu Nan Lee holds the other 50% of the issued share capital of the Offeror. In addition, Mr Chou Cheng Ngok is deemed interested in: (i) the 483,676,075 Shares held by a controlling shareholder of the Company, World Holdings by virtue of his direct interest in World Holdings; and (ii) the 4,563,000 Shares which are held by his spouse, Ms Hu Nan Lee, collectively representing approximately 61.25% of the total issued Shares.

On 30 January 2015, the SIC exempted Mr Chou Cheng Ngok (the "**Non-Recommending Director**"), from the requirement to make a recommendation on the Offer to Shareholders as the Non-Recommending Director faces an irreconcilable conflict of interest in doing so being a Concert Party and a director and shareholder of the Offeror. The Non-Recommending Director must, nonetheless, 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.

All of the Recommending Directors consider themselves independent for the purposes of making a recommendation on the Offer. For completeness, the shareholdings of the Recommending Directors (if any) in the Company are as set out in Appendix II of this Circular.

8.3. Advice of the IFA to the Recommending Directors

- (a) **IFA.** PrimePartners Corporate Finance Pte. Ltd. has been appointed as the independent financial adviser to advise the Recommending Directors in respect of the Offer.
- (b) **Factors Taken into Consideration by the IFA.** In arriving at its recommendation, the IFA has taken into account several key considerations, set forth in paragraphs 7, 8 and 9 of the IFA Letter. Shareholders should read paragraphs 7, 8 and 9 of the IFA Letter in conjunction with, and in the context of, the full text of the IFA Letter.
- (c) **Advice of the IFA.** After having regard to the considerations set out in the IFA Letter, an extract of which is set out below, and based on the circumstances of the Company and the information as at the Latest Practicable Date, the IFA has made certain recommendations to the Recommending Directors. Shareholders should read the extract in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise defined or the context otherwise requires, all terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter.

9. OPINION

In arriving at our opinion on the Offer, we have taken into account the following key considerations (which should be read in conjunction with, and in the context of, the full text of this letter):

Factors in favour of the Offer

- (a) We note that Group's Property Development segment reported turnover of approximately S\$18.2 million in FY2014, which is significantly lower than segmental turnover of approximately S\$29.6 million⁽¹⁾ in FY2012. Moreover, the previously profitable segment which reported PBT of approximately S\$3.7 million⁽¹⁾ in FY2012 has since reported widening losses, albeit partially attributable to non-recurring losses. We further note from the general consensus of industry reports that the Singapore residential property market is expected to face headwinds in the foreseeable future;
- (b) The Offer Price represents a significant premium of approximately 15.0% over the latest announced unaudited NAV per Share of S\$0.2783 as at 31 October 2014, whereas the Shares have been consistently trading at a discount to the trailing NAV per Share over the 1-year period up to and including the Last Trading Day;
- (c) The Offer Price represents a premium of approximately 24.9% and approximately 8.2% over the unaudited NTA per Share of S\$0.2562 and the unaudited RNAV per Share of S\$0.2957 respectively as at 31 October 2014;
- (d) The price of the Shares had closed below the Offer Price of S\$0.32 per share over the 2-year period up to and including the Last Trading Day, and had traded on an intra day high of S\$0.325 above the Offer Price on only one (1) market day out of a total of 730 market days;
- (e) The Offer Price represents a significant premium of approximately 19.4%, 28.5%, 32.2%, 37.3%, 39.7% and 39.1% over the 2-year, 1-year, 6-month, 3-month and 1-month VWAP and the last transacted price on the Last Trading Day of the Shares respectively;
- (f) The low trading liquidity of the Shares during the 2-year period up to and including the Last Trading Day, given that the daily average trading volume of the Shares was only approximately 475,998 Shares representing approximately 0.15% of the Company's free float;
- (g) The current market price and the trading volume of the Shares may have been underpinned by the Offer subsequent to the Offer Announcement Date, as such, there is no assurance that the market price and trading volume of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Offer;
- (h) In comparison with the Comparable Companies:

Book-related Comparables

 - The P/NAV ratio of the Company of 1.15 times as implied by the Offer Price is within the range of the P/NAV ratios and higher than the mean and median P/NAV ratios of 0.94 times and 0.93 times respectively;

Note:

- (1) Based on the Company's FY2013 annual report.

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- The P/RNAV ratio of the Company of 1.08 times as implied by the Offer Price is within the range of the P/NAV ratios and higher than the mean and median P/NAV ratios of 0.94 times and 0.93 times respectively;
- The P/NTA ratio of the Company of 1.25 times as implied by the Offer Price is within the range of the P/NAV ratios and higher than the mean and median P/NTA ratios of 1.03 times and 1.04 times respectively;
- The Adjusted P/NTA ratio of the Company of 1.17 times as implied by the Offer Price is within the range of the P/NAV ratios and higher than the mean and median P/NAV ratios of 1.03 times and 1.04 times respectively; and
- The LTM P/E ratio of the Company of 16.0 times as implied by the Offer Price is within the range of the P/E ratios and higher than the median P/E ratio of 11.0 times;

Property-related Comparables

- The P/NAV ratio of the Company of 1.15 times as implied by the Offer Price is above the range of the P/NAV ratios, and higher than the mean and median P/NAV ratios of 0.56 times and 0.55 times respectively;
- The P/RNAV ratio of the Company of 1.08 times as implied by the Offer Price is above the range of the P/NAV ratios and higher than the mean and median P/NAV ratios of 0.56 times and 0.55 times respectively;
- The P/NTA ratio of the Company of 1.25 times as implied by the Offer Price is above the range of the P/NTA ratios, and higher than the mean and median P/NTA ratios of 0.58 times and 0.55 times respectively;
- The Adjusted P/NTA ratio of the Company of 1.17 times as implied by the Offer Price is above the range of the P/NTA ratios, and higher than the mean and median P/NTA ratios of 0.58 times and 0.55 times respectively; and
- The LTM P/E ratio of the Company of 16.0 times as implied by the Offer Price is above the range of the LTM P/E ratios and higher than the mean and median P/E ratios of 8.3 times;

- (i) In comparison with the Precedent Privatisations, the Offer Price represents a significant premium of approximately 39.1%, 39.7%, 37.3% and 32.2% over the last transacted price of the Shares on the Last Trading Day, 1-month VWAP, 3-month VWAP and 6-month VWAP of the Shares respectively, which are within or above the range and above the mean and median premia of the Shares in respect of the Precedent Privatisations;

Factors against the Offer:

- (j) In comparison with the Comparable Companies:

Book-related Comparables

- The LTM P/E ratio of the Company of 16.0 times as implied by the Offer Price is lower than the mean LTM P/E ratio of 17.6 times; and

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- The LTM EV/EBITDA ratio of the Company of 5.5 times as implied by the Offer Price is lower than the mean and median LTM EV/EBITDA ratios of 8.2 times and 6.7 times respectively;

(k) The dividend yield of the Company based on the Offer Price of approximately 3.13% is higher than the mean and median LTM dividend yield of the Comparable Companies of 2.75% and 2.88% respectively, suggesting that Shareholders who accept the Offer may potentially experience a decrease in dividend income if they reinvest the proceeds from the Offer in the shares of other selected alternative investments;

Other factors:

(l) Although the Offeror does not hold any Shares as at the Latest Practicable Date, the Undertaking Shareholders had provided the Irrevocable Undertakings in favour of the Offeror in respect of the aggregate 488,239,075 Shares representing 61.25% of the Shares held by them as at the Latest Practicable Date;

(m) World Holdings and HNL have accepted the Offer in respect of the Shares owned by each of them respectively as at the Latest Practicable Date;

(n) The Company has confirmed that there is no alternative or competing offer available to the Shareholders as at the Latest Practicable Date. Nonetheless, we note that in the event of an alternative or competing offer, given that the Undertaking Shareholders collectively hold 61.25% of the Shares as at the Latest Practicable Date, the Undertaking Shareholders will have a decisive influence on the result of, and may deter, such take-over offer by a third party for the Company. Consequently, a competitive offer from any third party is unlikely to be forthcoming without the support of the Offeror and/or the Undertaking Shareholders;

(o) In respect of the RNAV of the Group, Shareholders should note that the Group has not realized the gains on such Revalued Properties as at the Latest Practicable Date. There is no assurance that the actual gains (if any) eventually recorded by the Group on such Revalued Properties will be the same as that derived from the assessments by the Valuer and the relevant estimates of Management. Actual realized value may be affected by factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers;

(p) The intention of the Offeror to exercise any rights of compulsory acquisition in the event that the Offeror (together with its associates and nominees) receives valid acceptances in respect of not less than 90% of the total number of Shares;

(q) The intention of the Offeror not to undertake or support any action taken or to be taken to maintain the listing status of the Company in the event of a trading suspension pursuant to Rule 724(1), Rule 1105 or Rule 1303(1) of the Listing Manual;

(r) The Offeror has no present intention to make any major changes to the existing business of the Company; and

(s) The implications of the Proposed Delisting for Shareholders who decide not to accept the Offer.

In summary, having considered the aforesaid points including the various factors as set out in this letter, we are of the opinion that the financial terms of the Offer are on

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balance, fair and reasonable, and not prejudicial to the interests of the Shareholders from a market perspective. Based on our opinion and accordingly, we advise the Independent Directors to recommend that Shareholders accept the Offer, unless Shareholders are able to obtain a price higher than the Offer Price on the open market, taking into account all brokerage commissions or transaction costs in connection with open market transactions.

Independent Directors should also note that transactions of the Shares are subject to possible market fluctuations and accordingly, our opinion on the Offer does not and cannot take into account the future transactions or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review.

This letter is addressed to 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 them to the Shareholders in relation to the Offer shall remain the sole responsibility of the Independent Directors.

8.4. Recommendations of the Recommending Directors. The Recommending Directors, having considered carefully the terms of the Offer and the advice given by the IFA in the IFA Letter, recommend that Shareholders ACCEPT THE OFFER. Shareholders may wish to sell their Shares in the open market if they are able to obtain a price higher than the Offer Price, net of related expenses (such as brokerage and trading costs).

8.5. No Regard to Specific Objectives. In rendering the advice and the recommendations above, both the IFA and the Recommending Directors have not had regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Recommending Directors recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

SHAREHOLDERS ARE ADVISED TO READ THE FULL TEXT OF THE IFA LETTER WHICH IS SET OUT IN APPENDIX I OF THIS CIRCULAR CAREFULLY.

9. OVERSEAS SHAREHOLDERS

9.1. Availability of Offer. The availability of the Offer to Shareholders whose addresses are outside Singapore, as shown on the Register or in the Depository Register (as the case may be), being the Overseas Shareholders, may be affected by the laws of the relevant overseas jurisdiction.

Overseas Shareholders should refer to section 11 of the Offer Document, an extract of which is set out below.

11. OVERSEAS SHAREHOLDERS

The availability of the Offer to Shareholders whose addresses are outside 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 Shareholder**”), may be affected by the laws of the relevant overseas jurisdictions. Accordingly, any Overseas Shareholder should inform himself about and observe any applicable legal requirements. For the avoidance of doubt, the Offer is made to all Shareholders holding Offer Shares including those to whom the Offer Document and the relevant acceptance forms may not be sent. Where there are potential restrictions on sending this Offer Document, the FAAs and/or the FATs to any overseas jurisdiction, the Offeror and CIMB each reserves the right not to send these documents to Shareholders in such overseas jurisdictions.

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Copies of this Offer Document and any other formal documentation 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, 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 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 facilities.

Overseas Shareholders may (subject to compliance with applicable laws), nonetheless, obtain copies of this Offer Document, the FAAs and/or the FATs and any related documents, during normal business hours and up to 5.30 p.m. on the Closing Date, from the Offeror through its receiving agent, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road, #11-02, Singapore 068898 or CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588. Alternatively, an Overseas Shareholder may (subject to compliance with applicable laws) write to the Offeror through Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898 or CDP at Robinson Road Post Office P.O. Box 1984 Singapore 903934 to request for this Offer Document, the FAAs and/or the FATs and any related documents to be sent to an address in Singapore by ordinary post at the Overseas Shareholder’s own risk, up to five (5) Market Days prior to the Closing Date.

It is the responsibility of any Overseas Shareholder who wishes to (a) request for this Offer Document, the FAAs and/or the FATs and/or any related documents; and/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 Shareholder 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 CIMB) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments as the Offeror and/or any person acting on its behalf (including CIMB) may be required to pay. In (i) requesting for this Offer Document, the FAAs and/or the FATs and any related documents; and/or (ii) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror and CIMB 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 Shareholder who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.**

The Offeror and CIMB each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or notice and if necessary, paid advertisement in a daily 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 Shareholder) to receive or see such announcement, notice or advertisement.

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- 9.2. Copies of Circular.** This Circular may not be sent to Overseas Shareholders due to potential restrictions on sending such documents to the relevant overseas jurisdictions. Any affected Overseas Shareholder may, nevertheless, obtain copies of this Circular during normal business hours up to the Closing Date, from the offices of the Registrar at 80 Robinson Road, #02-00 Singapore 068898, download a copy of this Circular from the website of the SGX-ST at www.sgx.com, or make a request to the Registrar for this Circular to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.

10. INFORMATION PERTAINING TO CPFIS INVESTORS

Section 13 of the Offer Document sets out information pertaining to CPFIS Investors, an extract of which is set out below.

CPFIS Investors will receive further information on how to accept the Offer from the CPF Agent Banks directly. CPFIS Investors are advised to consult their respective CPF Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors should seek independent professional advice. CPFIS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks. Subject to the Offer becoming or being declared to be unconditional as to acceptances, CPFIS Investors who accept the Offer will receive the Offer Price payable in respect of their Offer Shares in their CPF investment accounts.

11. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who wish to accept the Offer must do so not later than the Closing Date, abiding by the procedures for the acceptance of the Offer as set out in Appendix V of the Offer Document, and in the accompanying FAA and/or FAT.

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received, on behalf of the Offeror, by CDP (in respect of the FAA) or the Registrar (in respect of the FAT), as the case may be, not later than the Closing Date.

Shareholders who do not wish to accept the Offer need not take any further action in respect of the Offer Document, the FAA and/or the FAT which have been sent to them.

12. CONSENTS

PrimePartners Corporate Finance Pte. Ltd., named as the IFA, has given and has not withdrawn their written consent to the issue of this Circular with the inclusion of the IFA Letter in Appendix I of this Circular and the references to them and their name in the form and context in which they appear in this Circular.

GB Global Pte Ltd, named as the valuer of the properties listed below, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the extract of its valuation reports in Appendix VII of this Circular and the references to its name in the form and context in which it appears in this Circular, located at (i) 1 Jalan Anak Bukit #01-16 Bukit Timah Plaza Singapore 588996; (ii) Block 86 Marine Parade Central #02-101 Singapore 440086; (iii) Block 231 Bain Street #02-47 Bras Basah Complex Singapore 180231; (iv) Block 231 Bain Street #03-31 Bras Basah Complex Singapore 180231; (v) 524 Kampong Bahru Road Singapore 099455; (vi) 19 Apartment Units in Eight Raja 8 Jalan Raja Udang Singapore 329217; (vii) Nos. BII 2.05A Komtar, Jalan Penang, 1000 Penang; (viii) Nos. BII 2.05B Komtar, Jalan Penang, 1000 Penang; (ix) 523, 523A, 523B & 523C and 525, 525A, 525B & 525C Plaza Melaka, Jalan Gajah Berang, 75200 Malacca; (x) 488B-05-06 One-Stop Midlands Park, Jalan Burma, 10350 Penang; (xi) 488B-05-07 One-Stop Midlands Park, Jalan Burma 10350 Penang (xii) Land Parcel at Serangoon North Avenue

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5 Singapore; (xiii) 2ND-01 Second Floor, Terminal One Shopping Plaza, 20B Jalan Lintang, 70200 Seremban, Negeri Sembilan; (xiv) 14/F Tsuen Wan Industrial Centre, 220-248 Texaco Road, Tsuen Wan, Hong Kong Units 1401 to 1016 (total 16 units) (xv) 15 Wertheim Court, Suites 602 & 603, Richmond Hill, Ontario L4B 3H7.

Ernst & Young LLP, named as the auditors of the Company, has given and has not withdrawn their written consent to the issue of this Circular with the inclusion herein of the audited financial statements of the Group for FY2014 and the references to their name in the form and context in which they appear in this Circular.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Company's registered office at 20 Old Toh Tuck Road, Singapore 597655 during normal business hours from the date of this Circular up to and including the date of the Closing Date:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the annual reports of the Company for FY2012, FY 2013 and FY2014;
- (c) the unaudited interim financial information of the Group for HY2015 as set out in Appendix V of this Circular;
- (d) the valuation reports as set out in Appendix VII of this Circular;
- (e) the IFA Letter as set out in Appendix I of this Circular; and
- (f) the letters of consent referred to in section 12 of the Letter to Shareholders.

14. RESPONSIBILITY STATEMENT

The Directors (including any who may 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 the IFA Letter for which the IFA takes responsibility) are fair and accurate and that no material facts have been omitted the omission of which would make any statement in this Circular (other than the IFA Letter for which the IFA takes responsibility) misleading, and they jointly and severally accept responsibility accordingly. Where any information in this Circular (other than the IFA Letter for which the IFA takes responsibility) has been extracted or reproduced from the Offer Document or from published or publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Circular.

Yours faithfully

For and on behalf of the Board of Directors of
POPULAR HOLDINGS LIMITED

Vangat Ramayah
Non-Executive Chairman and Independent Director

APPENDIX I

**LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN
RESPECT OF THE OFFER**

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

10 February 2015

To: The Independent Directors of
Popular Holdings Limited
20 Old Toh Tuck Road
Singapore 597655

Dear Sirs

INDEPENDENT FINANCIAL ADVICE TO THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) IN RESPECT OF THE VOLUNTARY CONDITIONAL CASH OFFER BY CIMB BANK BERHAD, SINGAPORE BRANCH FOR AND ON BEHALF OF GRAND APEX HOLDINGS PTE. LTD. (THE “OFFEROR”) TO ACQUIRE ALL THE ISSUED ORDINARY SHARES IN THE SHARE CAPITAL OF POPULAR HOLDINGS LIMITED (“POPULAR” OR THE “COMPANY”) OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE OFFEROR

1. INTRODUCTION

CIMB Bank Berhad, Singapore Branch (“**CIMB**”) had on 14 January 2015 (the “**Offer Announcement Date**”) made an announcement for and on behalf of the Offeror in respect of the voluntary conditional cash offer (the “**Offer**”) for all the issued and paid-up ordinary shares in the capital of the Company (the “**Shares**”) other than those Shares owned, controlled or agreed to be acquired, directly or indirectly, by the Offeror as at the date of the Offer (the “**Offer Shares**”) at S\$0.32 in cash per Offer Share (the “**Offer Announcement**”), such Offer being made in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers (the “**Code**”).

Pursuant to the Offer, CIMB had on 28 January 2015 announced, for and on behalf of the Offeror, that the formal offer document dated 28 January 2015 containing, *inter alia*, details of the Offer together with the accompanying forms of acceptance, had been despatched on 28 January 2015 to the shareholders of the Company (the “**Shareholders**”).

The Offeror is a special purpose vehicle incorporated in Singapore on 30 July 2003 which is jointly held by Mr Chou Cheng Ngok (“**CCN**”), who is the Group Chief Executive Officer and Executive Director of the Company, and Ms Hu Nan Lee (“**HNL**”), the spouse of CCN. As at the Offer Announcement Date, the Offeror does not hold any Shares. However, as at the Offer Announcement Date, CCN and HNL collectively hold direct and indirect interests in 488,239,075 Shares, representing approximately 61.25% of the Shares, which comprises (i) 483,676,075 Shares, representing approximately 60.68% of the Shares, held directly by World Holdings (Pte) Limited (“**World Holdings**”), a controlling shareholder of the Company which is in turn jointly owned by CCN and HNL; and (ii) 4,563,000 Shares, representing approximately 0.57% of the Shares, held directly by HNL.

World Holdings and HNL (collectively, the “**Undertaking Shareholders**”) have provided irrevocable undertakings (the “**Irrevocable Undertakings**”) in respect of the Shares held by each of them in favour of the Offeror, whereby they have undertaken to, *inter alia*, accept and/or procure the acceptance of the Offer in respect of (i) an aggregate 488,239,075 Shares, representing approximately 61.25% of the Shares, held by the Undertaking Shareholders as at the Offer Announcement Date; and (ii) all Shares which the Undertaking Shareholders may acquire on or after the date of their Irrevocable Undertakings whether by way of market purchase or otherwise. As at the Latest Practicable Date, World Holdings and HNL have accepted the Offer in respect of the 483,676,075 Shares and 4,563,000 Shares owned by each of them respectively, collectively representing approximately 61.25% of the Shares.

The Offeror does not intend to preserve the listing status of the Company and accordingly, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act (Chapter 50 of Singapore) (the “**Companies Act**”) (the “**Compulsory Acquisition**”) and does not intend to take steps for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, *inter alia*, less than 10% of the Shares (excluding treasury shares) are held in public hands.

PrimePartners Corporate Finance Pte. Ltd. (“**PPCF**”) has been appointed by the Company to advise the directors of the Company who are considered to be independent for the purposes of making recommendations to the Shareholders in respect of the Offer (the “**Independent Directors**”). This letter sets out, *inter alia*, our views and evaluation of the financial terms of the Offer and our opinion thereon, and will form part of the circular dated 10 February 2015 (the “**Circular**”) and issued by the Company providing, *inter alia*, details of the Offer and the recommendation of the Independent Directors.

Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall bear the same meanings herein.

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 its subsidiaries (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.

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 (the “**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, expressed 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 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 inquiries and to the best of their respective knowledge, information and belief, all material information in connection with the Offer and 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 Offer and 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 relied upon any financial projections or forecasts in respect 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 in connection with our opinion in this letter.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, development properties, properties held for sale, property, plant and equipment and inventories) of the Group, its associated companies and joint ventures and have only relied upon the Valuation Certificates (as defined herein) as prepared by the Valuer (as defined herein) in relation to the valuation of the Revalued Properties (as defined herein) as at January 2015 and the relevant estimates provided by Management.

Our analysis and opinion as set out in this letter is based upon market, economic, industry, monetary and other conditions in effect on, and the information provided to us as 2 February 2015 (the “**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.

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, accountant 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 9 of this letter, should be considered in the context of the entirety of this letter and the Circular.

3. THE OFFER

Shareholders (except for Overseas Shareholders as explained in Section 9 of the Circular) should have by now received a copy of Offer Document, as announced by CIMB to have been despatched on 28 January 2015, setting out, *inter alia*, the terms and conditions of the Offer. 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 set out in the Offer Document carefully.**

A copy of the Offer Document is available on SGXNET at www.sgx.com.

Based on the information set out in the Offer Document, CIMB has, for and on behalf of the Offeror, made the Offer to acquire all the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and FAT on the basis reproduced below:

3.1 Offer Price

As stated in section 2.1 of the Offer Document, the consideration for each Offer Share is as follows:

FOR EACH OFFER SHARE: S\$0.32 in cash (the "Offer Price").

3.2 Offer Shares

The Offer will be made for the Offer Shares in accordance with Rule 15 of the Code and subject to the terms and conditions set out in the Offer Document in connection with the Offer.

As stated in section 2.2 of the Offer Document, for the avoidance of doubt, the Offer will be extended, on the same terms and conditions, to all the Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror in connection with the Offer ("**Concert Parties**"), including without limitation, those Shares held or controlled by World Holdings and HNL (as defined herein).

For the purposes of the Offer, the expression "Offer Shares" shall include such Shares.

3.3 No Encumbrances

As stated in the Offer Document, the Offer Shares are to be acquired:

- (a) fully paid-up;
- (b) free from all liens, equities, mortgages, charges, pledges, claims, encumbrances, rights of pre-emption and any other third party rights or 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 but not limited to the right to receive and retain all dividends, rights, returns of capital and other distributions ("**Distribution**") (if any) which may be announced, declared, paid or made by the Company, on or after the Offer Announcement Date.

If any Distribution is announced, declared, paid or made by the Company on or after the Offer Announcement Date, and the Offeror is not entitled to receive such Distribution in full in respect of any Offer Share tendered in acceptance of the Offer, the Offeror reserves the right to reduce the Offer Price payable in respect of such Offer Share by the amount of such Distribution.

3.4 Condition of the Offer

As stated in section 2.3 of the Offer Document, the Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of Shares which, when taken together with Shares owned, controlled or agreed to be acquired by the Offeror before or during the Offer, will result in the Offeror holding not less than 90% of the Shares as at the close of the Offer.

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances unless, at any time prior to the close of the Offer, the Offeror has received valid acceptances (which have not been withdrawn) in respect of such number of Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror before or during the Offer, will result in the Offeror holding at least 90% of the Shares. Save for the foregoing, the Offer is unconditional in all other respects.

3.5 Warranty

As stated in section 2.4 of the Offer Document, 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, is:

- (a) fully paid-up;
- (b) free from all Encumbrances; and
- (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all Distribution (if any) which may be announced, declared, paid or made by the Company, on or after the Offer Announcement Date.

3.6 Duration of the Offer

As stated in section 2.5 of the Offer Document:

“(a) **Closing Date**

The Offer is open for acceptance by Shareholders for at least 28 days from the date of posting of this Offer Document, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder.

The Offer will close at 5.30 p.m. on 25 February 2015 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

(b) **Offer to Remain Open for 14 Days after Being Declared Unconditional as to Acceptances**

*Pursuant to Rule 22.6 of the Code, if the Offer becomes or is declared to be unconditional as to acceptances, the Offer will remain open for acceptance for not less than 14 days after the date on which it would otherwise have closed, in order to give those Shareholders who have not accepted the Offer the opportunity to do so. This requirement does not apply if, before the Offer becomes or is declared to be unconditional as to acceptances, the Offeror has given notice in writing to the Shareholders at least 14 days before the specified Closing Date that the Offer will not be open for acceptance beyond that date, provided that such notice may not be given, or if already given, shall not be capable of being enforced in a competitive situation. If a declaration that the Offer is unconditional as to acceptances is confirmed in accordance with paragraph 3(c) of **Appendix IV** to this Offer Document, such 14-day period referred to in Rule 22.6 of the Code will run from the date of such confirmation (if given), or the date on which the Offer would otherwise have expired, whichever is later.*

(c) **Final Day Rule**

Pursuant to Rule 22.9 of the Code, the Offer (whether revised or not) will not be capable of becoming or being declared to be unconditional as to acceptances after 5.30 p.m. on the 60th day after the date of posting of this Offer Document or of being kept open after the expiry of such period, unless it has previously become or been declared to be unconditional as to acceptances, except with the prior approval of the SIC. The SIC will consider granting such permission in circumstances, including but not limited to, where a competing offer has been announced.

(d) **Revision**

Pursuant to Rule 20.1 of the Code, the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders, including those who had previously accepted the Offer.

(e) **Subsequent Closing Date**

Pursuant to Rule 22.4 of the Code, any announcement of an extension of the Offer will state the next closing date or if the Offer is unconditional as to acceptances, a statement may be made that the Offer will remain open until further notice. In the latter case, those Shareholders who have not accepted the Offer will be notified in writing at least 14 days before the Offer is closed.

(f) **Time for Fulfilment of Other Conditions**

Except with the consent of the SIC, all conditions of the Offer must be fulfilled or the Offer must lapse within 21 days of the first Closing Date or of the date the Offer becomes or is declared unconditional as to acceptances, whichever is the later. The only condition to this Offer is set out in paragraph 2.3 of this Offer Document."

3.7 Details of the Offer

As stated in section 2.6 of the Offer Document, further details on (i) the settlement of the 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.

3.8 Procedures for Acceptance

As stated in section 2.7 of the Offer Document, the procedures for acceptance of the Offer are set out in Appendix V to the Offer Document.

3.9 No Options Proposal

As at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of securities which carry voting rights in the Company.

4. INFORMATION ON THE OFFEROR

The information on the Offeror 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.

Independent Directors should note that the Latest Practicable Date referred to in the Offer Document is 23 January 2015.

“4.1 The Offeror

(a) *The Offeror is a special purpose vehicle incorporated in Singapore on 30 July 2003. As at the Latest Practicable Date, the issued share capital of the Offeror is S\$2.00 comprising two (2) issued ordinary shares. The Offeror has not carried on any business since its incorporation, except to enter into financing arrangements for the purpose of the Offer and other arrangements for the purpose of the Offer, including without limitation the Irrevocable Undertakings (as described in paragraph 3 above).*

(b) *As at the Latest Practicable Date, CCN and HNL are the only shareholders and directors of the Offeror. CCN and HNL each hold 50% of the Offeror.*

CCN is also the Group Chief Executive Officer and Executive Director of the Company. As at the Latest Practicable Date, CCN is deemed interested in (i) the 483,676,075 Shares held by World Holdings by virtue of his direct interest in approximately 99.44% of the issued shares of World Holdings; and (ii) the 4,563,000 Shares held by his spouse, HNL, amounting in aggregate to 488,239,075 Shares, representing approximately 61.25% of the total issued Shares.

(c) *As at the Latest Practicable Date, the Offeror does not hold any Shares.*

4.2 Arrangements with World Holdings and HNL

The total consideration based on the Offer Price which World Holdings and HNL would otherwise have received for their Relevant Shares tendered in acceptance of the Offer pursuant to each of their Irrevocable Undertakings would be subject to and be part of the Shareholders' Loan Arrangement (as described in paragraph 3.6 above)."

Further information on the Offeror may also be found in Appendix I to the Offer Document.

5. INFORMATION ON THE COMPANY

The information on the Company, 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.

“5.1 Based on publicly available information, the Company was incorporated in Singapore on 5 October 1996 and was listed on the Main Board of the SGX-ST on 9 May 1997. As at the Latest Practicable Date, the issued and paid-up share capital of the Company comprises 797,090,755 Shares. The Group currently does not have any long term incentive or share schemes in place.

5.2 The principal activity of the Company is that of investment holding while the Group’s principal activities are that of property development, retail and distribution and publishing and e-Learning. To date, the Group has an aggregate of approximately 163 retail stores (as at 31 October 2014) in Singapore, Malaysia and Hong Kong and a growing membership base.

5.3 Based on publicly available information, the board of directors of the Company as at the Latest Practicable Date comprises of the following:

- (a) Mr. Vangat Ramayah (Non-Executive Chairman and Independent Director);*
- (b) CCN (Group CEO and Executive Director);*
- (c) Ms. Lim Lee Ngoh (Executive Director);*
- (d) Mr. Poon Chi Wai Ponch (Executive Director);*
- (e) Mrs. Lim Soon Tze (Independent Director);*
- (f) Mr. David Chia Tian Bin (Independent Director); and*
- (g) Mr. Desmond Wee Guan Oei (Independent Director).*

As at the Latest Practicable Date, the Company had a market capitalisation of approximately S\$251.1 million (based on the closing price of S\$0.315 per Share on the SGX-ST).”

Further information on the Company may be found in Appendix II to the Offer Document.

6. RATIONALE FOR THE OFFER AND THE OFFEROR’S INTENTIONS FOR THE COMPANY

The full text of the rationale for the Offer and the Offeror’s intentions for the Company has been extracted from section 6 and 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.

“6.1 Privatisation

The intention of the Offeror, and the purpose of the Offer, is to delist and privatise the Company. To this end, the Offeror intends to rely on the compulsory acquisition provisions under Section 215(1) of the Companies Act. Section 215(1) of the Companies Act provides in effect that in the event the Offeror receives valid acceptances pursuant to the Offer in respect of not less than 90% of the total number of 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 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.

6.2 Clean Cash Exit Opportunity at an Attractive Premium

Through this Offer, the accepting Shareholders will have an opportunity to realise their investments in the Company for a cash consideration at an attractive premium over the historical transacted prices of the Shares on the SGX-ST, without incurring any brokerage and other trading costs.

The Offer Price represents a premium of approximately 40% to the one (1)-month VWAP of the Shares traded on the SGX-ST prior to the Offer Announcement Date. Further, the Offeror notes that as at the Offer Announcement Date, the Shares have not transacted at or above the Offer Price within the past seven (7) years prior to the Offer Announcement. Further details are set out in the table in paragraph 8 below.

6.3 Generally Low Trading Liquidity of Shares

The trading volume of the Shares on the SGX-ST has been generally low, with an average daily trading volume of approximately 307,901 Shares during the 12-month period up to and including the Last Trading Day. This represents only approximately 0.10% of the Shares held in public hands as at 8 July 2014 (being the latest publicly disclosed data on the Company’s free float as disclosed in the Company’s Annual Report for the financial year ended 30 April 2014) and approximately 0.04% of the total issued Shares as at the Latest Practicable Date. Hence the Offer represents a unique cash exit opportunity for Shareholders to realise their entire investment in the Shares at an attractive premium, 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.

6.4 Costs Associated with Listing Status

In maintaining the Company’s listing status, the Company incurs additional compliance and associated costs. The Offeror believes that the privatisation of the Company will provide the Company with greater management flexibility to manage and develop its businesses, optimise the use of resources and facilitate the implementation of any strategic initiatives and/or operational changes. If the Company is delisted, the Company will be able to dispense with costs associated with complying with listing and other regulatory requirements and human resources that have to be committed for such compliance, as well.

In addition, as stated in the Company’s half-year results announcement released on 10 December 2014, “... The Group encounters marked difficulties in marketing and selling the unsold units in its property developments because of the current challenging market environment. If the Group is unable to sell all the unsold units within the time frame required under the Qualifying Certificate conditions issued in respect of its development properties, it would incur additional expenses for the extension of time to sell the unsold units. As at 31 October 2014, 21 units (of a total 26 units) of Ei8ht Raja remained unsold. Under the Qualifying Certificate issued in respect of Ei8ht Raja, all units must be sold within 2 years from 28 May 2013, the date of the issue of the Temporary Occupation Permit. ... Permai Residences should be completed by end of 2015. The Group would face the same challenges should the current market conditions persist.” The privatisation of the Company would result in the Company being wholly-owned by Singapore citizens and better enable it to apply to the relevant Singapore authorities for the cancellation of the Qualifying Certificate and the issue of a clearance certificate under Section 10 of the Residential Property Act (Chapter 274) of Singapore, which will not contain the aforesaid deadline.

- 7.1** *The Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company. Accordingly, the Offeror when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take steps for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, inter alia, less than 10% of the Shares (excluding treasury shares) are held in public hands. In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.*
- 7.2** *The Offeror currently has no intention to make major changes to (a) the business of the Group; (b) the deployment of the fixed assets of the Group; or (c) the employment of the employees of the Group, other than in the ordinary course of business.*
- 7.3** *It is envisaged that the Company will continue operating in its present form after the Offer. The Offeror does not intend to make changes to the management team of the Company.*
- 7.4** *Nonetheless, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves and which it regards to be in the interests of the Offeror and/or the Group.”*

7. ASSESSMENT OF THE FINANCIAL TERMS OF THE OFFER

In assessing the fairness and reasonableness or otherwise of the financial terms of the Offer, we have considered the following factors which we consider to be pertinent and to have a significant bearing on our assessment of the Offer:

- (i) Historical financial results of the Group;
- (ii) Trends and competitive conditions in Singapore;
- (iii) Net asset value (“NAV”) and net tangible assets (“NTA”) per Share of the Group;
- (iv) Revalued net asset value (“RNAV”) of the Group;
- (v) Historical market price performance and trading activity of the Shares;
- (vi) Share price performance relative to market indices;
- (vii) Valuation ratios of selected listed companies broadly comparable to the Group;
- (viii) Precedent privatisation and delisting transactions in Singapore; and
- (ix) Dividend track record of the Company.

We have also considered other relevant considerations which have a significant bearing on our assessment as set out in paragraph 8 of this letter.

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 public filings as at the Latest Practicable Date. PPCF makes no representation or warranties, express or implied, as to the accuracy or completeness of such information.

7.1 Historical financial results of the Group

A summary of the financial results of the Group for the financial years ended 30 April ("FY") 2013 and 2014 and for the six (6) month period ended 31 October ("HY") 2014 is set out in Exhibit 1 below. The following summary financial information should be read in conjunction with the full text of the annual reports and results announcements of the Group in respect of the relevant financial periods including the notes thereto.

Exhibit 1 – Summary financial information of the Group

(S\$ million)	FY2013 (Audited)	FY2014 (Audited)	HY2015 (Unaudited)
Income Statement (from operations):			
Total turnover	524.2	551.9	267.0
Gross profit	96.4	97.2	49.4
<i>Gross profit margin</i>	<i>18.4%</i>	<i>17.6%</i>	<i>18.5%</i>
Profit before tax ("PBT")	28.3	16.2	14.5
<i>PBT margin</i>	<i>5.4%</i>	<i>2.9%</i>	<i>5.4%</i>
Net profit after tax ("NPAT")	23.4	10.6	10.7
<i>NPAT margin</i>	<i>4.5%</i>	<i>1.9%</i>	<i>4.0%</i>
Net profit attributable to Shareholders	23.3	10.6	10.7
<i>Net profit margin (excludes non-controlling interests)</i>	<i>4.4%</i>	<i>1.9%</i>	<i>4.0%</i>
<i>Basic and diluted earnings per share (cents)</i>	<i>2.79</i>	<i>1.30</i>	<i>1.34</i>
Financial Position:			
Total Assets	422.5	399.3	401.9
Current assets:			
Cash and cash equivalents	116.4	108.8	96.9
<i>Percentage of total assets</i>	<i>27.6%</i>	<i>27.2%</i>	<i>24.1%</i>
Inventories	103.2	102.2	110.1
<i>Percentage of total assets</i>	<i>24.4%</i>	<i>25.6%</i>	<i>27.4%</i>
Properties held for sale	12.4	49.3	46.8
<i>Percentage of total assets</i>	<i>2.9%</i>	<i>12.3%</i>	<i>11.6%</i>
Development properties	80.4	23.3	24.4
<i>Percentage of total assets</i>	<i>19.0%</i>	<i>5.8%</i>	<i>6.1%</i>
Non-current assets:			
Property, plant and equipment	68.7	67.6	71.1
<i>Percentage of total assets</i>	<i>16.3%</i>	<i>16.9%</i>	<i>17.7%</i>
Long term and short term borrowings	45.8	32.5	27.9
<i>Debt to asset ratio</i>	<i>0.11 x</i>	<i>0.08 x</i>	<i>0.07 x</i>
NAV attributable to Shareholders (excluding non-controlling interests)	223.9	218.4	221.8
<i>NAV per share (cents)</i>	<i>27.29</i>	<i>27.28</i>	<i>27.83</i>
Cash Flow Statement:			
Net cash from/(used in) operating activities	8.2	40.1	8.8
Net cash from/(used in) investing activities	(40.4)	(18.4)	(8.1)
Net cash from/(used in) financing activities	2.9	(26.7)	(13.6)
Net increase/(decrease) in cash and cash equivalents	(29.3)	(5.0)	(12.9)

Sources: The Company's annual report for FY2014 and the announcement relating to the unaudited financial statements of the Company for HY2015

Exhibit 2 – Summary financial information of the Group by segment

(S\$ million)	FY2013 (Audited)	FY2014 (Audited)
Turnover by segment ⁽¹⁾		
Retail and Distribution	462.9	469.6
Percentage of turnover	88.3%	85.1%
Publishing and E-learning	58.0	64.1
Percentage of turnover	11.1%	11.6%
Property Development	3.3	18.2
Percentage of turnover	0.6%	3.3%
Total turnover ⁽¹⁾	524.2	551.9
Profit/(loss) before tax by segment ⁽¹⁾		
Retail and Distribution	24.8	18.7
Segmental profit/(loss) before tax margin	5.4%	4.0%
Publishing and E-learning	5.0	4.5
Segmental profit/(loss) before tax margin	8.6%	7.0%
Property Development ⁽²⁾	(1.5)	(5.8)
Segmental profit/(loss) before tax margin	(45.5)%	(31.9)%
Total profit/(loss) before tax by segment ⁽¹⁾	28.3	17.4

Source: The Company's annual report for FY2014

Notes:

(1) Amounts set out in Exhibit 2 above in relation to the turnover and profit/(loss) before tax by segment do not include inter-segment revenue and consolidation adjustments, of which the net impact on the overall Group's PBT amounted to approximately S\$(1.2) million in FY2014 and approximately S\$(39,000) in FY2013. Such inter-segment revenue and consolidation adjustments had no net impact on the overall Group's turnover.

(2) Segment results for FY2014 include a non-recurring impairment loss amounting to approximately S\$3.1 million and a non-recurring provision for foreseeable losses on development properties amounting to approximately S\$1.8 million.

Historical financial performance of the Group

We note that turnover increased by approximately 5.3% from S\$524.2 million in FY2013 to S\$551.9 million in FY2014 mainly due to higher turnover in FY2014 across all the Group's operating segments as compared to FY2013.

In particular, the Property Development segment recorded a S\$14.9 million increase in turnover from approximately S\$3.3 million in FY2013 to approximately S\$18.2 million in FY2014 due to the sale of more residential units, including two (2) units of 18 Shelford and four (4) units of Ei8ht Raja as compared to one (1) unit in FY2013. Turnover of the Retail and Distribution segment increased by approximately S\$6.7 million from approximately S\$462.9 million in FY2013 to approximately S\$469.6 million in FY2014 due to the opening of new retail outlets and participation in book fairs and events, while turnover of the Publishing and E-learning segment increased by approximately S\$6.1 million from S\$58.0 million in FY2013 to approximately S\$64.1 million in FY2014.

As illustrated in Exhibit 2, the Retail and Distribution segment recorded a decline in profit margin primarily due to (i) increased advertising and promotion expenditure, set up costs and incremental labour costs incurred in relation to book fairs and events; and (ii) higher manpower costs and office and warehouse costs to support the expanded retail business across the region. Consequently, segmental profit before tax decreased by approximately S\$6.1 million (or approximately 24.6%) from approximately S\$24.8 million in FY2013 to approximately S\$18.7 million in FY2014. The Property Development segment faced muted demand for local residential properties which was impacted by property cooling measures and property loan restrictions in Singapore, further exacerbated by one-off losses. Such one-off losses included (i) an approximately S\$3.1 million impairment loss for two (2) units of 18 Shelford (the "Impairment Loss"); and (ii) an approximately S\$1.8 million provision for foreseeable losses on Permai Residences, all of which adversely impacted the financial performance

of the Property Development segment, resulting in losses before tax increasing by approximately S\$4.3 million from approximately S\$1.5 million in FY2013 to approximately S\$5.8 million in FY2014. For the Publishing and E-learning segment, increased expenditure in relation to the start-up of two learning centres in Hong Kong and business expansion in the People's Republic of China (the "PRC") resulted in an approximately S\$0.5 million (or approximately 10.0%) decrease in segmental PBT from approximately S\$5.0 million in FY2013 to approximately S\$4.5 million in FY2014.

Accordingly, PBT recorded by the Group decreased by approximately 42.8%, in line with the decrease in profit/(loss) before tax across the Group's operating segments, from approximately S\$28.3 million in FY2013 to approximately S\$16.2 million in FY2014. Similarly, the NPAT margin recorded by the Group decreased from approximately 4.5% in FY2013 to approximately 1.9% in FY2014.

During HY2015, turnover of the Group decreased slightly by approximately S\$3.1 million from approximately S\$270.1 million in HY2014 to approximately S\$267.0 million in HY2015. The decrease was primarily attributable to an approximately S\$10.7 million decline in turnover for the Property Development segment arising from reduced sales of units at Ei8ht Raja. In particular, only one (1) unit at Ei8ht Raja was sold during HY2015 compared to four (4) units during HY2014. This was partially offset by (i) the Retail and Distribution segment recording higher turnover due to organic growth from existing retail outlets and the Malaysian government's book voucher redemption programme; (ii) the Publishing and E-learning segment recording higher revenue due to increased textbook and supplementary book publications; and (iii) a one-off gain of approximately S\$0.3 million on the disposal during HY2015 by the Group of two (2) commercial retail units located at (i) Prangin Mall, Komtar Jalan Dr Lim Chwee Leong, 10100 Pulau Pinang, Malaysia; and (ii) Kompleks Bukit Jambul, Jalan Rumbia 11900 Penang, Malaysia.

Despite the slight decrease in turnover, PBT of the Group increased by approximately S\$6.7 million from approximately S\$7.8 million in HY2014 to approximately S\$14.5 million in HY2015, primarily driven by (i) a decline in cost of sales due to tighter cost controls; and (ii) a decrease in other operating expenses due to the non-recurring Impairment Loss being recorded in HY2014.

Historical financial position of the Group

We note that the assets of the Group mainly comprised current assets including (i) inventories and cash and cash equivalents which collectively accounted for approximately 52.8% of the total assets of the Group as at 30 April 2014; (ii) properties held for sale which relate solely to Ei8ht Raja that accounted for approximately 12.3% of the total assets of the Group as at 30 April 2014; and (iii) development properties which relate solely to Permai Residences (currently undergoing construction) that accounted for approximately 5.8% of the total assets of the Group as at 30 April 2014. As disclosed in the Company's announcement relating to the unaudited financial statements of the Company for HY2015, Ei8ht Raja had obtained the Temporary Occupation Permit in May 2013, and the Group had since completed sales of five (5) units, leaving 21 unsold units remaining as at 31 October 2014. According to the valuation reports and/or certificates (the "**Valuation Certificates**") issued by the independent valuer, GB Global Pte Ltd (the "**Valuer**"), the construction of Permai Residences is expected to be completed in late 2017.

In respect of the cash and cash equivalents recorded on the balance sheet of the Company as at 30 April 2014, approximately S\$51.4 million of the total balance of approximately S\$108.8 million related to fixed deposits, of which we understand from Management that approximately S\$49.8 million is held in Malaysia and the remaining amounts of approximately S\$1.6 million is held in the PRC. We understand from Management that the funds placed in fixed deposits in Malaysia have been earmarked for the purpose of the future construction of a head office in Malaysia in due course, while the funds placed in fixed deposits in the PRC are envisaged to be utilised in the course of the Group's ordinary business activities in the PRC. We further understand from Management that the remaining balance of approximately S\$57.4 million in cash and bank balances is held by the Group for working capital purposes, in particular pertaining to the retail operations and the property development business of the Group. As such, we have not evaluated the Offer Price on an ex-cash

basis notwithstanding the balance of cash and cash equivalents available to the Group.

We note that non-current property, plant and equipment, primarily comprised of (i) the new Singapore headquarters that is currently under construction; (ii) leasehold and freehold land and buildings; and (iii) furniture, fixtures and fittings, collectively accounted for approximately 16.9% of the total assets of the Group as at 30 April 2014. We understand from Management that all the properties in use which are captured in the property, plant and equipment balance are wholly-owned by the Group.

We further note that the trade receivables, other receivables and deposits and financial instruments held by the Group are stated at fair value less any amortised cost and/or allowance for impairment where applicable. Inventories, development properties and properties held for sale are stated at the lower of cost and net realizable value, which is the estimated normal selling price in the ordinary course of business, less estimated costs.

7.2 Trends and competitive conditions in Singapore

We note that the Group had in its announcement relating to the unaudited HY2015 financial statements included a commentary on the significant trends and competitive conditions of the industry that the Group is active in and any known factors or events that may affect the Group in the next reporting period and the following 12 months. Such commentary, as set out below in italics, has been extracted from the announcement as follows and should be read in the context of the entire announcement relating to the unaudited HY2015 financial statements. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the announcement relating to the unaudited HY2015 financial statements.

“The Group remains cautious of unexpected economic upheavals in the global economy which may adversely affect consumer sentiment. The Group is also closely monitoring the continuing regulation of the property sector in Singapore.

On the property front, following successive rounds of property cooling measures, including the introduction of the Total Debt Servicing Ratio (TDSR) and the Additional Buyer’s Stamp Duty (ABSD) earlier in 2013, market sentiment for residential property in Singapore, particularly the high-end ones, continues to show much weakness, in terms of consumer demand and pricing. The Group encounters marked difficulties in marketing and selling the unsold units in its property developments because of the current challenging market environment.

If the Group is unable to sell all the unsold units within the time frame required under the Qualifying Certificate conditions issued in respect of its development properties, it would incur additional expenses for the extension of time to sell the unsold units. As at 31 October 2014, 21 units (of a total 26 units) of Ei8ht Raja remained unsold. Under the Qualifying Certificate issued in respect of Ei8ht Raja, all units must be sold within 2 years from 28 May 2013, the date of the issue of the Temporary Occupation Permit. Any extension of the time to sell the unsold units would be subject to significant extension charges as follows:

- (a) 8% per annum on the acquisition cost of the development property for the first year of extension;*
- (b) 16% per annum on the acquisition cost of the development property for the second year of extension; and*
- (c) 24% per annum on the acquisition cost of the development property for the third and subsequent years of extension,*

pro-rated based on the number of unsold units of the development.

Permai Residences should be completed by end of 2015. The Group would face the same challenges should the current market conditions persist.

Inflationary and structural cost pressure on manpower and rental may not ease in the immediate term. The Group will continue to maximise operational efficiency so as to negate the adverse effects of such cost pressures.”

The above historical commentary by the Company was not made in connection with the Offer.

We note that, notwithstanding that only the Retail and Distribution and Publishing and E-learning segments generated profits in FY2013 and FY2014, the property developments undertaken by the Group in Singapore, namely Permai Residences and Ei8ht Raja, collectively comprised approximately 17.7% of the Group's total assets as at 31 October 2014 based on the Group's unaudited consolidated financial statements as at 31 October 2014. Accordingly, we have set out below in Exhibit 3 a summary of the outlook of the general economy in Singapore as well as the residential property market in Singapore based on publicly available information.

Exhibit 3 – Summary of estimated outlook

SINGAPORE GDP GROWTH

Economic Survey of Singapore Press Release, 25 November 2014 (Ministry of Trade and Industry Singapore)

- Real GDP growth of Singapore is projected to be around 3.0% for 2014 and between 2.0% and 4.0% for 2015.
- The Singapore economy grew by 2.8% on a year-on-year basis in the third quarter of 2014, higher than the 2.3% growth in the preceding quarter.
- The wholesale and retail trade sector grew by 2.0% year-on-year in the third quarter, faster than the 1.8% growth in the preceding quarter. However, it is forecasted that some domestically-oriented sectors such as labour intensive businesses services such as construction, retail and food services may see growth weighed down due to labour constraints.

RESIDENTIAL PROPERTY MARKET IN SINGAPORE

We have set out the following excerpts from selected articles in relation to the residential property market in Singapore:

- **Research & Forecast Report – Singapore: Residential, 4Q 2014 (Colliers)**
 - *“The year 2014 ended on a somber note for Singapore’s private residential property market as it finally succumbed to the raft of cooling measures and recorded its first year of price decline following five consecutive years of uptrend.”*
 - *“According to the Urban Redevelopment Authority (URA)’s preliminary estimates, after climbing by a total of 62.3% over the last five years, prices of Singapore’s private residential homes islandwide finally buckled in 2014, easing by 4.0% on a year-on-year (YoY) basis. This came on the back of the fifth straight quarter of price decline in 4Q 2014, by 1.0% on a quarter-on-quarter (QoQ) basis.”*
 - *“The buckling of private home prices was the result of successive quarters of subdued home-buying sentiments as the effects of the Total Debt Servicing Ratio (TDSR) framework implemented in June 2013 filtered through the market. Sales activity remained muted in 4Q 2014 even as developers homed in on the window of opportunity to release new units in October and November, ahead of the year-end festive and holiday season which fully kicks off in December.”*
 - *“Various headwinds are expected to keep a lid on home-buying demand in 2015. These include the continued enforcement of cooling measures amid the tightened credit environment, a mounting supply of new homes, a less buoyant leasing market and the impending rise in interest rates. These headwinds are expected to persist throughout the year amid uncertainty in the global economic arena.”*

Exhibit 3 – Summary of estimated outlook**- Singapore Industry Focus – Singapore Property (DBS Vickers Securities)**

- *“DBS Group forecasts interest rates to increase steadily over 2015”. The 3-month and 2-year SIBOR is forecasted to hit 0.60% and 1.35% in the fourth quarter of 2015.*
- *“With the private property market continuing to operate in a tight financing and regulatory environment, we believe that the market remains in the early part of the down-cycle. As such, we think that a widely anticipated reversal in policy measures is unlikely in the near term. Looking ahead, we expect buyers’ sentiment to remain weak, which will have an overhang on transaction volumes in 2015. With a slew of completions flooding the market over 2015-2016, we expect vacancy rates to hike to 9% to 10%, implying further pressure on rentals and prices”*
- *“2014 was a quieter year for property developers with prices and volumes declining as tighter financing and regulatory rules continued to bite following seven rounds of cooling measures over 2010-2013. The last of the lot, being the total debt servicing ratio (TDSR) framework, is seen as the most effective in halting the rise in prices of Singapore property market. Since the institution of the TDSR framework, is seen as the most effective in halting the rise in prices of the Singapore property market. Since the institution of the TDSR framework in mid-2013, transaction volumes declined by a significant c.51% y-o-y in 2H14”*
- *“The overall Singapore property price index (PPI) was down by 3.0% since the start of the year”*
- *“While the recent TDSR framework has clamped down on over-leveraging, we believe that the risk of rising interest rates in the medium term poses a threat to buyers’ affordability.”*
- *“In addition, we note from a recent financial stability review 2014 by the Monetary Authority of Singapore (MAS) that the total ratio (TDSR) has effectively reduced leverage in the system – borrowers with more than one mortgage has reduced from 15% of total loans as of 3Q13 – limiting the threat of overleveraging”*
- *“According to URA, total annual private property completions over 2015-2017 are estimated to be c.20,500 units per annum, implying a CAGR of 6.2%”*
- *“Vacancy rates to increase to c. 9-10%. We believe that the Singapore residential market faces an oversupply situation, as a consequence of (i) slowing population growth and (ii) a ramp-up in supply completions from 2015 onwards, which will result in a surplus in residential units.”*

Sources: Publicly available publications

We observe from the various industry reports that:

- (i) the retail trade sector may face increasing labour constraints which will place downward pressure on business margins;
- (ii) the implementation of the new Total Debt Servicing Ratio in June 2013, coupled with various property cooling measures by the Singapore Government, has led to declines in Singapore’s overall property price index and the transaction volume of private residential property in Singapore;
- (iii) expectations of increasing interest rates in the near future implies higher purchase costs for properties in Singapore which is likely to discourage potential property buyers and may also affect the ability of existing property owners to service their loans; and

- (iv) the increase in property completions may result in an oversupply of residential properties which may adversely impact vacancy rates and property rental yields, and such impact may in turn further impact residential property sales and prices.

7.3 NAV and NTA per Share of the Group

NAV of the Group

The NAV of a group refers to the aggregate value of all the assets in their existing condition, net of any non-controlling interests and all liabilities of the group. The NAV approach may provide an estimate of the value of a group assuming the hypothetical sale of all of its assets over a reasonable period of time, the proceeds of which would be first used to settle the liabilities of that group with the balance available for distribution to its shareholders. Therefore, the net assets of a group are perceived as providing support for the value of shareholders' equity.

Notwithstanding the foregoing, Shareholders should note that analysis based on the NAV of the Group provides an estimate of the value of the Group based on a hypothetical scenario, and such hypothetical scenario is assumed without considering factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically lower the net asset value that can be realized.

Based on the Company's latest unaudited consolidated financial statements as at 31 October 2014, the (i) property, plant and equipment; (ii) properties held for sale; (iii) development properties; and (iv) non-controlling interests held by the Group had an aggregate book value of approximately S\$143.1 million, representing approximately 35.6% of the Group's total assets of approximately S\$401.9 million, details of which are as follows:

Exhibit 4 – Book value of property, plant and equipment, properties held for sale, development properties, and non-controlling interests ⁽¹⁾

(S\$ million)	As at 31 October 2014 (Unaudited)
Property, plant and equipment	71.1
<i>Percentage of total assets</i>	<i>17.7%</i>
Properties held for sale	46.8
<i>Percentage of total assets</i>	<i>11.6%</i>
Development properties	24.4
<i>Percentage of total assets</i>	<i>6.1%</i>
Non-controlling interests	0.8
<i>Percentage of total assets</i>	<i>0.2%</i>
Total book value	143.1
Number of issued Shares	797,090,755 Shares
NAV per Share (cents)	27.83

Source: The Company's announcement relating to the unaudited financial statements of the Company for HY2015

Note:

- (1) Save for the balances presented above, cash and cash equivalents and inventories, there were no other balances which represented 5.0% or more of the Group's total assets as at 30 April 2013, 30 April 2014 or 31 October 2014. Such balances are considered negligible and are therefore not shown in the table above.

Given the asset intensive nature of the Group's property business undertaken by the Property Development segment, we have adopted a NAV-based valuation approach in our evaluation of the Offer Price. We note that property-related companies are often valued using an NAV-based approach as their asset backings are perceived as providing support for the value of their equity, notwithstanding that the reported annual earnings of property-related companies may vary considerably over time and between companies due to factors such as the timing of project launches and completion, redevelopment of properties and periodic revaluation of properties.

Based on the Company's annual report for FY2014 and the Company's unaudited HY2015 financial statements, we note that the Offer Price represents:

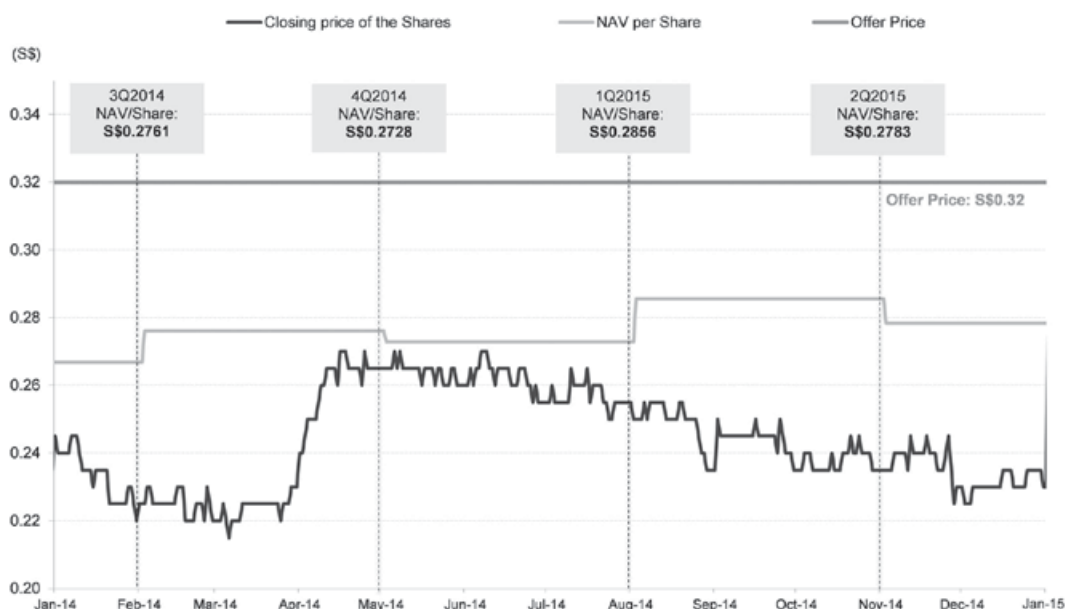
- (i) a premium of approximately 17.3% to the audited NAV per Share of the Company of S\$0.2728 as at 30 April 2014; and
- (ii) a premium of approximately 15.0% to the unaudited NAV per Share of the Company of S\$0.2783 as at 31 October 2014.

The Directors have provided confirmation to us that save as disclosed in the Circular and in the ordinary course of business, there have been no material acquisitions and/or disposals of assets by the Group since 31 October 2014 until the Latest Practicable Date. The Directors have also provided confirmation that the Group does not have any plans for any impending material disposal and/or conversion of the use of the Group's assets and/or material change in the nature of the Group's business as at the Latest Practicable Date. Further, we note from the Offer Document that the Offeror currently has no intention to make any major changes to (i) the business of the Group; (ii) the deployment of the fixed assets of the Group; or (iii) the employment of the employees of the Group, other than in the ordinary course of business.

Historical trailing NAV per Share of the Group

We have also compared the historical market price of the Shares and the Offer Price against the trailing NAV per Share (based on the Company's trailing announced NAV per Share for the applicable periods) for the 1-year period from 14 January 2014 up to and including 13 January 2015, being the last full market day on which the Shares were traded prior to the Offer Announcement Date (the "**Last Trading Day**").

Exhibit 5 – Historical trailing NAV per Share of the Group



Source: Bloomberg L.P., the Company's results announcements and PPCF analysis

The average, minimum and maximum daily premium or discount of the market price of the Shares over the corresponding NAV per Share for various periods during the 1-year period up to and including the Last Trading Day is set out in Exhibit 6:

Exhibit 6 – Premium/(Discount) of historical market price over trailing NAV per Share

Periods up to and including the Last Trading Day	Premium/(Discount) to trailing NAV per Share		
	Average	Minimum	Maximum
1-year	(12.0)	(1.0)	(22.1)
6-month	(13.6)	(2.9)	(19.2)
3-month	(16.0)	(12.0)	(19.2)
1-month	(16.9)	(15.6)	(19.2)

Sources: Bloomberg L.P., the Group's results announcements and PPCF analysis

From the above, we note that the Shares had consistently traded at a discount to the trailing NAV per Share over the 1-year period up to and including the Last Trading Day, between a minimum discount of 1.0% to a maximum discount of 22.1%. We further note that the NAV per Share of the Company had generally exhibited a marginally increasing trend over the historical 1-year period while the closing prices of the Shares had been trending downwards, resulting in the increase of the market price discount to NAV per Share. In contrast, the Offer Price represents a premium of approximately 15.0% to the latest announced unaudited NAV per Share as at 31 October 2014.

NTA of the Group (excluding non-controlling interests)

The Group recorded intangibles of approximately S\$13.4 million as at 31 October 2014 comprising (i) approximately S\$6.3 million of intangible assets; (ii) approximately S\$5.9 million in development costs; and (iii) approximately S\$1.2 million of goodwill, collectively representing approximately 3.3% of the total assets of the Group. The intangible assets balance was primarily in respect of license fees paid/payable to BBC Worldwide to use some of its brand names and intellectual properties to operate English language learning centres in Mainland China and Hong Kong, in addition to the perpetual licence acquired in FY2012 to use a brand name. The former is amortised over the estimated useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired while the latter is tested annually for impairment. Development costs mainly comprised salaries and related expenses incurred for and directly attributable to the design and development of educational software and programmes, such expenses being capitalised as assets to the extent that such assets will generate future economic benefits.

The Group also recorded deferred tax assets of approximately S\$4.3 million as at 31 October 2014 representing approximately 1.1% of the total assets of the Group and deferred tax liabilities of S\$0.1 million (representing a negligible proportion of the total assets of the Group). The deferred tax assets can be monetised at a future point in time if the business generates taxable profits which can then utilise the tax assets.

Given the non-physical nature of such assets, the assessment of the value that can be derived from the intangible assets and deferred tax assets generally involves a higher level of uncertainty. Therefore, the NTA as presented below in Exhibit 7, which excludes intangibles, deferred tax assets and deferred tax liabilities, may be considered to provide more substantive support than NAV for the value of shareholders' equity in the event of a hypothetical sale of all of the Group's assets over a reasonable period of time.

Exhibit 7 – Unaudited NTA of the Group

(S\$ million)	As at 31 October 2014 (Unaudited)
NAV attributable to Shareholders (excluding non-controlling interests)	221.8
(-) Intangibles	(13.4) ⁽¹⁾
(-) Deferred income tax assets	(4.3)
(+) Deferred income tax liabilities	0.1
NTA attributable to Shareholders (excluding non-controlling interests)	204.2
Number of issued Shares	797,090,755 Shares
NTA per Share (cents)	25.62

Sources: The Company's announcement relating to the unaudited financial statements of the Company for HY2015 and PPCF analysis

Note:

(1) *Intangibles as at 31 October 2014 include: (i) approximately S\$6.3 million of intangible assets; (ii) approximately S\$5.9 million in development costs; and (iii) approximately S\$1.2 million of goodwill.*

The unaudited NTA of the Group attributable to Shareholders and unaudited NTA per Share as at 31 October 2014 was approximately S\$204.2 million and S\$0.2562 respectively. Accordingly, the Offer Price of S\$0.32 per Share represents a premium of approximately 24.9% to the unaudited NTA per Share as at 31 October 2014.

7.4 RNAV of the Group

In connection with the Offer, the Company has commissioned the Valuer(s) to conduct independent valuations to determine the market value of its development properties, properties held for sale and properties in use (recorded under property, plant and equipment) (collectively known as the “**Revalued Properties**”). Exhibit 8 below sets out a summary of the valuation figures for the Revalued Properties and the net revaluation surplus/(deficit) for each of the respective Revalued Properties:

Exhibit 8 – Independent valuations of the Revalued Properties

Revalued Properties	Valuation⁽¹⁾	Revaluation surplus/(deficit)⁽²⁾
	(S\$ million)	
Development properties ⁽³⁾		
Permai Residences, 524 Kampung Bahru Road, Singapore	19.5	(4.9)
Properties held for sale ⁽³⁾		
Ei8ht Raja, 8 Jalan Raja Udang, Singapore and 15 Jalan Dato, Singapore	44.7	(2.1)
Other properties in use		
<i>Singapore</i>		
1 Jalan Anak Bukit, Bukit Timah Plaza #01-16, Singapore ⁽⁴⁾	7.5	5.8
Block 86 #02-101 Marine Parade Central, Singapore ⁽⁵⁾	12.0	7.6
Block 231 Bain Street, Bras Basah Complex #03-31, #02-47 Singapore ⁽⁵⁾	6.8	3.1
A parcel of land at Lot 17879X Mukim 18, Serangoon North Avenue 5, Singapore ⁽³⁾	27.0	(7.9)
<i>Malaysia ⁽⁶⁾</i>		
Nos. BII 2.05A & BII 2.05B, 1&3 Arked Ria 2, Komtar 10000 Pulau Pinang, Malaysia	1.2	0.1
Lot 05-06, 05-07, 5th Floor, Midlands Park Centre, 488-B, Jln Burma 10350, Pulau Pinang, Malaysia	1.3	(0.1)
Lot 01, Second Floor Terminal One Shopping Plaza, 20B Jalan Lintang 70200 Seremban, Malaysia	1.8	0.3
523 & 525, Plaza Melaka, Jalan Gajah Berang, 75200 Melaka, Malaysia	0.5	0.1
<i>Hong Kong ⁽⁷⁾</i>		
14/F Tsuen Wan Industrial Centre 220-248 Texaco Road, Tsuen Wan, Hong Kong	14.9	11.4
<i>Canada ⁽⁸⁾</i>		
Unit 602 & 603, 15 Wertheim Court Richmond Hill, L4B 3H7 Ontario Canada	0.9	0.5
Revaluation surplus/(deficit) for development properties		(4.9)
Revaluation surplus/(deficit) for properties held for sale		(2.1)
Revaluation surplus/(deficit) for other properties in use		20.9
Total revaluation surplus/(deficit) ⁽⁹⁾		13.9

Sources: The Valuation Certificates attached as Appendix VII to the Circular and estimates provided by Management

Notes:

- (1) *The Valuation reflects the Group's 100% interest in each of the Revalued Properties.*
- (2) *The revaluation surplus/(deficit) for each of the Revalued Properties is arrived at based on the difference between the book value of each of the Revalued Properties as at 31 October 2014 and its valuation by the Valuer as at January 2015.*
- (3) *Market value as at 13 January 2015.*
- (4) *Market value as at 28 January 2015.*
- (5) *Market value as at 26 January 2015.*
- (6) *Based on the market value of each of the Revalued Properties in Malaysia as at 29 January 2015, applying a foreign exchange rate of MYR0.3900 : S\$1.0000, which was the Company's closing rate as at 31 October 2014.*
- (7) *Based on the market value as at 29 January 2015, applying a foreign exchange rate of HKD0.1650 : S\$1.000, which was the Company's closing rate as at 31 October 2014.*
- (8) *Based on the market value of the Revalued Property in Canada as at 30 January 2015, applying a foreign exchange rate of CAD1.1450 : S\$1.0000, which was the Company's closing rate as at 31 October 2014.*
- (9) *The Group does not adopt a policy of periodic revaluation of all its property, plant and equipment, which includes three (3) retail shop outlets and one (1) office and warehouse premises in Singapore, four (4) retail shop outlets in Malaysia, and one (1) office premises in each of Hong Kong and Canada. Accordingly, the revaluation surplus/(deficit) in respect of the Revalued Properties as set out above in Exhibit 8 has not been reflected in the Group's unaudited financial statements for HY2015.*

With reference to section 7.1 of this letter, we note that the Group's property, plant and equipment, properties held for sale and development properties accounted for approximately 17.7%, 11.6% and 6.1% of the total assets of the Group as at 31 October 2014 respectively, collectively accounting for approximately 35.4% of the total assets of the Group. With regards to the Group's properties held for sale, we note that as at the Latest Practicable Date, there are 19 units at Ei8ht Raja that remain unsold.

Apart from the Revalued Properties, the other assets of the Group as at 31 October 2014 primarily comprised (i) cash and cash equivalents which consisted of cash and bank balances and fixed deposits (approximately S\$96.9 million or approximately 24.1% of the total assets of the Group); and (ii) inventories (approximately S\$110.1 million or approximately 27.4% of the total assets of the Group). Such other assets have not been revalued for the purposes of determining the RNAV of the Group.

As at 30 April 2014, the Company had contingent liabilities amounting to approximately S\$1.2 million in relation to guarantees issued to third parties for the full, prompt and complete payment of all rental obligations that are or may become due arising from signed tenancy agreements in relation to existing retail outlets, as well as corporate guarantees given by the Company to financial institutions in respect of facilities amounting to approximately S\$73.2 million granted to seven of its wholly-owned subsidiaries.

The Directors and the Management have confirmed to us that save as disclosed in this letter, to the best of their knowledge and belief, there are no material differences between the realizable value of the abovementioned balances and their respective book values as at 31 October 2014 which would result in a material impact on the RNAV of the Group. The Directors and the Management have also confirmed to us that to the best of their knowledge and belief, other than that already disclosed in the Group's audited financial statements for FY2014 and unaudited financial statements for HY2015, there are no other contingent liabilities which would have a material impact on the NAV and RNAV of the Group as at the Latest Practicable Date.

Based on the above, we set out in Exhibit 9 the adjustments which have been made to determine the RNAV of the Group:

Exhibit 9 – RNAV adjustments for revaluation surplus/(deficit)

(S\$ million)	As at 31 October 2014 (Unaudited)
Unaudited NAV attributable to Shareholders	221.8
Add: Revaluation surplus/(deficit) arising from the Revalued Properties	13.9
RNAV of the Group	235.7
Number of issued Shares	797,090,755 Shares
RNAV per Share (cents)	29.57
Premium to RNAV as implied by the Offer Price (cents)	2.43
Percentage premium to RNAV as implied by the Offer Price (%)	8.2%

Sources: The Company's announcement relating to the unaudited financial statements of the Company for HY2015 and the Valuation Certificates attached as Appendix VII to the Circular

Based on the above table, we note that the Offer Price is at a premium of approximately 8.2% to the RNAV per Share of S\$0.2957.

Shareholders should note that the above analysis on RNAV provides an estimate of the value of the Group assuming the hypothetical sale of the assets (including the Revalued Properties) of the Group as at the Latest Practicable Date. However, such a hypothetical scenario is assumed 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 would theoretically lower the RNAV that can be realized.

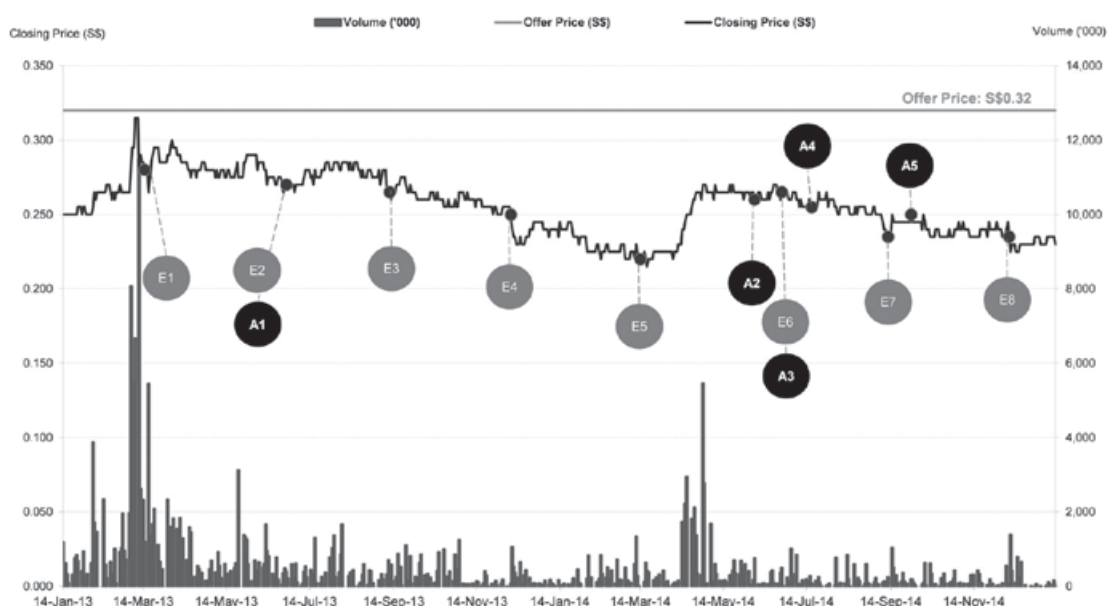
We wish to reiterate that the RNAV per Share shown above are based on the estimated revaluation surpluses/(deficits) of the Revalued Properties and does not take into account factors such as, *inter alia*, time value of money, market conditions, legal fees, liquidation costs, contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically lower the RNAV that can be realized. Shareholders should note that the Group has not realized the gains on such Revalued Properties as at the Latest Practicable Date. There is no assurance that the actual gains (if any) eventually recorded by the Group on such Revalued Properties will be the same as that derived from the assessments by the Valuer and the relevant estimates of Management.

7.5 Historical market price performance and trading activity of the Shares

We have compared the Offer Price to the historical share price performance of the Shares over different observation periods prior to the Offer Announcement Date, and from the Offer Announcement Date up to the Latest Practicable Date.

We set out in Exhibit 10 the daily closing price and daily trading volume of the Shares from 14 January 2013, being the 2-year period up to and including the Last Trading Day on 13 January 2015.

Exhibit 10 – Daily closing price and daily trading volume of the Shares up to and including the Last Trading Day



Sources: Bloomberg L.P. and the Company's announcements

Selected Announcements:

- E1. 15 March 2013.** The Company announced NPAT of S\$11.8 million for the third quarter ended 31 January ("3Q") 2013. This represented a 3.8% decrease in NPAT mainly attributable to reduced turnover exacerbated by increased administrative expenses including manpower costs and rental and depreciation expenses to support the Group's retail and distribution network.
- E2. 27 June 2013.** The Company announced NPAT of S\$23.4 million for FY2013. This represented a 25.4% decrease from FY2012 primarily due to lower revenue generated from the Group's Property Development segment as no new project was launched during the financial year.
- A1. 27 June 2013.** The Company issued a FY2013 notice of books closure date for a final dividend of S\$0.01 per Share, which represented an increase of S\$0.002 (or 25%) as compared to the final dividend of S\$0.008 per Share for FY2012.
- E3. 11 September 2013.** The Company announced NPAT of S\$5.3 million for 1Q2014. This represented a 19.5% decrease from 1Q2013 mainly due to an increase in operating expenses and other operating expenses due to the Impairment Loss on the Group's development properties.
- E4. 9 December 2013.** The Company announced NPAT of S\$5.3 million for HY2014. This represented a 36.6% decrease from HY2013 mainly due to an increase in operating expenses and other operating expenses due to the Impairment Loss on the Group's development properties.
- E5. 14 March 2014.** The Company announced NPAT of S\$8.1 million for 3Q2014. This represented a 30.8% decrease from 3Q2013 mainly attributable to higher costs incurred in relation to distribution and promotion, manpower costs and regional business expansion.
- A2. 6 June 2014.** The Company's wholly-owned subsidiary, Smart English Company Limited ("Smart English"), entered into collaboration agreements with BBC Worldwide to operate English language learning centres in Mainland China and Hong Kong.
- E6. 27 June 2014.** The Company announced NPAT of S\$10.6 million for FY2014. This represented a 54.6% decrease from FY2013 mainly attributable to (i) higher manpower costs and warehouse costs incurred to support the expanded retail and publishing businesses across the region; and (ii) impairment loss and provision for foreseeable loss on the Group's development properties.
- A3. 27 June 2014.** The Company issued a FY2014 notice of books closure date for a final dividend of S\$0.01 per Share, which was consistent with the final dividend of S\$0.01 per Share for FY2013.
- A4. 18 July 2014.** The Company announced the incorporation of Popular (Shanghai) Company Limited, an indirect wholly-owned subsidiary involved in the Group's collaboration with BBC Worldwide, with a registered capital of US\$3.0 million.

The Company also announced that Pan Lloyds Publishers Limited, an indirect wholly-owned subsidiary had purchased the remaining 10.0% equity interest in EduSmart Company Limited which it did not own at a total cash consideration of HK\$10,000, which was paid upon completion on 4 July 2014.

E7. **12 September 2014.** The Company announced NPAT of S\$9.4 million for 1Q2015. This represented a 76.4% increase from 1Q2014 mainly due to an increase in the Group's turnover.

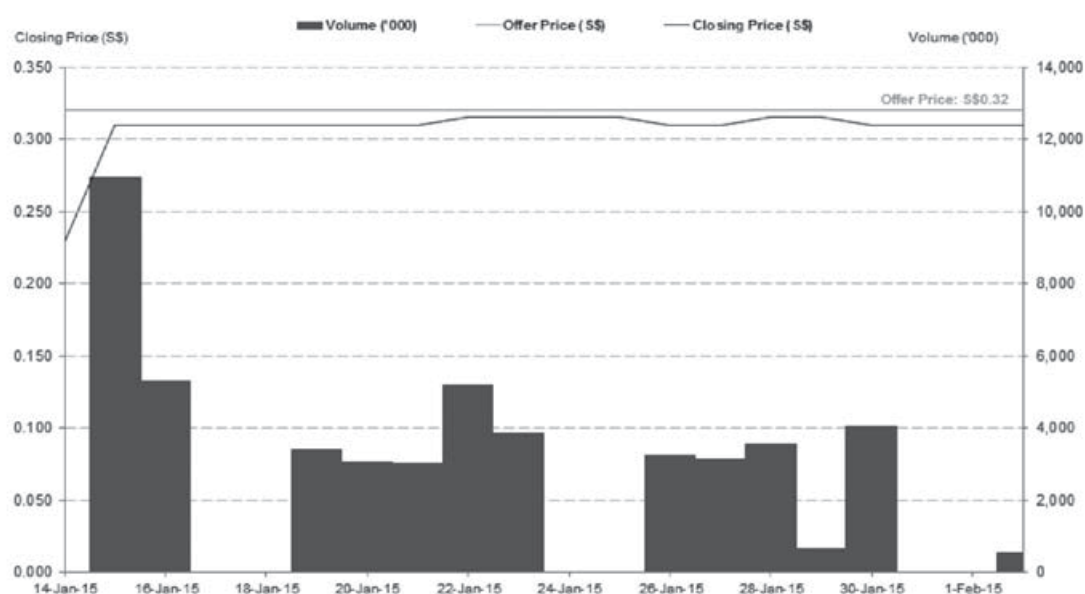
A5. **29 September 2014.** The Company's wholly-owned subsidiary, Smart English, obtained a 4-year term loan facility of up to HK\$40.0 million from Bank of China (Hong Kong) Limited to finance the capital and operating expenditures of the Group's English language learning centres in Mainland China.

E8. **10 December 2014.** The Company announced NPAT of S\$10.7 million for HY2015. This represented a 102.6% increase from HY2014 mainly due to higher revenue from Retail & Distribution and Publishing & E-learning against lower distribution and selling expenses.

Based on Exhibit 10 above, we note that over the last two (2) years prior to and up to and including the Last Trading Day, the closing prices of the Shares had consistently been trading below the Offer Price of S\$0.32 per Share.

We set out below the daily closing prices and daily trading volumes of the Shares for the period commencing from the Offer Announcement Date up to and including the Latest Practicable Date.

Exhibit 11 – Daily closing price and daily trading volume of the Shares from the Offer Announcement Date up to the Latest Practicable Date



Source: Bloomberg L.P.

Based on Exhibit 11 above, we note that the last transacted price of the Shares on 13 January 2015, being the Last Trading Day prior to the Offer Announcement Date, was S\$0.230. On 15 January 2015, being the day of the lifting of the trading halt following the release of the Offer Announcement, the price of the Shares had increased to close at S\$0.310. For the period from the Offer Announcement Date up to and including the Latest Practicable Date, the closing price of the Shares has ranged from S\$0.310 to S\$0.315.

We have set out in Exhibit 12 the premiums implied by the Offer Price over the historical volume weighted average price ("VWAP") and historical trading volume of the Shares from 14 January 2013, being the date two (2) years prior to the Last Trading Day on 13 January 2015, up to and including the Latest Practicable Date.

Exhibit 12 – Premium/(Discount) implied by the Offer Price to VWAP ⁽¹⁾

	Price (S\$)	Premium/ (Discount) of Offer Price over price (%)	Highest closing price (S\$)	Lowest closing price (S\$)	Average daily trading volume ⁽²⁾	Average daily trading volume as a percentage of free float (%) ⁽²⁾⁽³⁾
Periods up to and including the Last Trading Day prior to the Offer Announcement Date						
2-year VWAP	0.268	19.4	0.315	0.215	475,998	0.15
1-year VWAP	0.249	28.5	0.270	0.215	283,472	0.09
6-month VWAP	0.242	32.2	0.265	0.225	166,331	0.05
3-month VWAP	0.233	37.3	0.245	0.225	150,333	0.05
1-month VWAP	0.229	39.7	0.235	0.225	122,500	0.04
Last transacted price on the Last Trading Day	0.230	39.1	0.235 ⁽⁴⁾	0.230 ⁽⁴⁾	49,000	0.02
Periods after the Offer Announcement Date						
VWAP between Offer Announcement Date and the Latest Practicable Date	0.311	2.9	0.315	0.230	3,565,171	1.16
Last transacted price on the Latest Practicable Date	0.310	3.2	0.315 ⁽⁵⁾	0.310 ⁽⁵⁾	540,000	0.18

Source: Bloomberg L.P.

Notes:

- (1) VWAP is calculated as the total traded value divided by the total traded volume for the relevant period.
- (2) The average daily volume of the Shares is calculated based on the total volume of Shares traded during the period divided by the number of market days over the same period.
- (3) Free float refers to approximately 308.3 million Shares or approximately 38.68% of the issued share capital of the Company held by the public (as defined in the SGX-ST's Listing Manual) as at the Latest Practicable Date as obtained from Bloomberg L.P.
- (4) On 13 January 2015, being the Last Trading Day, the highest intra day traded price was S\$0.235 and the lowest intra day traded price was S\$0.230.
- (5) On 2 February 2015, being the Latest Practicable Date, the highest intra day traded price was S\$0.315 and the lowest intra day traded price was S\$0.310.

Based on the above, we note the following:

- (i) The Offer Price of S\$0.320 per Share is above the range of the daily closing price of the Shares over the 2-year period up to and including the Last Trading Day, which was between a low of S\$0.215 per Share and a high of S\$0.315 per Share;
- (ii) The Offer Price of S\$0.320 per Share is above the range of the intra day traded price of the Shares on the Last Trading Day, which was between a low of S\$0.230 per Share and a high of S\$0.235 per Share;
- (iii) The Offer Price represents a premium of approximately 19.4%, 28.5%, 32.2%, 37.3% and 39.7% over the 2-year, 1-year, 6-month, 3-month and 1-month VWAP periods up to and including the Last Trading Day of the Shares respectively;

- (iv) The Offer Price represents a premium of approximately 39.1% over the last transacted price of S\$0.230 on the Last Trading Day prior to the Offer Announcement Date;
- (v) Between the Offer Announcement Date and the Latest Practicable Date, the Offer Price represents a premium of about 2.9% over the VWAP of the Shares of approximately S\$0.311. The Offer Price also represents a premium of about 3.2% from the last transacted price of S\$0.310 on the Latest Practicable Date;
- (vi) During the 2-year period up to and including the Last Trading Day, the Shares have traded thinly at an average daily trading volume of 475,998 Shares representing approximately 0.15% of the Company's free float. While there appears to be a ready market for the Shares as indicated by the regular frequency of transactions, the absolute trading volume of the Shares is nevertheless very thin which renders the Shares illiquid for investors who wish to transact larger quantum of Shares. We further note that the Company is not covered by analysts; and
- (vii) Between the Offer Announcement Date and the Latest Practicable Date, trading liquidity of the Shares rose significantly to an average daily trading volume of approximately 3,565,171 Shares, representing approximately 1.16% of the Company's free float, as compared to the average daily trading volume of approximately 475,998 Shares over the 2-year period up to and including the Last Trading Day.

Shareholders are advised 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.

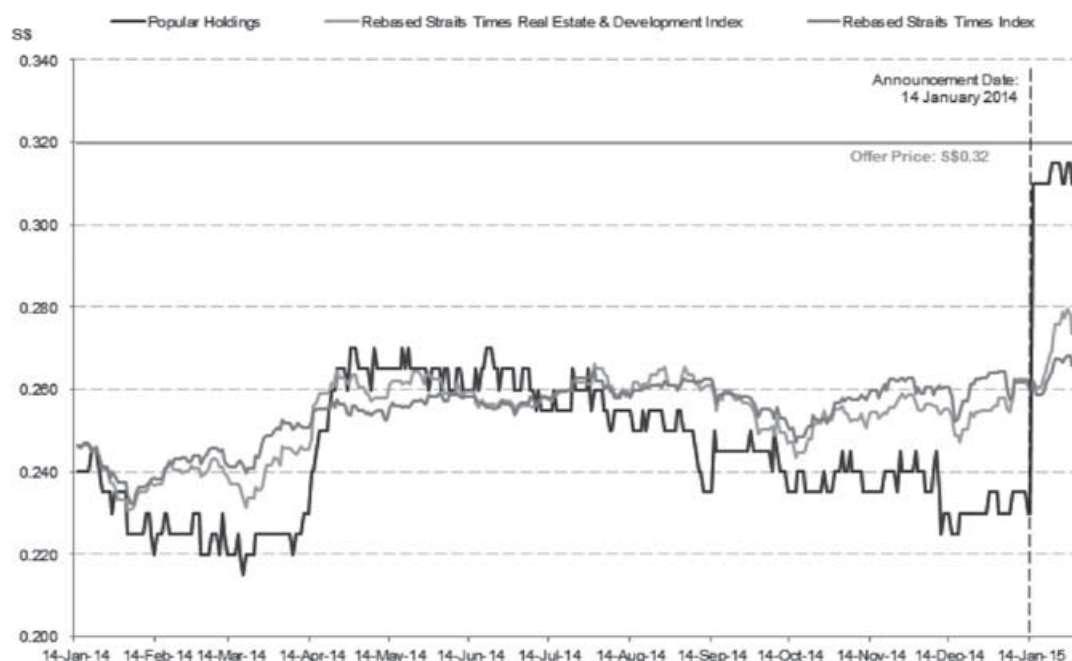
7.6 Share price performance relative to market indices

To gauge the market price performance of the Shares relative to the general share price performance of the Singapore equity market and real estate companies listed on the SGX-ST, we have compared the market price movement of the Shares against the following indices:

- (i) the FTSE Straits Times Index (the "**FSSTI**"), which is a market capitalisation weighted index based on stocks of 30 representative companies listed on the Main Board of the SGX-ST; and
- (ii) the FTSE Strait Times Real Estate Holding & Development Index (the "**FSTREH**"), which is a market capitalisation weighted index that measures the performance of real estate holding and development companies listed on the Main Board of the SGX-ST.

The market price performance of the Shares relative to the rebased FSSTI and rebased FSTREH for the period from 14 January 2014, being the date one (1) year prior to the Last Trading Day on 13 January 2015, up to and including the Latest Practicable Date is presented in Exhibit 13.

Exhibit 13 – Price performance of the Shares relative to rebased market indices



Source: Bloomberg L.P.

We have also set out the movements in the last transacted prices of the Shares, the rebased FSSTI and the rebased FSTREH between the Last Trading Day and the Latest Practicable Date below:

	As at the Last Trading Day	As at the Latest Practicable Date	Percentage change
Shares (S\$)	0.230	0.310	34.8%
Rebased FSSTI	0.262	0.268	2.5%
Rebased FSTREH	0.261	0.277	6.0%

Source: Bloomberg L.P.

Based on the above, we note the following:

- (i) During the 1-year period up to and including the Last Trading Day, the Shares had generally under-performed the rebased FSSTI and the rebased FSTREH, save for the first quarter of FY2015; and
- (ii) Between the Last Trading Day and the Latest Practicable Date, the Shares significantly outperformed the rebased FSSTI and the rebased FSTREH, having increased by approximately 34.8% as compared to the increase of approximately 2.5% in the rebased FSSTI and approximately 6.0% in the FSTREH over the same period.

Based on the above observations, it appears likely that the market price and the trading volume of the Shares have been supported by the Offer subsequent to the Offer Announcement Date. As such, there is no assurance that the market price and trading volume of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Offer.

7.7 Valuation ratios of selected listed companies broadly comparable to the Group

The Group's primary business is in the retail and distribution of books, stationery and office equipment and supplies, with a focus in Singapore, Malaysia and Greater China. The Group is also engaged in the publishing of educational books related training and development and e-learning materials. Separately, the Group had in 2006 diversified its business activities to venture into property development of medium-rise residential property units in Singapore. Accordingly, the Group is organised into three (3) operating segments based on their products and services comprising (i) Retail and Distribution; (ii) Publishing and E-Learning; and (iii) Property Development.

The Retail and Distribution and Publishing and E-learning segments collectively represented approximately 96.7% of the total segmental turnover of the Group (derived from external customers) in FY2014 (approximately 99.4% in FY2013), while the Property Development segment generated the remaining approximately 3.3% of the total segmental turnover of the Group (derived from external customers) in FY2014 (approximately 0.6% in FY2013). Notwithstanding the foregoing, we note that the Group's development properties and properties held for sale in relation to the Property Development segment collectively amounted to approximately S\$72.6 million as at 30 April 2014, representing approximately 18.1% of the total assets of the Group and approximately 33.2% of the NAV attributable to the Shareholders of the Group as at 30 April 2014.

Accordingly, for the purpose of evaluating the financial terms of the Offer, we have made reference to the valuation ratios of companies which we consider to be broadly comparable to the Group to obtain an indication of the current market expectations with regard to the perceived valuation of the Company (the "**Comparable Companies**"). The Comparable Companies primarily consist of (i) book retailers and distributors and publishers listed in Asia ("**Book-related Comparables**"); and (ii) small and medium sized (based on market capitalisation) property-related companies listed in Singapore with a focus on developing residential properties ("**Property-related Comparables**").

In evaluating these companies, we have applied and used the following valuation ratios:

Valuation ratios	General descriptions
EV/EBITDA	"EV" or " enterprise value " is the sum of the company's market capitalisation, preferred equity, minority interests, short-term and long-term debt less its cash and cash equivalents. " EBITDA " stands for the historical earnings before interest, tax, depreciation and amortization expense, inclusive of the share of associates' and joint ventures' income and excluding exceptional items. The EV/EBITDA ratio illustrates the market value of a company's business relative to its historical pre-tax operating cash flow performance, without regard to the company's capital structure.
P/E	"P/E" or " price-to-earnings " multiple illustrates the market price of a company's shares relative to its earnings per share. The P/E multiple is affected by, <i>inter alia</i> , the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets.
P/NAV	"P/NAV" or " price-to-NAV " multiple illustrates the comparison between a company's stock price or market value versus the book value of the company's total shareholders' common equity as indicated on its balance sheet.

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Valuation ratios	General descriptions
P/NTA	“NTA” or “ net tangible asset ” is defined to exclude, where applicable, minority interests, and goodwill. “ P/NTA ” or “ price-to-NTA ” ratio illustrates the ratio of the market price of a company’s shares relative to its historical NTA per share as recorded in its financial statements. The NTA figure provides an estimate of the value of a company assuming the sale of all its tangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their NTAs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.
Debt to Assets	“ Debt to Assets ” illustrates the ratio of a company’s total short-term and long-term debt relative to its asset book value as recorded in its financial statements.

Brief descriptions of the Comparable Companies are set out below:

Exhibit 14 – Summary of Comparable Companies

Name	Market cap (S\$ million) ⁽¹⁾	Business description
BOOK-RELATED COMPARABLES		
<i>Education, training and development books</i>		
Xinhua Winshare Publishing (“ Xinhua Winshare ”)	1,346.6	Xinhua Winshare retails and distributes books and offers services. The Company operates a chain of retail bookstores, distributes textbooks and supplementary materials, and provides ancillary support and services to book publishers.
Maruzen Chi Holdings Co., Ltd. (“ Maruzen ”)	374.6	Maruzen was established through the merger of Maruzen Co. and TRC, Inc. The Company operates book stores and provides educational information service, library operations, and plans building operations.
Eastern Holdings Limited (“ Eastern Holdings ”)	61.5	Eastern Holdings has expanded its business activities to transition from a compact local publishing company into a public listed organisation. Its areas of services can now be broadly divided into the four categories of publishing, events, property, and storage services. ⁽²⁾
Pelangi Publishing Group Bhd (“ PPGB ”)	18.9	PPGB is an investment holding company. The Company, through its subsidiaries, publishes and distributes books and other educational materials, and provides education related training services as a franchise education operator. Pelangi Publishing Group also sells publishing rights and operates in property letting and management business.

Exhibit 14 – Summary of Comparable Companies

Name	Market cap (S\$ million)⁽¹⁾	Business description
BOOK-RELATED COMPARABLES		
<i>General books</i>		
Top Culture Co., Ltd. (“Top Culture”)	72.7	Top Culture markets books, CDs, DVDs and stationery and also offers CD and DVD rental services through large multi-faceted suburban stores that feature big parking lots. Its store network, currently centered largely in Niigata and Nagano prefectures, is being expanded to the Tokyo metropolitan area.
Sanyodo Holdings Inc (“Sanyodo”)	71.4	Sanyodo operates books stores throughout Japan. The Company sells new books, magazines, stationary products, and game software. Sanyodo also provides visual and music software rental services and sells used game software.
Books-a-Million Inc (“BAMM”)	51.1	BAMM is a book retailer which sells books and other literature products in the southeastern United States. The Company operates bookstores in the United States. Books-A-Million operates superstores under the names Books A-Million and Books & Co., and traditional bookstores and combination book and greeting card stores under the names Bookland and Joe Muggs Newsstands.
PROPERTY-RELATED COMPARABLES		
Heeton Holdings Limited (“Heeton”)	167.9	Heeton develops and sells private residential properties. The Company also manages and invests in residential, retail, and commercial properties.
Goodland Group Limited (“Goodland”)	89.2	Goodland develops and sells residential properties in Singapore.
Lafe Corporation Limited (“Lafe”)	35.0	Lafe operates in property investment, property development, and consultancy services.

Source: Bloomberg L.P.

Notes:

- (1) Market capitalisation of the Comparable Companies is based on their respective last transacted prices as at the Latest Practicable Date.
- (2) Business description as obtained from the Eastern Holdings company website.

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We wish to highlight that the Comparable Companies are not exhaustive and we recognise that there is no company listed on the SGX-ST or elsewhere which we may consider to be identical to the Company in terms of, *inter alia*, geographical markets, composition of business activities, scale of 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 serves to provide an illustrative perceived market valuation of the Company as at the Latest Practicable Date.

We set out in Exhibit 15 below the valuation statistics for the Comparable Companies based on their last transacted share prices as at the Latest Practicable Date.

Exhibit 15 – Valuation ratios of the Comparable Companies

Comparable Companies	Market cap ⁽¹⁾ (S\$ million)	Enterprise value (S\$ million)	LTM ⁽²⁾ P/E (times)	LTM ⁽²⁾ EV/ EBITDA (times)	P/NAV ⁽³⁾ (times)	P/NTA ⁽⁴⁾ (times)	Debt to asset (times)
BOOK-RELATED COMPARABLES							
<i>Education, training and development books</i>							
Xinhua Winshare	1,346.6	1,037.5	9.8	7.2	1.18	1.43	0.004
Maruzen	374.6	632.8	38.8	12.7	1.00	1.10	0.32
Eastern Holdings	61.5	15.0	12.2	6.2	0.66	0.67	0.09
PPGB	18.9	12.5	9.8	2.7	0.55	0.56	0.02
<i>General books</i>							
Top Culture	72.7	207.9	N.A.	16.0	0.93	1.04	0.51
Sanyodo	71.4	89.7	N.A.	6.7	1.88	2.06	0.19
BAMM	51.1	141.6	N.A.	6.2	0.41	0.36	0.22
		Maximum	38.8	16.0	1.88	2.06	0.51
		Mean	17.6	8.2	0.94	1.03	0.19
		Median	11.0	6.7	0.93	1.04	0.19
		Minimum	9.8	2.7	0.41	0.36	0.004
PROPERTY-RELATED COMPARABLES							
Heeton	167.9	538.9	12.3	N.M.	0.55	0.55	0.52
Goodland	89.2	197.8	4.2	N.A.	1.00	1.00	0.54
Lafe	35.0	73.4	N.A.	N.A.	0.13	0.19	0.16
		Maximum	12.3	N.M.	1.00	1.00	0.54
		Mean	8.3	N.M.	0.56	0.58	0.41
		Median	8.3	N.M.	0.55	0.55	0.52
		Minimum	4.2	N.M.	0.13	0.19	0.16
Popular (based on Offer Price)	255.1	186.8	16.0	5.5	1.15 1.08⁽⁵⁾	1.25 1.17⁽⁶⁾	0.07

Sources: Bloomberg L.P., the financial statements of the Comparable Companies and the Company's announcement relating to the unaudited financial statements of the Company for HY2015

Notes:

- (1) Market capitalisation of the Comparable Companies is based on their respective last transacted prices as at the Latest Practicable Date.
- (2) LTM means latest twelve months, N.A. means not applicable and N.M. means not meaningful.
- (3) Based on the NAV per share obtained from Bloomberg L.P. and/or the respective Comparable Companies' most recently announced financial statements and the Group's unaudited NAV per Share of 27.83 cents as at 31 October 2014.
- (4) Based on the NAV per share obtained from Bloomberg L.P. and/or the respective Comparable Companies' most recently announced financial statements and the Group's unaudited NAV per Share of 27.83 cents as at 31 October 2014, and subsequently adjusted to exclude intangible assets, deferred tax assets/liabilities and minority interests or non-controlling interest.
- (5) Based on the Group's unaudited RNAV per Share of 29.57 cents as set out in section 7.4 of this letter.
- (6) Based on the Group's unaudited RNAV per Share of 29.57 cents as set out in section 7.4 of this letter, and subsequently adjusted to exclude intangible assets, deferred tax assets/liabilities and non-controlling interests.

For illustration purposes only, we note that based on the Offer Price:

- (a) The P/NAV ratio of the Company of 1.15 times is within the range of the P/NAV ratios of the Book-related Comparables, and higher than the mean and median P/NAV ratios of 0.94 times and 0.93 times respectively in respect of the Book-related Comparables. It is also above the range of the P/NAV ratios of the Property-related Comparables, and higher than the mean and median P/NAV ratios of 0.56 times and 0.55 times respectively in respect of the Property-related Comparables;
- (b) The P/RNAV ratio of the Company of 1.08 times is within the range of the P/NAV ratios of the Book-related Comparables, and higher than the mean and median P/NAV ratios in respect of the Book-related Comparables. It is also above the range of the P/NAV ratios of the Property-related Comparables, and higher than the mean and median P/NAV ratios in respect of the Property-related Comparables;
- (c) The P/NTA ratio of the Company of 1.25 times is within the range of the P/NTA ratios of the Book-related Comparables, and higher than the mean and median P/NTA ratios of 1.03 times and 1.04 times respectively in respect of the Book-related Comparables. It is also above the range of the P/NTA ratios, and higher than the mean and median P/NTA ratios of 0.58 times and 0.55 times respectively in respect of the Property-related Comparables;
- (d) The Adjusted P/NTA ratio of the Company of 1.17 times is within the range of the P/NTA ratios of the Book-related Comparables, and higher than the mean and median P/NTA ratios in respect of the Book-related Comparables. It is also above the range of the P/NTA ratios of the Property-related Comparables, and higher than the mean and median P/NTA ratios in respect of the Property-related Comparables;
- (e) The LTM P/E ratio of the Company of 16.0 times is within the range of the LTM P/E ratios of the Book-related Comparables, lower than the mean of 17.6 times but higher than the median of 11.0 times in respect of the Book-related Comparables. It is also above the range of the LTM P/E ratios of the Property-related Comparables, and higher than the mean and median LTM P/E ratios of 8.3 times in respect of the Property-related Comparables;

- (f) The LTM EV/EBITDA ratio of the Company of 5.5 times is within the range of the LTM EV/EBITDA ratios of the Book-related Comparables, but lower than the mean and median LTM EV/EBITDA ratios of 8.2 times and 6.7 times respectively in respect of the Book-related Comparables. None of the Property-related Comparables recorded meaningful LTM EV/EBITDA ratios (e.g. due to negative LTM EBITDA in the case of Goodland and Lafe).

We note that property development business is generally asset intensive in nature, and we thus consider the NAV-based valuation ratios such as P/NAV and P/RNAV as being more pertinent measures for assessing such business relative to the earning-based valuation ratios such as P/E and EV/EBITDA. The earnings of property-related companies may vary considerably over time and between companies due to factors such as the timing of project launches and completion, redevelopment of properties and periodic revaluation of properties.

7.8 Precedent privatisation and delisting transactions in Singapore

We note that it is the intention of the Offeror, and the purpose of the Offer, to privatise and delist the Company from the Official List of the SGX-ST (the “**Proposed Delisting**”). The Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company. Accordingly, the Offeror when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take steps for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, *inter alia*, less than 10% of the Shares (excluding treasury shares) are held in public hands. In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual. For the purpose of our evaluation of the financial terms of the Offer, we have compared the valuation statistics implied by the Offer Price vis-à-vis those in respect of recent successful privatisations and delistings of companies listed on the SGX-ST.

Successful takeovers of companies listed on the SGX-ST as set out below generally fall into the categories of (i) privatisation transactions, whether by way of scheme of arrangement under Section 210 of the Companies Act or general offer under the Code (“**Voluntary General Offer**” or “**VGO**”), where the offeror successfully acquires the entire share capital of the target company, leading to the eventual delisting of the target company from the Official List of the SGX-ST; and (ii) delisting offers under Rule 1307 of the Listing Manual (“**Voluntary Delisting**” or “**VD**”) where the primary intention of the offeror is to delist the target company from the Official List of the SGX-ST regardless of whether the Offeror succeeds in acquiring the entire issued share capital of the target (collectively, the “**Precedent Privatisations**”).

We set out in Exhibit 16 the statistics on the Precedent Privatisations relating to companies formerly listed on the SGX-ST during the 1-year period up to and including the Latest Practicable Date.

Exhibit 16 – Precedent Privatisations in Singapore

Company	Announcement Date	Type	Offer price per share (S\$)	Premium/(Discount) to pre-announcement share price ⁽¹⁾			
				Last transacted price ⁽²⁾ (%)	VWAP		
					1-month (%)	3-month (%)	6-month (%)
Hafary Holdings Limited	30-Dec-14	VGO	0.24	9.1	10.7	11.3	14.5
CH Offshore Ltd	11-Dec-14	VGO	0.50	6.5	8.1	5.4	5.0
ECS Holdings Limited	14-Nov-14	VGO	0.68	11.5	9.0	11.5	9.3
Perennial China Retail Trust	27-Oct-14	VGO	0.70	34.6	35.7	33.3	31.1
UE E&C Ltd.	3-Oct-14	VGO	1.25	(2.3)	2.7	5.0	(2.9)
Lee Kim Tah Holdings Ltd	25-Sep-14	VGO	1.08	6.4	11.8	12.3	13.5
ASJ Holdings Limited	7-May-14	VGO	0.07	18.2	43.7	55.4	62.0
CapitaMall Asia Limited ⁽³⁾	14-Apr-14	VGO	2.35	30.2	34.4	32.8	27.6
China XLX Fertiliser Ltd.	31-Mar-14	VD	0.40	23.1	28.9	24.8	22.2
Asia Power Corporation Limited	24-Mar-14	VD	0.16	0.0	1.2	2.1	9.7
Chemoil Energy Limited	25-Feb-14	VD	0.50 ⁽⁴⁾	29.0	31.1	32.5	31.1
Singapore Land Limited	24-Feb-14	VGO	9.40	11.2	16.9	13.9	11.0
	Maximum			34.6	43.7	55.4	62.0
	Mean			14.8	19.5	20.0	19.5
	Median			11.4	14.4	13.1	14.0
	Minimum			(2.3)	1.2	2.1	(2.9)
Popular (based on Offer Price)	14-Jan-15		0.32	39.1	39.7	37.3	32.2

Sources: Bloomberg L.P. and the respective target companies' shareholders' circulars and announcements

Notes:

- (1) Market premia/(discounts) calculated relative to the closing price of the respective target companies one (1) day prior to the respective announcement dates and VWAP of the 1-month, 3-month and 6-month period prior to the respective announcement dates.
- (2) Closing share price on the last trading market day prior to the announcement date.
- (3) Based on the revised final offer price of S\$2.35 per share as announced by the offeror on 16 May 2014.
- (4) Based on the offer price of US\$0.40 using an exchange rate of US\$1.00 : S\$1.2623 as at 25 February 2014 as published on the Monetary Authority of Singapore's website.

Based on the above analysis, we note the following:

- (a) The premium of approximately 39.1% implied by the Offer Price over the last transacted price of the Shares on the Last Trading Day is above the range and higher than the mean and median premia of 14.8% and 11.4% implied by the respective offer prices paid over the last transacted market prices of the shares on their respective last trading day with respect to the Precedent Privatisations;
- (b) The premium of approximately 39.7% implied by the Offer Price over the 1-month VWAP of the Shares up to and including the Last Trading Day is within the range and higher than the mean and median premia of 19.5% and 14.4% respectively as implied by the respective offer prices over the 1-month VWAP of the shares with respect to the Precedent Privatisations;
- (c) The premium of approximately 37.3% implied by the Offer Price over the 3-month VWAP of the Shares up to and including the Last Trading Day is within the range and higher than the mean and the median premia of 20.0% and 13.1% respectively as implied by the respective offer prices over the 3-month VWAP of the shares in respect of the Precedent Privatisations; and
- (d) The premium of approximately 32.2% implied by the Offer Price over the 6-month VWAP of the Shares up to and including the Last Trading Day is within the range and higher than the mean and median premia of 19.5% and 14.0% as implied by the respective offer prices over the 6-month VWAP of the shares in respect of the Precedent Privatisations.

The Independent Directors should note that the level of premium (if any) that an acquirer would normally pay for acquiring and/or privatising a listed company (as the case may be) varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies to be gained by the acquirer from integrating the target company's businesses with its existing business, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target company's shares, the presence of competing bids for the target company, the extent of control the acquirer already has in the target company and prevailing market expectations. Hence, each Precedent Privatisation has to be judged on its own merits (or otherwise).

The list of Precedent Privatisations indicated herein has been compiled based on publicly available information as at the Latest Practicable Date. The above table captures only the premia/(discounts) implied by the offer prices in respect of the Precedent Privatisations over the aforesaid periods and does not highlight bases other than the aforesaid in determining an appropriate premium/(discount) for the recent Precedent Privatisations. It should be noted that the comparison is made without taking into account the total amount of the offer value of each respective Precedent Privatisation or the relative efficiency of information or the underlying liquidity of the shares of the relevant companies or the performance of the shares of the companies or the quality of earnings prior to the relevant announcement and the market conditions or sentiments when the announcements were made or the desire or the relative need for control leading to compulsory acquisition.

We wish to highlight that the Group is not in the same industry and does not conduct the same businesses as the other companies in the list of Precedent Privatisations and would not, therefore, be directly comparable to the list of companies in terms of, *inter alia*, geographical markets, composition of business activities, scale of 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. Accordingly, the Independent Directors should note that the above comparison merely serves as a general guide to provide an indication of the premium or discount in connection with the Precedent Privatisations. Therefore, any comparison of the Offer with the Precedent Privatisations is for illustration purposes only. Conclusions drawn from the comparisons made may not necessarily reflect any perceived market valuation for the Group.

7.9 Dividend track record of the Company

For the purpose of assessing the Offer, we have considered the historical dividend record of the Shares for the past five (5) financial years prior to the Offer Announcement Date and compared them against the returns which a Shareholder may potentially obtain by reinvesting the proceeds from the Offer in other selected alternative equity investments.

The Company had declared and paid the following ordinary dividends and special dividends in respect of its last five (5) financial years:

Exhibit 17 - Dividend yields of the Shares

(S\$)	FY2010	FY2011	FY2012	FY2013	FY2014
Final dividend per Share	0.0020	0.0060	0.0080	0.0100	0.0100
Interim dividend per Share	0.0050	0.0040	0.0050	-	-
Special dividend per Share	0.0050	-	-	-	-
Total dividend per Share	0.0120	0.0100	0.0130	0.0100	0.0100
1-year average share price	0.1573	0.1627	0.1646	0.2392	0.2568
Final dividend yield	1.27%	3.69%	4.86%	4.18%	3.89%
Total dividend yield	7.63%	6.15%	7.90%	4.18%	3.89%

Sources: Bloomberg L.P. and the Company's filings

We understand from Management that, although the Company has been paying dividends in recent years, the Company does not have a fixed rate of dividend payment. As such, the quantum of dividends paid by the Company in any period would depend upon various factors including but not limited to the financial performance of the Group, the working capital position of the Group and capital expenditure needs of the Group, as well as other considerations. We note that based on the Company's most recent unaudited HY2015 financial statements, the Company had accumulated profits of approximately S\$150.7 million as at 31 October 2014. This observation merely serves as an illustrative guide, and is not an indication of the future dividend policy of the Company, if any.

For the purposes of evaluating the Offer, we have considered that the Shareholders who accept the Offer may reinvest the proceeds from the Offer in selected alternative equity investments including the equity of the Comparable Companies and/or a broad Singapore market index instrument such as the STI Exchange Traded Fund ("STI ETF").

For illustration purposes, the dividend yields of these selected alternative investments based on their dividends declared over the last twelve months are as follows:

Exhibit 18 - Dividend yields of selected alternative investments

COMPARABLE COMPANIES	Dividend yield⁽¹⁾
Book-related Comparables	
Xinhua Winshare	4.41%
Maruzen	-
Eastern Holdings	2.44% ⁽²⁾
PPGB	3.81%
Top Culture	3.01%
Sanyodo	0.82%
BAMM	-
Property-related Comparables	
Heeton	2.88% ⁽³⁾
Goodland	1.89%
Lafe	-
Mean	2.75%
Median	2.88%
STI ETF	2.77%
Popular (based on Offer Price)	3.13% ⁽⁴⁾

Source: Bloomberg L.P. and the Company's financial statements.

Notes:

- (1) Net dividend yield of each selected alternative investment is computed as the dividends declared over the last twelve months divided by the closing market price as at the Latest Practicable Date (or where there was no trading on such date, the last available closing market price). The aforementioned dividend yield computed may differ from the actual dividend yield which will vary depending on the actual cost of investment paid by the individual investor.
- (2) Excludes a special dividend of S\$0.13 declared by Eastern Holdings on 13 November 2014.
- (3) Includes a final dividend for FY2013 of S\$0.013 declared by Heeton on 21 February 2014 and an interim dividend of S\$0.005 declared by Heeton on 6 August 2014.
- (4) Calculated based on the total dividends declared by the Company over the last twelve months of S\$0.01 per Share divided by the Offer Price of S\$0.32.

Based on the above dividend analysis, we note that the dividend yield of the Company based on the Offer Price is approximately 3.13%, which is higher than the mean and median in respect of the Comparable Companies at 2.75% and 2.88% respectively. This suggests that Shareholders who accept the Offer may potentially experience a decrease in dividend income if they reinvest the proceeds from the Offer in the shares of other selected alternative investments.

We wish to highlight that the above dividend analysis serves only as an illustrative guide and is not an indication of the Company's future dividend policy or that of any of the Comparable Companies. There is no assurance that the Company will continue or that any of the above selected alternative investments will continue to pay dividends in the future and/or maintain the level of dividends paid in past periods.

Notwithstanding the above, it is uncertain whether the Company and the Comparable Companies can maintain historical dividend yields at the levels set out above, hence it is uncertain whether the Shareholders will be able to increase their investment income by liquidating their investment in the Company and reinvesting their proceeds in the Comparable Companies or in any other alternative investments.

Independent Directors should note that an investment in the equity of the Comparable Companies provides a different risk-return profile as compared to an investment in the Shares, and therefore the above comparison serves purely as a guide only. Furthermore, it should also be noted that the above analysis ignores the effect of any potential capital gain or capital loss that may accrue to the Shareholders arising from their investment in the Shares due to market fluctuations in the price of the Shares during the relevant corresponding periods in respect of which the above dividend yields were analysed.

In addition, no views are being expressed with regard to the future dividend policy of the Company and the Company does not have a fixed and formal dividend policy. As such, the quantum of dividends paid by the Company in any period would depend on various factors including but not limited to the financial performance of the Company, its working capital and capital expenditure needs as well as other considerations.

8. OTHER CONSIDERATIONS

8.1 Listing status of the Company and compulsory acquisition

As stated in the Offer Document, the Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company. Accordingly, the Offeror when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take steps for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, *inter alia*, less than 10% of the Shares (excluding treasury shares) are held in public hands. In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.

Suspension of trading

Under Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that brings the holdings owned by the Offeror and its Concert Parties to above 90% of the total number of issued Shares (excluding treasury shares), the SGX-ST may suspend the listing of the Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least 10% of the Shares (excluding treasury shares) are held by at least 500 shareholders who are members of the public. Under Rule 1303(1) of the Listing Manual, where the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding treasury shares), thus causing the percentage of issued Shares (excluding treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend the trading of the Shares only at the close of the Offer.

Free float

Under Rule 724(1) of the Listing Manual, if the percentage of the total Shares (excluding treasury shares) held in public hands falls below 10%, the Company must as soon as practicable, announce the fact and the SGX-ST may suspend trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of the Shares in public hands to at least 10%, failing which the Company may be delisted.

In the event that the trading of Shares on the SGX-ST is suspended pursuant to Rule 724(1), Rule 1105 or Rule 1303(1) of the Listing Manual, **the Offeror does not intend to undertake or support any action for any such trading suspension by the SGX-ST to be lifted. It is the intention of the Offeror to privatise the Company and to delist the Company from the SGX-ST, should the option be available to the Offeror.**

8.2 Compulsory Acquisition

As stated in the Offer Document, pursuant to Section 215(1) of the Companies Act, in the event that the Offeror receives valid acceptances pursuant to the Offer of 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 treasury shares), the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares from the Shareholders who have not accepted the Offer (the “**Dissenting Shareholders**”) on the same terms as those offered under the Offer.

The Offeror when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act to compulsorily acquire all the Offer Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from the SGX-ST.

In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations and their respective nominees, comprise 90% or more of the total number of issued Shares, the Dissenting Shareholders have a right to require the Offeror to acquire their Shares at the Offer Price. Such Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

8.3 Offeror’s future plans for the Group

As stated in the Offer Document, the Offeror currently has no intention to make major changes to (i) the business of the Group (ii) the deployment of the fixed assets of the Group; or (iii) the employment of the employees of the Group, other than in the ordinary course of business.

It is envisaged that the Company will continue operating in its present form after the Offer. The Offeror does not intend to make changes to the management team of the Company.

Nonetheless, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves and which it regards to be in the interests of the Offeror and/or the Group.

8.4 The Offer is the only unconditional offer available to the Shareholders

Pursuant to Rule 15.1 of the Code, when an offeror makes a voluntary offer when the offeror has not incurred an obligation to make a general offer for the company under Rule 14.1, the voluntary offer must be conditional upon the offeror receiving acceptances in respect of voting rights which, together with voting rights acquired or agreed to be acquired before or during the offer, will result in the offeror and person acting in concert with it holding more than 50% of the voting rights.

The Company has confirmed that there is no alternative or competing offer available to the Shareholders as at the Latest Practicable Date and given that the Offeror and its Concert Parties collectively hold 61.25% of the Shares, we note that unless the Offeror and its Concert Parties accept such alternative or competing offer, any offer made by any third parties would not be capable of becoming unconditional.

8.5 Irrevocable undertakings

We note that the Undertaking Shareholders had, as at the Offer Announcement Date, provided the Irrevocable Undertakings in favour of the Offeror in respect of the Shares held by each of them whereby they have undertaken to, *inter alia*, accept and/or procure the acceptance of the Offer in respect of the Shares held by each of them prior to and on or after the date of their Irrevocable Undertakings. As at the Latest Practicable Date, World Holdings and HNL have accepted the Offer in respect of the Shares owned by each of them respectively.

8.6 Implications of delisting for Shareholders

The Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company. Accordingly, the Offeror when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take steps for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, *inter alia*, less than 10% of the Shares (excluding treasury shares) are held in public hands. In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.

Shareholders should note that shares of unlisted companies are generally valued at a discount to the shares of comparable listed companies as a result of the lack of marketability. **Following the Proposed Delisting, it is likely to be difficult for Shareholders who do not accept the Offer to sell their Shares in the absence of a public market for the Shares as there is no arrangement for Shareholders to exit. If the Company is delisted, even if such Shareholders were able to sell their Shares, they may receive a lower price as compared to the Offer Price.** Further, any transfer or sale of Shares represented by share certificates will be subject to stamp duty.

Shareholders should also note that, under the Code, except with the consent of the SIC, neither the Offeror nor any person acting in concert with it may, within six (6) months of the closure of the Offer, make a second offer to, or acquire any Shares from, any Shareholder on terms better than those made available under the Offer.

As an unlisted company, the Company will no longer be obliged to comply with the listing requirements of the SGX-ST, in particular the continuing corporate disclosure requirements under Chapter 7 and Appendices 7.1, 7.2, 7.4.1 and 7.4.2 of the Listing Manual.

If the Company is delisted from the Official List of the SGX-ST, each Shareholder who holds Shares that are deposited with CDP and does not accept the Offer will be entitled to one (1) share certificate representing his delisted Shares. The Company's share registrar, Tricor Barbinder Share Registration Services, will arrange to forward the share certificates to such Shareholders, by ordinary post and at the Shareholders' own risk, to their respective addresses as such addresses appear in the records of CDP for their physical safekeeping.

Shareholders who are in doubt of their position should seek independent professional advice.

9. OPINION

In arriving at our opinion on the Offer, we have taken into account the following key considerations (which should be read in conjunction with, and in the context of, the full text of this letter):

Factors in favour of the Offer

- (a) We note that Group's Property Development segment reported turnover of approximately S\$18.2 million in FY2014, which is significantly lower than segmental turnover of approximately S\$29.6 million⁽¹⁾ in FY2012. Moreover, the previously profitable segment which reported PBT of approximately S\$3.7 million⁽¹⁾ in FY2012 has since reported widening losses, albeit partially attributable to non-recurring losses. We further note from the general consensus of industry reports that the Singapore residential property market is expected to face headwinds in the foreseeable future;
- (b) The Offer Price represents a significant premium of approximately 15.0% over the latest announced unaudited NAV per Share of S\$0.2783 as at 31 October 2014, whereas the Shares have been consistently trading at a discount to the trailing NAV per Share over the 1-year period up to and including the Last Trading Day;

Note:

- (1) Based on the Company's FY2013 annual report.

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- (c) The Offer Price represents a premium of approximately 24.9% and approximately 8.2% over the unaudited NTA per Share of S\$0.2562 and the unaudited RNAV per Share of S\$0.2957 respectively as at 31 October 2014;
- (d) The price of the Shares had closed below the Offer Price of S\$0.32 over the 2-year period up to and including the Last Trading Day, and had traded on an intra day high of S\$0.325 above the Offer Price on only one (1) market day out of a total of 730 market days;
- (e) The Offer Price represents a significant premium of approximately 19.4%, 28.5%, 32.2%, 37.3%, 39.7% and 39.1% over the 2-year, 1-year, 6-month, 3-month and 1-month VWAP and the last transacted price on the Last Trading Day of the Shares respectively;
- (f) The low trading liquidity of the Shares during the 2-year period up to and including the Last Trading Day, given that the daily average trading volume of the Shares was only approximately 475,998 Shares representing approximately 0.15% of the Company's free float;
- (g) The current market price and the trading volume of the Shares may have been underpinned by the Offer subsequent to the Offer Announcement Date, as such, there is no assurance that the market price and trading volume of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Offer;
- (h) In comparison with the Comparable Companies:

Book-related Comparables

- The P/NAV ratio of the Company of 1.15 times as implied by the Offer Price is within the range of the P/NAV ratios and higher than the mean and median P/NAV ratios of 0.94 times and 0.93 times respectively;
- The P/RNAV ratio of the Company of 1.08 times as implied by the Offer Price is within the range of the P/NAV ratios and higher than the mean and median P/NAV ratios of 0.94 times and 0.93 times respectively;
- The P/NTA ratio of the Company of 1.25 times as implied by the Offer Price is within the range of the P/NAV ratios and higher than the mean and median P/NTA ratios of 1.03 times and 1.04 times respectively;
- The Adjusted P/NTA ratio of the Company of 1.17 times as implied by the Offer Price is within the range of the P/NAV ratios and higher than the mean and median P/NAV ratios of 1.03 times and 1.04 times respectively; and
- The LTM P/E ratio of the Company of 16.0 times as implied by the Offer Price is within the range of the P/E ratios and higher than the median P/E ratio of 11.0 times;

Property-related Comparables

- The P/NAV ratio of the Company of 1.15 times as implied by the Offer Price is above the range of the P/NAV ratios, and higher than the mean and median P/NAV ratios of 0.56 times and 0.55 times respectively;
- The P/RNAV ratio of the Company of 1.08 times as implied by the Offer Price is above the range of the P/NAV ratios, and higher than the mean and median P/NAV ratios of 0.56 times and 0.55 times respectively;
- The P/NTA ratio of the Company of 1.25 times as implied by the Offer Price is above the range of the P/NTA ratios, and higher than the mean and median P/NTA ratios of 0.58 times and 0.55 times respectively;

- The Adjusted P/NTA ratio of the Company of 1.17 times as implied by the Offer Price is above the range of the P/NTA ratios, and higher than the mean and median P/NTA ratios of 0.58 times and 0.55 times respectively; and
 - The LTM P/E ratio of the Company of 16.0 times as implied by the Offer Price is above the range of the LTM P/E ratios and higher than the mean and median P/E ratios of 8.3 times;
- (i) In comparison with the Precedent Privatisations, the Offer Price represents a significant premium of approximately 39.1%, 39.7%, 37.3% and 32.2% over the last transacted price of the Shares on the Last Trading Day, 1-month VWAP, 3-month VWAP and 6-month VWAP of the Shares respectively, which are within or above the range and above the mean and median premia of the Shares in respect of the Precedent Privatisations;

Factors against the Offer:

- (j) In comparison with the Comparable Companies:

Book-related Comparables

- The LTM P/E ratio of the Company of 16.0 times as implied by the Offer Price is lower than the mean LTM P/E ratio of 17.6 times; and
 - The LTM EV/EBITDA ratio of the Company of 5.5 times as implied by the Offer Price is lower than the mean and median LTM EV/EBITDA ratios of 8.2 times and 6.7 times respectively;
- (k) The dividend yield of the Company based on the Offer Price of approximately 3.13% is higher than the mean and median LTM dividend yield of the Comparable Companies of 2.75% and 2.88% respectively, suggesting that Shareholders who accept the Offer may potentially experience a decrease in dividend income if they reinvest the proceeds from the Offer in the shares of other selected alternative investments;

Other factors:

- (l) Although the Offeror does not hold any Shares as at the Latest Practicable Date, the Undertaking Shareholders had provided the Irrevocable Undertakings in favour of the Offeror in respect of the aggregate 488,239,075 Shares representing 61.25% of the Shares held by them as at the Latest Practicable Date;
- (m) World Holdings and HNL have accepted the Offer in respect of the Shares owned by each of them respectively as at the Latest Practicable Date;
- (n) The Company has confirmed that there is no alternative or competing offer available to the Shareholders as at the Latest Practicable Date. Nonetheless, we note that in the event of an alternative or competing offer, given that the Undertaking Shareholders collectively hold 61.25% of the Shares as at the Latest Practicable Date, the Undertaking Shareholders will have a decisive influence on the result of, and may deter, such take-over offer by a third party for the Company. Consequently, a competitive offer from any third party is unlikely to be forthcoming without the support of the Offeror and/or the Undertaking Shareholders;
- (o) In respect of the RNAV of the Group, Shareholders should note that the Group has not realized the gains on such Revalued Properties as at the Latest Practicable Date. There is no assurance that the actual gains (if any) eventually recorded by the Group on such Revalued Properties will be the same as that derived from the assessments by the Valuer and the relevant estimates of Management. Actual realized value may be affected by factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers;

APPENDIX I - LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE OFFER

- (p) The intention of the Offeror to exercise any rights of compulsory acquisition in the event that the Offeror (together with its associates and nominees) receives valid acceptances in respect of not less than 90% of the total number of Shares;
- (q) The intention of the Offeror not to undertake or support any action taken or to be taken to maintain the listing status of the Company in the event of a trading suspension pursuant to Rule 724(1), Rule 1105 or Rule 1303(1) of the Listing Manual;
- (r) The Offeror has no present intention to make any major changes to the existing business of the Company; and
- (s) The implications of the Proposed Delisting for Shareholders who decide not to accept the Offer.

In summary, having considered the aforesaid points including the various factors as set out in this letter, we are of the opinion that the financial terms of the Offer are on balance, fair and reasonable, and not prejudicial to the interests of the Shareholders from a market perspective. Based on our opinion and accordingly, we advise the Independent Directors to recommend that Shareholders accept the Offer, unless Shareholders are able to obtain a price higher than the Offer Price on the open market, taking into account all brokerage commissions or transaction costs in connection with open market transactions.

Independent Directors should also note that transactions of the Shares are subject to possible market fluctuations and accordingly, our opinion on the Offer does not and cannot take into account the future transactions or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review.

This letter is addressed to 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 them 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 and for any matter in relation to the Offer, 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 PPCF in each specific case. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully,
For and on behalf of
PrimePartners Corporate Finance Pte. Ltd.

Mark Liew
Chief Operating Officer

Andrew Leo
Director, Corporate Finance

APPENDIX II

ADDITIONAL GENERAL INFORMATION ON THE COMPANY

1. DIRECTORS

The names, addresses and designations of the Directors as at the Latest Practicable Date are set out below:

Name	Address	Description
Mr Vangat Ramayah	37 Jalan Zamrud Hillview Estate Singapore 668626	Non-Executive Chairman and Independent Director
Mr Chou Cheng Ngok	100B Eng Neo Avenue Singapore 289579	Group CEO and Executive Director
Ms Lim Lee Ngoh	No. 15 Jalan Pju 1A/29 Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia	Executive Director
Mr Poon Chi Wai Ponch	Flat A, 3/F Block 20, Laguna Verde Hung Hom, Kowloon, Hong Kong	Executive Director
Mrs Lim Soon Tze	35 Greenleaf Road Ban Guan Park Singapore 279335	Independent Director
Mr David Chia Tian Bin	44A Jalan Angin Laut Singapore 489253	Independent Director
Mr Desmond Wee Guan Oei	1 Jalan Arnap Kim Lin Park Singapore 249307	Independent Director

2. REGISTERED OFFICE

The registered office of the Company is at 20 Old Toh Tuck Road Singapore 597655.

3. PRINCIPAL ACTIVITIES OF THE COMPANY

The principal activity of the Company is that of investment holding while the Group's principal activities are that of property development, retail and distribution and publishing and e-Learning. To date, the Group has an aggregate of approximately 163 retail stores (as at 31 October 2014) in Singapore, Malaysia and Hong Kong and a growing membership base.

4. SHARE CAPITAL**4.1. Number and Class of Shares**

The Company has only one class of Shares, being ordinary shares. The Shares are quoted and listed on the Official List of the Mainboard of the SGX-ST. As at the Latest Practicable Date, the total issued and paid-up share capital of the Company is approximately S\$92,170,000 comprising 797,090,755 Shares. The Company does not have any treasury shares and does not have any other class of share capital as at the Latest Practicable Date.

4.2. 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 Articles, extracts of which are set out in Appendix VI of this Circular.

4.3. Number of Shares Issued Since the End of the Last Financial Year

As at the Latest Practicable Date, no new Shares have been issued by the Company since 30 April 2014, being the end of the last FY.

4.4. Convertible Instruments

As at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of Company Securities.

5. SUMMARY OF FINANCIAL INFORMATION**5.1. Consolidated Statement of Comprehensive Income**

A summary of the audited consolidated statements of comprehensive income of the Group for FY2012, FY2013, FY2014 and the unaudited interim statement of comprehensive income of the Group for HY2015 is set out below.

S\$'000	HY2015	FY2014	FY2013	FY2012
Turnover	266,954	551,856	524,163	567,252
Cost of sales	(217,508)	(454,607)	(427,773)	(465,108)
Gross profit	49,446	97,249	96,390	102,144
Other operating income	1,978	4,086	3,697	3,983
Distribution and selling expenses	(6,246)	(16,118)	(14,126)	(13,491)
Administrative expenses	(30,603)	(61,926)	(54,959)	(53,813)
Other operating expenses	(825)	(7,975)	(3,878)	(3,131)
Profit from operations	13,750	15,316	27,124	35,692
Financial income	969	1,526	1,487	1,075
Financial expenses	(242)	(673)	(270)	(265)
Share of losses of associate	-	-	(63)	(75)
Profit before tax	14,477	16,169	28,278	36,427
Income tax expense	(3,780)	(5,565)	(4,909)	(5,107)
Profit for the year, net of tax	10,697	10,604	23,369	31,320
Other comprehensive income:				
Fair value adjustments	(33)	174	(29)	(21)
Currency translation adjustment on foreign operations	1,841	(2,928)	2,200	(1,507)
Other comprehensive income for the year, net of tax	1,808	(2,754)	2,171	(1,528)
Total comprehensive income for the year	12,505	7,850	25,540	29,792
Profit attributable to:				
Owners of the Company	10,663	10,589	23,262	31,111
Non-controlling interests	34	15	107	209
Total comprehensive income attributable to:				
Owners of the Company	12,456	7,823	25,431	29,560
Non-controlling interests	49	27	109	232
Earnings per share from operations attributable to owners of the Company (cents per share)				
Basic	1.34	1.30	2.79	3.70
Diluted	1.34	1.30	2.79	3.70
Dividend per share (cents)	-	1.0	1.0	1.3

The above summary of the audited consolidated statements of comprehensive income of the Group for FY2012, FY2013, FY2014 should be read together with the audited financial statements of the Group for the relevant years and related notes thereto, copies of which are available for inspection at the registered office of the Company at 20 Old Toh Tuck Road Singapore 597655 during normal business hours.

The unaudited interim statements of comprehensive income of the Group for HY2015 are set out in Appendix V of this Circular.

5.2. Statement of Financial Position

A summary of the audited statement of financial position of the Group as at 30 April 2014 is set out below.

S\$'000	FY2014
Equity attributable to owners of the Company	
Share capital	92,170
Treasury shares	(10,307)
Reserves	136,568
Non-controlling interests	578
Total equity	219,009
Non-current assets	
Property, plant and equipment	67,555
Investments in subsidiaries	-
Investment in joint venture	-
Goodwill on consolidation	1,256
Intangible assets	2,447
Other investments	248
Development costs	4,601
Deferred tax assets	3,721
Other receivables and deposits	5,941
Current assets	
Development properties	23,274
Properties held for sale	49,297
Inventories	102,210
Trade receivables	19,128
Other receivables and deposits	3,978
Prepayments	4,437
Due from subsidiaries (trade)	-
Due from subsidiaries (non-trade)	-
Due from associate (trade)	-
Due from affiliated companies (non-trade)	14
Tax recoverable	27
Fixed deposits	51,442
Cash and bank balances	57,328
Investment in associate classified as held for sale	-
Assets classified as held for sale	2,437
Total assets	399,341

S\$'000	FY2014
Current liabilities	
Trade payables	100,774
Other payables and accruals	44,349
Deferred income	-
Due to subsidiaries (non-trade)	-
Due to joint venture partners (non-trade)	649
Due to affiliated companies (non-trade)	14
Loan from subsidiaries	-
Long-term bank loans (secured)	583
Short-term bank loans (unsecured)	16,724
Obligations under finance leases	-
Tax payables	1,930
Net current assets / (liabilities)	148,549
Non-current liabilities	
Long-term bank loans (secured)	15,190
Obligations under finance leases	-
Deferred tax liabilities	119
Total liabilities	180,332
Net assets	219,009

The above summary of the audited statement of financial position of the Group as at 30 April 2014 should be read together with the audited financial statements of the Group for FY2014 and related notes thereto, which are set out in Appendix IV of this Circular.

5.3. Significant Accounting Policies

A summary of the significant accounting policies of the Group is set out in note 2 to the audited financial statements of the Group for FY2014, which are set out in Appendix IV of this Circular and section 4 of the unaudited interim financial information of the Group for HY2015, which are set out in Appendix V of this Circular.

5.4. Changes in Accounting Policies

Save as disclosed in the notes to the audited financial statements of the Group for FY2014 and section 5 of the unaudited interim financial information of the Group for HY2015, there are no changes in the accounting policies of the Group which will cause the financial statements of the Group not to be comparable to a material extent.

6. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save for information on the Company which is publicly available, there has not been, any material change in the financial position or prospects of the Company since 30 April 2014, being the date of the Company's last published audited accounts.

7. DISCLOSURE OF INTERESTS OF THE COMPANY AND THE DIRECTORS

7.1. Shareholdings and Dealings

As at the Latest Practicable Date:

- a. the Company does not have any interest in any Offeror Securities;
- b. save for Mr Chou Cheng Ngok none of the Directors has any interests in any Offeror Securities;
- c. each of the Company and the Directors have not dealt for value in any Offeror Securities during the Relevant Period;
- d. save as disclosed below, none of the Directors has any direct or deemed interest in any Company Securities:

Name	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mr Chou Cheng Ngok	-	-	488,239,075	61.25	488,239,075	61.25
Ms Lim Lee Ngoh	497,250	0.06	-	-	497,250	0.06

- e. none of the Directors has dealt for value in any Company Securities during the Relevant Period.

7.2. Directors' Intentions in relation to the Offer

Mr Chou Cheng Ngok has provided undertakings to the Offeror to, *inter alia*, accept the Offer in respect of the Shares held, controlled or which he may acquire or control (whether directly or indirectly).

Ms Lim Lee Ngoh has indicated her intention to accept the Offer in respect of the Shares in which she is beneficially interested.

7.3. Directors' Service Contracts

As at the Latest Practicable Date, there (i) are no service contracts between any Director or proposed director with the Company or any of its subsidiaries with more than 12 months to run, which the employing company cannot, within the next 12 months, terminate without payment of compensation; and (ii) were no such service contracts entered into or amended between any of the Directors or proposed director with the Company or any of its subsidiaries during the Relevant Period.

7.4. Arrangements Affecting Directors

As at the Latest Practicable Date:

- a. there are no payments or other benefits which will be made or given to any Director or any director of any 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. save as disclosed in section 3 (Irrevocable Undertakings) of the Letter to Shareholders and in section 7.2 of this Appendix II, 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. save as disclosed in section 8.2 (Independence of Directors) of the Letter to Shareholders and sections 7.1 (Disclosure of Interests of the Company and the Directors) and 9 (Material Contracts with Interested Persons) of this Appendix II, none of the Directors has any material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

8. DISCLOSURE OF INTERESTS OF THE INDEPENDENT FINANCIAL ADVISER

None of the IFA, its related corporations or any of the funds whose investments are managed by the IFA on a discretionary basis, owns or controls any Company Securities or Offeror Securities as at the Latest Practicable Date, or has dealt with any Company Securities or Offeror Securities during the Relevant Period.

9. MATERIAL CONTRACTS WITH INTERESTED PERSONS

There were no material contracts (not being contracts entered into during the ordinary course of business carried on by the Company) entered into by the Company or any of its subsidiaries with Interested Persons, within the three (3) years preceding the Offer Announcement Date.

10. MATERIAL LITIGATION

As at the Latest Practicable Date:

- a. neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole; and
- b. the Directors are not aware of any litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole.

APPENDIX III

ADDITIONAL INFORMATION ON THE OFFEROR

The following information on the Offeror has been extracted from Appendix I of the Offer Document and set out below.

1. DIRECTORS

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

Name	Address	Description
Mr Chou Cheng Ngok	100B Eng Neo Avenue Singapore 289579	Director
Ms. Hu Nan Lee	100B Eng Neo Avenue Singapore 289579	Director

2. SUMMARY OF FINANCIAL INFORMATION
Financial Statements

As the Offeror has not carried on any business since its incorporation, except to enter into financing arrangements for the purpose of the Offer and other arrangements for the purpose of the Offer, including without limitation the Irrevocable Undertakings, no audited financial statements of the Offeror have been prepared since the date of its incorporation.

Accounting Policies

As no audited financial statements of the Offeror have been prepared to date, there are no significant accounting policies to be noted.

3. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as a result of the making and financing of the Offer, there has been no known material changes in the financial position of the Offeror since the date of its incorporation.

4. REGISTERED OFFICE

The registered office of the Offeror is at 20 Old Toh Tuck Road Singapore 597655.

Please refer to Appendix I of the Offer Document for further information on the Offeror.

APPENDIX IV

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP
FOR FY2014**

DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Popular Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 April 2014.

Directors

The directors of the Company in office at the date of this report are:

Vangat Ramayah
Chou Cheng Ngok
Lim Lee Ngoh
Poon Chi Wai Ponch
Lim Soon Tze
Desmond Wee Guan Oei
David Chia Tian Bin

In accordance with Articles 104 and 108 of the Company's Articles of Association and Section 153(6) of the Singapore Companies Act, Chapter 50, Vangat Ramayah, Poon Chi Wai Ponch, Chou Cheng Ngok and Lim Soon Tze, retire and, being eligible, offer themselves for re-election.

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The interests of the directors who held office at the end of the financial year in the shares or debentures of the Company and related corporations are as follows:

Name of director	1 May 2013	30 April 2014	21 May 2014
Shareholdings registered in the name of the directors			
World Holdings (Pte) Limited (ordinary shares)			
Chou Cheng Ngok	177	177	177
Shareholdings in which directors are deemed to have an interest			
Popular Holdings Limited (ordinary shares)			
Chou Cheng Ngok	488,239,075	488,239,075	488,239,075
Lim Lee Ngoh	497,250	497,250	497,250

DIRECTORS' REPORT

Directors' interests in shares and debentures (cont'd)

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Chou Cheng Ngok is deemed interested in 483,676,075 (2013: 483,676,075) shares held by World Holdings (Pte) Limited and 4,563,000 (2013: 4,563,000) shares held by his spouse. Lim Lee Ngoh is deemed interested in 497,250 (2013: 497,250) shares held by OCBC Securities Private Limited.

Except as disclosed in this report, no other directors of the Company who held office at the end of the financial year had an interest in the shares or debentures of the Company or of related corporations either at the beginning of the financial year, or at the end of the financial year and on 21 May 2014.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than a benefit or any fixed salary of a full-time employee of the Company included in the aggregate amount of emoluments shown in the financial statements, or any emoluments received from related corporations) by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Share options

During the financial year, no options to take up unissued shares of the Company or any subsidiaries were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company or any subsidiaries. There were no unissued shares of the Company or any subsidiaries under option at the end of the financial year.

Audit committee

The Audit Committee ("AC") carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviews the audit plans of the external and internal auditors of the Company, and reviews the internal auditors' evaluation of the adequacy of the Company's system of internal controls and the cooperation rendered by the Company's management to the external and internal auditors;
- Reviews the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Company before their submission to the board of directors;
- Reviews the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- Meets with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

DIRECTORS' REPORT

Audit committee (cont'd)

- Reviews the cost effectiveness and the independence and objectivity of the external auditor;
- Reviews the nature and extent of non-audit services provided by the external auditor;
- Recommends to the board of directors the external auditor to be nominated, approves the compensation of the external auditor, and reviews the scope and results of the audit;
- Reports actions and minutes of the AC to the board of directors with such recommendations as the AC considers appropriate; and
- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with the external and internal auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Corporate Governance Report.

Auditor

Ernst & Young LLP has expressed its willingness to accept reappointment as auditor.

On behalf of the Board of Directors,

Chou Cheng Ngok
Group Chief Executive Officer and Executive Director

Lim Lee Ngoh
Executive Director

Singapore
25 July 2014

STATEMENT BY DIRECTORS

We, Chou Cheng Ngok and Lim Lee Ngoh, being two of the directors of Popular Holdings Limited (the “Company”), do hereby state that, in the opinion of the directors:

- (i) the accompanying statements of financial position, consolidated statement of comprehensive income, statements of changes in equity and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company and its subsidiaries (collectively, the “Group”) and of the Company as at 30 April 2014, and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

Chou Cheng Ngok
Group Chief Executive Officer and Executive Director

Lim Lee Ngoh
Executive Director

Singapore
25 July 2014

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 30 APRIL 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POPULAR HOLDINGS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Popular Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 58 to 135 which comprise the statements of financial position of the Group and the Company as at 30 April 2014, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 April 2014 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
25 July 2014

STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2014

(In Singapore dollars)

		Group		Company	
	Note	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Equity attributable to owners of the Company					
Share capital	4	92,170	92,170	92,170	92,170
Treasury shares	5	(10,307)	(5,136)	(10,307)	(5,136)
Reserves	6	136,568	136,888	12,817	15,158
		218,431	223,922	94,680	102,192
Non-controlling interests		578	630	—	—
Total equity		219,009	224,552	94,680	102,192
Non-current assets					
Property, plant and equipment	7	67,555	68,728	3,657	4,809
Investments in subsidiaries	8	—	—	92,662	95,865
Investment in joint venture	10	—	—	—	—
Goodwill on consolidation	11	1,256	1,233	—	—
Intangible assets	12	2,447	126	—	126
Other investments	13	248	75	—	—
Development costs	14	4,601	1,261	—	—
Deferred tax assets	35	3,721	2,211	212	—
Other receivables and deposits	20	5,941	6,601	—	—
		85,769	80,235	96,531	100,800
Current assets					
Development properties	15	23,274	80,446	—	—
Properties held for sale	16	49,297	12,430	—	—
Inventories	17	102,210	103,240	—	—
Trade receivables	19	19,128	16,606	—	—
Other receivables and deposits	20	3,978	6,544	157	137
Prepayments		4,437	5,762	353	354
Due from subsidiaries (trade)	21	—	—	7,105	5,325
Due from subsidiaries (non-trade)	22	—	—	33,773	35,702
Due from associate (trade)		—	625	—	—
Due from affiliated companies (non-trade)	23	14	12	—	—
Tax recoverable		27	263	—	—
Fixed deposits		51,442	55,335	—	—
Cash and bank balances		57,328	61,034	3,191	1,682
		311,135	342,297	44,579	43,200
Investment in associate classified as held for sale	9	—	—	—	—
Assets classified as held for sale	7	2,437	—	—	—
		313,572	342,297	44,579	43,200
Total assets		399,341	422,532	141,110	144,000

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2014

(In Singapore dollars)

		Group		Company	
	Note	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Current liabilities					
Trade payables	25	100,774	106,646	—	—
Other payables and accruals	26	44,349	42,649	3,617	2,794
Deferred income		—	23	—	—
Due to subsidiaries (non-trade)	23	—	—	1,840	1,169
Due to joint venture partners (non-trade)	23	649	465	—	—
Due to affiliated companies (non-trade)	23	14	19	—	—
Loan from subsidiaries	23	—	—	39,577	36,266
Long-term bank loans (secured)	27	583	21,676	—	—
Short-term bank loans (unsecured)	28	16,724	8,300	1,300	1,300
Obligations under finance leases	29	—	86	—	86
Tax payables		1,930	2,106	96	78
		165,023	181,970	46,430	41,693
Net current assets / (liabilities)		148,549	160,327	(1,851)	1,507
Non-current liabilities					
Long-term bank loans (secured)	27	15,190	15,781	—	—
Obligations under finance leases	29	—	4	—	4
Deferred tax liabilities	35	119	225	—	111
		15,309	16,010	—	115
Total liabilities		180,332	197,980	46,430	41,808
Net assets		219,009	224,552	94,680	102,192

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2014

(In Singapore dollars)

	Note	2014 \$'000	2013 \$'000
Turnover	30	551,856	524,163
Cost of sales		(454,607)	(427,773)
Gross profit		97,249	96,390
Other operating income	31	4,086	3,697
Distribution and selling expenses		(16,118)	(14,126)
Administrative expenses		(61,926)	(54,959)
Other operating expenses		(7,975)	(3,878)
Profit from operations	33	15,316	27,124
Financial income	34	1,526	1,487
Financial expenses	34	(673)	(270)
Share of losses of associate		-	(63)
Profit before tax		16,169	28,278
Income tax expense	35	(5,565)	(4,909)
Profit for the year, net of tax		10,604	23,369
Other comprehensive income:			
Fair value adjustments		174	(29)
Currency translation adjustment on foreign operations		(2,928)	2,200
Other comprehensive income for the year, net of tax		(2,754)	2,171
Total comprehensive income for the year		7,850	25,540
Profit attributable to:			
Owners of the Company		10,589	23,262
Non-controlling interests		15	107
		10,604	23,369
Total comprehensive income attributable to:			
Owners of the Company		7,823	25,431
Non-controlling interests		27	109
		7,850	25,540
Earnings per share from operations attributable to owners of the Company (cents per share)	36		
Basic		1.30	2.79
Diluted		1.30	2.79

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

(In Singapore dollars)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2014

(In Singapore dollars)

Company	Note	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Total \$'000
Balance as at 1 May 2012		92,170	—	4,108	96,278
Profit for the year, net of tax, representing total comprehensive income for the year		—	—	17,779	17,779
Purchase of treasury shares		—	(5,136)	—	(5,136)
Dividends paid, net	37	—	—	(6,729)	(6,729)
Balance as at 30 April 2013 and 1 May 2013		92,170	(5,136)	15,158	102,192
Profit for the year, net of tax, representing total comprehensive income for the year		—	—	5,802	5,802
Purchase of treasury shares		—	(5,171)	—	(5,171)
Dividends paid, net	37	—	—	(8,143)	(8,143)
Balance as at 30 April 2014		92,170	(10,307)	12,817	94,680

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 APRIL 2014

(In Singapore dollars)

	Note	2014 \$'000	2013 \$'000
Cash flows from operating activities			
Profit before tax		16,169	28,278
Adjustments for:			
Share of losses of associate		—	63
Allowance for doubtful debts - trade receivables	19	263	468
Allowance for inventory obsolescence	17	5,143	5,171
Amortisation of development costs	14	610	713
Depreciation of property, plant and equipment	7	9,665	9,725
Development cost written off	14	—	45
Property, plant and equipment written off		195	63
Provision for foreseeable losses on development properties	15	1,844	—
Gain on disposal of property, plant and equipment		(158)	(59)
Impairment on intangible assets	12	126	—
Impairment on property, plant and equipment	7	415	423
Impairment on properties held for sale	16	3,114	—
Impairment on investment in associate	9	—	110
Inventories written down	17	347	770
Write-back of allowance for inventory obsolescence	17	(295)	(771)
Write-back of allowance for doubtful debts - trade receivables	19	(103)	(162)
Interest expense	34	480	112
Interest income	34	(1,526)	(1,487)
Currency realignment		(198)	2,455
Operating cash flows before changes in working capital		36,091	45,917
(Increase)/decrease in:			
Development properties		(1,576)	(12,466)
Properties held for sale		17,318	2,858
Inventories		(3,630)	(17,151)
Trade receivables		(2,678)	418
Other receivables, deposits and prepayments		4,551	(5,640)
Due from associate		625	118
Due from affiliated companies		(2)	6
Increase/(decrease) in:			
Trade payables		(5,872)	1,115
Other payables and accruals		1,677	2,221
Due to affiliated companies		(5)	19
Due to joint venture partners		184	207
Cash flows generated from operations		46,683	17,622
Interest received		1,526	1,487
Interest paid	34	(991)	(957)
Income taxes paid		(7,347)	(10,564)
Income taxes refunded		226	574
Net cash flows generated from operating activities		40,097	8,162

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 APRIL 2014

(In Singapore dollars)

	Note	2014 \$'000	2013 \$'000
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		195	71
Purchase of property, plant and equipment	7	(12,161)	(38,405)
Purchase of intangible assets	12	(2,447)	–
Increase in development costs	14	(3,937)	(1,167)
Net cash outflow on acquisition of non-controlling interests	8D	–	(921)
Net cash flows used in investing activities		(18,350)	(40,422)
Cash flows from financing activities			
Proceeds from long-term bank loans		166	7,353
Proceeds from short-term bank loans		8,424	16,300
Purchase of treasury shares		(5,171)	(5,136)
Repayment of short-term bank loans		–	(8,000)
Repayment of long-term bank loans		(21,850)	(649)
Repayment of obligations under finance leases		(90)	(111)
Dividends paid to non-controlling interest		(79)	(121)
Dividends paid	37	(8,143)	(6,729)
Net cash flows (used in)/generated from financing activities		(26,743)	2,907
Net decrease in cash and cash equivalents		(4,996)	(29,353)
Effects of exchange rates changes on cash and cash equivalents		(2,603)	(223)
Cash and cash equivalents at beginning of the year		116,369	145,945
Cash and cash equivalents at end of the year	A	108,770	116,369

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 APRIL 2014

Notes to the consolidated statement of cash flows

A. Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and fixed deposits. Cash and cash equivalents included in the consolidated statement of cash flows comprise the following statement of financial position amounts:

	Group	
	2014	2013
	\$'000	\$'000
Fixed deposits	51,442	55,335
Cash and bank balances	57,328	61,034
Cash and cash equivalents	108,770	116,369

Cash at banks earns interest at floating rates based on daily bank deposit rates. Fixed deposits are made for varying periods of between 1 day and 6 months depending on the immediate cash requirements of the Group and earn interests at the respective fixed deposit rates. The effective interest rate of fixed deposits range from 2.86% to 3.45% (2013: 0.01% to 3.45%) per annum.

The Group's exposure to currency risk related to cash and cash equivalents is disclosed in Note 42.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

1. Corporate information

Popular Holdings Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The immediate and ultimate holding company is World Holdings (Pte) Limited, which is incorporated in Singapore.

The registered office and principal place of business of the Company is located at 20 Old Toh Tuck Road, Singapore 597655.

The principal activities of the Company are those of a management and investment holding company. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of Popular Holdings Limited and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or \$) and all values in the tables are rounded to the nearest thousand (\$'000) as indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 May 2013. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Revised FRS 27 <i>Separate Financial Statements</i>	1 January 2014
Revised FRS 28 <i>Investments in Associates and Joint Ventures</i>	1 January 2014
FRS 110 <i>Consolidated Financial Statements</i>	1 January 2014
FRS 111 <i>Joint Arrangements</i>	1 January 2014
FRS 112 <i>Disclosure of Interests in Other Entities</i>	1 January 2014
Amendments to FRS 32 <i>Disclosure Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to the transition guidance of FRS 110 <i>Consolidated Financial Statements</i> , FRS 111 <i>Joint Arrangements</i> and FRS 112 <i>Disclosure of Interests in Other Entities</i>	1 January 2014
Amendments to FRS 110, FRS 112 and FRS 27: <i>Investment Entities</i>	1 January 2014
Amendments to FRS 36: <i>Recoverable Amount Disclosures for Non-financial Assets</i>	1 January 2014
Amendments to FRS 39: <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
INT FRS 121 <i>Levies</i>	1 January 2014
Amendments to FRS 19: <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Improvements to FRSs 2014	1 July 2014
■ Amendments to FRS 16 <i>Property, Plant and Equipment</i>	1 July 2014
■ Amendments to FRS 24 <i>Related Party Disclosures</i>	1 July 2014

Except for FRS 111, Revised FRS 28 and FRS 112, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 111, Revised FRS 28 and FRS 112 are described below.

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures are effective for financial periods beginning on or after 1 January 2014.

FRS 111 classifies joint arrangements either as joint operations or joint ventures. Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities of the arrangement whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

2.3 Standards issued but not yet effective (cont'd)

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures (cont'd)

FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

The Group currently applies proportionate consolidation for its joint ventures. Upon adoption of FRS 111, the Group expects the change to equity accounting for these joint ventures will result in decrease in total assets and total liabilities.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 Disclosure of Interests in Other Entities is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when applied in 2014.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

Basis of consolidation from 1 May 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or accumulated profits, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

2.4 Basis of consolidation and business combinations (cont'd)

(a) Basis of consolidation (cont'd)

Basis of consolidation prior to 1 May 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests, prior to 1 May 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 May 2010 were not reallocated between non-controlling interest and the owners of the Company.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 May 2010 has not been restated.

(b) Business combinations

Business combinations from 1 May 2010

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.9. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations (cont'd)

Business combinations prior to 1 May 2010

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Functional and foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

2.6 Functional and foreign currency (cont'd)

(b) Foreign currency translation

On consolidation, the results and financial position of foreign operations are translated into SGD using the following procedures:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate ruling at the end of the reporting period; and
- Income and expenses for each statement of comprehensive income are translated at weighted average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.

All resulting exchange differences are recognised in a separate component of equity as foreign currency translation reserve. Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

Goodwill and fair value adjustments which arose on acquisitions of foreign subsidiaries before 1 January 2005 are deemed to be assets and liabilities of the parent company and are recorded in SGD at the rates prevailing at the date of acquisition.

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in equity relating to that foreign operation is recognised in profit or loss as a component of the gain or loss on disposal.

2.7 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any impairment losses. The cost includes borrowing costs, if any, that are directly attributable to the acquisition of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.29.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to profit or loss in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalised as an additional cost of property, plant and equipment.

Any estimated costs of dismantling and removing the property, plant and equipment and restating the site to its original condition (reinstatement costs) are capitalised as part of the cost of the property, plant and equipment, when the amounts can be reliably estimated.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets is included in profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

2.8 Depreciation

Depreciation is provided on all property, plant and equipment when they are available for use at the following rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its estimated useful life:

	Years
Furniture, fixtures and fittings	3 - 10
Office equipment	3 - 10
Motor vehicles	3 - 5
Computer equipment	3 - 6
Automated Storage and Retrieval System ("ASRS")	5

Building under construction are not depreciated as these assets are not yet available for use.

Freehold land is not depreciated. Freehold buildings are depreciated over 50 years.

Leasehold land and buildings have a lease period within 50 to 96 years and are amortised over their respective remaining lease periods of 34 to 83 years.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets. The residual value, the useful life and depreciation method are reviewed at each financial year-end to ensure that the method and period of depreciation are consistent with the expected pattern of consumption of the economic benefits embodied in the items of property, plant and equipment. The residual value, useful life and depreciation method are adjusted prospectively, where appropriate.

2.9 Goodwill on consolidation

Goodwill on consolidation represents the excess of the cost of the business combination over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of a subsidiary at the date of acquisition. Following initial recognition, goodwill is stated at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative values of the operation disposed off and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset (i.e. an intangible asset with an indefinite useful life, an intangible asset not yet available for use, or goodwill acquired in a business combination) is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in profit or loss. After such a reversal, the depreciation or amortisation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The Group does not reverse in a subsequent period, any impairment loss recognised for goodwill.

2.11 Investments in subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiaries are stated at cost less any impairment loss in the Company's statement of financial position.

2.12 Investment in joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

The Group's interest in joint ventures is accounted for by proportionate consolidation which involves recognising a proportionate share of the joint venture's assets, liabilities, income and expenses with similar items in the consolidated financial statements on a line-by-line basis. The joint venture is proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on transactions between the Group and its jointly controlled entity. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

In the Company's statement of financial position, interests in joint ventures are accounted for at cost less impairment losses.

Upon loss of joint control, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the former joint venture entity upon loss of joint venture control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

2.13 Investment in associate

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for under the equity method. Under the equity method, the investment in associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable asset, liabilities and contingent liabilities over the cost of the investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of results of the associate in the period in which the investment is acquired. For this purpose, the latest audited financial statements or available management accounts of the associates are used.

The statement of comprehensive income reflects the share of results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associates is the profit attributable to equity holders of the associate and, therefore is the profit or loss after tax and non-controlling interests in the subsidiaries of associates.

When the Group's share of losses equals or exceeds its interest in the associate the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the profit or loss.

Upon loss of significant influence over the associate, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in the profit or loss.

Investment in associate is stated at cost less any impairment loss in the Company's statement of financial position.

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2.14 Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables of the Group include trade receivables, other receivables and deposits, due from subsidiaries (trade), due from subsidiaries (non-trade), due from associate (trade), due from affiliated companies (non-trade), loans to subsidiaries, fixed deposits and cash and bank balances.

(b) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to the relevant Exchange's quoted market bid prices at the close of business at the end of the reporting period. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models. Where it is not practicable to determine the fair value with sufficient reliability, the investments are measured at cost.

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2.14 Financial assets (cont'd)

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.15 Impairment of financial asset

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

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2.15 Impairment of financial assets (cont'd)

(b) Financial assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.16 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and cash at banks, including fixed deposits that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Cash and bank balances and fixed deposits carried in the statements of financial position are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.14.

2.17 Trade and other receivables

Trade and other receivables, including related company balances, are classified and accounted for as loans and receivables under FRS 39. Trade receivables have 30 to 90 days' terms, are recognised and carried at original invoiced amount less an allowance for uncollectible amounts. The accounting policy for this category of financial assets is stated in Note 2.14.

Allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off as incurred. Further details on the accounting policy for impairment of financial assets are stated in Note 2.15.

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(In Singapore dollars unless otherwise stated)

2.18 Other investments

Quoted and unquoted investments are classified as available-for-sale financial assets.

The accounting policies for the above mentioned category of financial assets are stated in Note 2.14.

2.19 Affiliated company

An affiliated company is a company, not being a subsidiary, a joint venture or an associate, in which one or more of the shareholders or directors of the Company have a significant equity interest or able to exercise significant influence.

2.20 Development costs

Development costs comprise mainly salaries and related expenses incurred for and directly attributable to the design and development of educational software and programmes. Development costs are capitalised as assets to the extent that it is expected that such assets will generate future economic benefits.

Development costs are amortised from the date the software or programmes are available for commercial use on a straight-line basis over the estimated useful lives, not exceeding 3 years.

The carrying values of development costs are reviewed for impairment at each financial year-end or when events or changes in circumstances indicate that the carrying value may not be recoverable.

2.21 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Intangible assets of the Group are in respect of:

- (i) The perpetual licence acquired to use a brand name. The useful life of the license is estimated to be indefinite. Management believes that there is no limit to the period over which the licence is expected to generate net cash inflows to the Group.
- (ii) The licence fee paid to use certain brand names and intellectual properties to operate English language learning centres in Mainland China and Hong Kong. The useful lives of the licences are estimated to be ranging from 9 to 10 years.

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2.22 Development properties

Development properties are properties developed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation. Development properties are held as inventories and are measured at the lower of cost and net realisable value. Development properties are stated at cost plus attributable profits, less foreseeable losses and progress billings raised. An allowance is made where the estimated net realisable value of the development properties has fallen below their carrying value.

The costs of development properties include the cost of land, property taxes, interest on borrowings to finance the development projects and other direct and related expenditure incurred. Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed of when paid. Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of inventory recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.23 Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost of properties held for sale includes the cost of land and construction, related overhead expenditure, borrowing costs and other net costs incurred during the period of development. The accounting policy for borrowing costs is set out in Note 2.29. Net realisable value represents the estimated selling price in the ordinary course of business, based on market prices at the end of the reporting period less costs to be incurred, if any, in selling the property.

2.24 Inventories

Inventories are stated at the lower of cost (determined on a weighted average basis) and net realisable value. Cost includes materials and related purchase costs.

Net realisable value is the estimated normal selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Where necessary, allowance is made for obsolete, damaged and slow-moving inventories to adjust the carrying value of inventories to the lower of cost and net realisable value.

2.25 Trade and other payables

Trade and other payables, which are normally settled on 30 to 90 days' terms and payables to related parties are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

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2.26 Government grants

Government grants, related to development costs that are capitalised, are recognised and recorded as reductions to the development costs capitalised. Income related grants from the government are taken to profit or loss in the periods to which they relate to. Where the government grant relates to property, plant and equipment, the grant is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.27 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.28 Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of FRS 39 are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

Subsequent measurement

Other financial liabilities

After initial recognition, other financial liabilities (except for financial guarantee) are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

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2.29 Borrowings

Borrowings are recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the construction of development properties and building under construction. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Capitalisation of borrowing costs is suspended during the extended periods in which active development is interrupted. Capitalisation of borrowing costs ceases upon issuance of the Temporary Occupation Permit ("TOP") for development properties and building under construction. The capitalisation rate is determined by reference to the actual rate payable on borrowings for development properties and building under construction, weighted as applicable.

2.30 Employee benefits

(a) Defined contribution plan

As required by law, the Group's companies in Singapore and certain overseas subsidiaries make contributions to the state pension scheme of the respective countries. Such contributions are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

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

2.31 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(a) As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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2.31 Leases (cont'd)

(b) As lessor

Leases where the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.33(g). Contingent rents are recognised as revenue in the period in which they are earned.

2.32 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

In profit or loss of the current reporting period, and of the comparative period, all income and expenses from discontinued operations are reported separate from income and expenses from continuing activities, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in profit or loss.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.33 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Dividend and interest income

Dividend income is recorded gross when the Group's right to receive payment is established.

Interest income is recognised using the effective interest method.

(c) Logistics, management, system maintenance and service fees

Logistics, management, system maintenance and service fees are recognised when the services are rendered.

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2.33 Revenue recognition (cont'd)

(d) Revenue from development projects

Revenue from sale of completed properties is recognised upon the transfer of significant risk and rewards of ownership of the properties to the purchasers.

For partly completed properties, upon signing of sales contracts, revenue is recognised based on the percentage of completion method. The progress of construction work is measured based on the construction and related costs incurred to date as a proportion of the estimated total construction and related costs for each project.

(e) Card subscriptions

Revenue from membership subscription is recognised on a time apportionment basis.

(f) Customer loyalty programme

The Group operates a customer loyalty programme for its retail stores in certain region. Customers who purchase goods from certain Group's retail stores will be given purchase credits entitling them to a rebate on subsequent purchases, subject to a minimum number of points being obtained. A portion of the revenue from the sales of goods attributable to the award of purchase credits, estimated based on expected redemption of these credits, is deferred until they are redeemed. These are included under "other payables and accruals" on the statement of financial position. Any remaining unutilised credits are recognised as revenue upon expiry.

(g) Rental income

Rental income arising from sub-letting of retail space is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction in rental income over the lease term on a straight-line basis.

2.34 Income tax

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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2.34 Income tax (cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associate and interest in joint venture, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associate and interest in joint venture, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

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2.34 Income tax (cont'd)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.35 Segments

For management purposes, the Group is organised on a worldwide basis into operating segments based on their products and services.

Information of these segments is reported to the Group's chief operating decision maker for purposes of resource allocation and assessment of the segment performance. Additional disclosures on each of these segments are shown in Note 41, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.36 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.37 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.38 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

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2.39 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and the Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a); or
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting estimates and judgments

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment of goodwill are given in Note 11 to the financial statements.

(b) Impairment of loans and receivables

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's loans and receivables at the end of the reporting period are disclosed in Note 18 to the financial statements.

The Group has trade receivables that are past due but not impaired which amounted to \$2,806,000 as at 30 April 2014 (2013: \$4,023,000). Had these trade receivables been unrecoverable and fully impaired, profit before tax of the Group would have decreased by \$2,806,000 (2013: \$4,023,000).

(c) Allowances for inventory obsolescence

Allowance for inventory obsolescence is estimated based on the best available facts and circumstances, including but not limited to, the inventories' own physical conditions, their market selling prices, and estimated costs to be incurred for their sales. The allowances are re-evaluated and adjusted as additional information received affects the amount estimated. The carrying amount of the Group's inventories as at 30 April 2014 was \$102,210,000 (2013: \$103,240,000).

(d) Impairment of development properties

Development properties are stated at lower of cost and estimated net realisable value in accordance with the accounting policy in Note 2.22. Development properties are tested for impairment when there are indicators that the carrying amounts may not be recoverable. The Group obtained valuations performed by accredited independent valuers to determine the recoverable amount of the development properties. During the year the Group has recognised a provision for foreseeable losses of \$1,844,000.

Had the gross development value decreased by 1%, additional provision for foreseeable losses of \$330,000 (2013: Nil) would have been recognised.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

3.1 Key sources of estimation uncertainty (cont'd)

(e) Provision for sales returns

Provision for sales returns is recognised for expected sales return on goods sold in the current year, based on past experience on the level of returns. It is expected that most of these returns will take place in the next financial year. Assumptions used to calculate the provision for sales return were based on current sales level and current information available about returns based on the returns policy. The carrying amount of the Group's provision for sales returns as at 30 April 2014 was \$1,627,000 (2013: \$1,323,000).

3.2 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables, deferred tax assets and deferred tax liabilities at 30 April 2014 were \$1,930,000 (2013: \$2,106,000), \$3,721,000 (2013: \$2,211,000) and \$119,000 (2013: \$225,000) respectively.

(b) Development costs

Development costs are capitalised in accordance with the accounting policy in Note 2.20. Initial capitalisation of costs is based on management's judgment that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. The carrying amount of development costs capitalised at the end of the reporting period was \$4,601,000 (2013: \$1,261,000).

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

4. Share capital

	Group and Company	
	2014	2013
	\$'000	\$'000
Issued and fully paid ordinary shares:		
At 1 May and 30 April - 841,105,755 ordinary shares	92,170	92,170

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

As at 30 April 2014, 40,339,000 (2013: 20,700,000) of ordinary shares included in above shares were purchased by way of on-market purchase and held as treasury shares (Note 5).

5. Treasury shares

	Group and Company			
	2014		2013	
	No. of shares '000	\$'000	No. of shares '000	\$'000
At beginning of the year	20,700	5,136	—	—
Purchased during the year	19,639	5,171	20,700	5,136
At end of the year	40,339	10,307	20,700	5,136

The Company purchased a total of 19,639,000 (2013: 20,700,000) of its ordinary shares by way of on-market purchase for a total cash consideration of \$5,171,000 (2013: \$5,136,000). These shares were held as treasury shares and were recorded separately in shareholders' equity.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

6. Reserves

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Translation reserve	(22,405)	(19,465)	—	—
Accumulated profits	159,277	156,863	12,817	15,158
Fair value adjustment reserve	88	(86)	—	—
Legal reserve	322	290	—	—
Premium paid on acquisition of non-controlling interests	(714)	(714)	—	—
Total reserves	136,568	136,888	12,817	15,158

	Group	
	2014	2013
	\$'000	\$'000
Accumulated profits/(losses) retained by:		
The Company	12,817	15,158
Subsidiaries	147,690	143,040
Associate	—	(107)
Joint venture	(1,230)	(1,228)
	159,277	156,863

(a) Translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(b) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed off or impaired.

(c) Legal reserve

The non-distributable legal reserve represents the following:

- (i) 50% of the issued share capital of a wholly-owned subsidiary of the Company and it is provided for in accordance with Article 377 of the Macau Commercial Code;
- (ii) 10% of distributable profits of certain subsidiaries of the Company and it is provided for in accordance with Article 112 of the Taiwan Company Law; and
- (iii) Statutory Reserve Fund ("SRF") of certain subsidiaries in the People's Republic of China ("PRC") was provided in accordance with the Foreign Enterprise Law applicable to the subsidiaries. At least 10% of the statutory profits after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

7. Property, plant and equipment

Group	Freehold land and buildings \$'000	Leasehold land and buildings \$'000	Furniture, fixtures and fittings \$'000	Office equipment \$'000	Motor vehicles \$'000	ASRS and computer equipment \$'000	Building under construction \$'000	Total \$'000
Cost:								
As at 1 May 2012	2,939	25,894	51,124	8,738	1,507	25,399	—	115,601
Additions	—	—	6,576	779	308	2,900	27,842	38,405
Disposals/written off	—	—	(2,665)	(305)	(182)	(2,224)	—	(5,376)
Reclassification	—	—	(26)	11	—	15	—	—
Adjustment	—	—	(53)	—	—	—	—	(53)
Translation difference	(27)	(39)	(73)	(9)	(1)	(5)	—	(154)
As at 30 April 2013 and 1 May 2013	2,912	25,855	54,883	9,214	1,632	26,085	27,842	148,423
Additions	—	—	5,950	915	594	2,381	2,437	12,277
Disposals/written off	—	—	(9,130)	(1,164)	(406)	(5,691)	—	(16,391)
Reclassification	—	—	(171)	14	—	157	—	—
Attributable to assets classified as held for sale	(515)	(2,488)	—	—	—	—	—	(3,003)
Translation difference	(154)	(312)	(1,121)	(247)	(13)	(235)	—	(2,082)
As at 30 April 2014	2,243	23,055	50,411	8,732	1,807	22,697	30,279	139,224
Accumulated depreciation and impairment:								
As at 1 May 2012	620	6,905	40,987	7,429	1,147	17,854	—	74,942
Charge for the year	52	354	5,608	721	242	2,748	—	9,725
Impairment	115	—	308	—	—	—	—	423
Disposals/written off	—	—	(2,623)	(299)	(174)	(2,202)	—	(5,298)
Translation difference	(4)	(13)	(66)	(5)	—	(9)	—	(97)
As at 30 April 2013 and 1 May 2013	783	7,246	44,214	7,846	1,215	18,391	—	79,695
Charge for the year	40	354	5,377	750	275	2,869	—	9,665
Impairment	—	—	408	—	—	7	—	415
Disposals/written off	—	—	(8,986)	(1,140)	(385)	(5,648)	—	(16,159)
Attributable to assets classified as held for sale	(203)	(363)	—	—	—	—	—	(566)
Translation difference	(42)	(120)	(847)	(192)	(12)	(168)	—	(1,381)
As at 30 April 2014	578	7,117	40,166	7,264	1,093	15,451	—	71,669
Net book value:								
As at 30 April 2014	1,665	15,938	10,245	1,468	714	7,246	30,279	67,555
As at 30 April 2013	2,129	18,609	10,669	1,368	417	7,694	27,842	68,728

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

7. Property, plant and equipment (cont'd)

	Group	
	2014 \$'000	2013 \$'000
Additions during the year	12,277	38,405
Borrowing costs capitalised	(116)	–
Purchase of property, plant and equipment as disclosed in the consolidated statement of cash flows	12,161	38,405

Company	Furniture, fixtures and fittings \$'000	Office equipment \$'000	Motor vehicles \$'000	ASRS and computer equipment \$'000	Total \$'000
Cost:					
As at 1 May 2012	1,977	812	617	12,895	16,301
Additions	357	60	96	618	1,131
Disposals/written off	(431)	(28)	–	(14)	(473)
As at 30 April 2013 and 1 May 2013	1,903	844	713	13,499	16,959
Additions	30	12	96	170	308
Disposals/written off	–	(3)	(303)	(3,985)	(4,291)
As at 30 April 2014	1,933	853	506	9,684	12,976
Accumulated depreciation:					
As at 1 May 2012	1,960	772	431	8,037	11,200
Charge for the year	90	35	125	1,171	1,421
Disposals/written off	(429)	(28)	–	(14)	(471)
As at 30 April 2013 and 1 May 2013	1,621	779	556	9,194	12,150
Charge for the year	128	39	92	1,179	1,438
Disposals/written off	–	(3)	(282)	(3,984)	(4,269)
As at 30 April 2014	1,749	815	366	6,389	9,319
Net carrying amount:					
As at 30 April 2014	184	38	140	3,295	3,657
As at 30 April 2013	282	65	157	4,305	4,809

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

7. Property, plant and equipment (cont'd)

Building under construction

The building under construction of the Group amounted to \$30,279,000 (2013: \$27,842,000) were in respect of an industrial land parcel located at Serangoon North Avenue 5 in Singapore acquired in the previous financial year. The Group intends to develop the land parcel into an industrial development comprising offices and warehouse units. During the financial year, borrowing costs of \$116,000 (2013: Nil) arising from borrowings obtained specifically for the building under construction were capitalised. The rate used to determine the amount of borrowing costs eligible for capitalisation ranged from 1.25% to 1.46% (2013: Nil) per annum, which is the effective interest rate of the specific borrowing.

Assets pledged as security

Certain leasehold properties of the Group's subsidiaries with net carrying amounts of approximately \$10,331,000 (2013: \$10,608,000) are pledged as security for credit facilities granted (Note 27).

Impairment of assets

During the financial year, the Group recognised an impairment loss of \$415,000 (2013: \$423,000), in respect of the carrying value of certain assets. The impairment was recognised to the extent that the carrying amounts of these assets exceed the recoverable amounts.

Assets held under finance leases

The net carrying amount of assets acquired and held under finance leases (Note 29) at the end of the reporting period are as follows:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Motor vehicles	—	157	—	157

Assets classified as held for sale

The assets classified as held for sale with net carrying amount of \$2,437,000 (2013: Nil) are in respect of two commercial property units expected to be disposed of subsequent to the financial year end.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

8. Investments in subsidiaries

		Company	
	Note	2014 \$'000	2013 \$'000
Unquoted equity shares, at cost:			
At beginning of the year		50,902	50,902
Additional investments		500	—
At end of the year		51,402	50,902
Less: Accumulated impairment losses		(20,985)	(17,282)
		30,417	33,620
Loans to subsidiaries:			
At beginning of the year		78,080	—
Additions		—	16,952
Reclassified from loans to subsidiaries		—	61,128
At end of the year		78,080	78,080
Less: Accumulated impairment losses		(15,835)	(15,835)
		62,245	62,245
Total		92,662	95,865

Movement in impairment losses during the financial year is as follows:

Unquoted equity shares, at cost:			
At beginning of the year		17,282	11,698
Additions		3,703	5,584
At end of the year		20,985	17,282
Loans to subsidiaries:			
At beginning of the year		15,835	–
Additions		–	872
Reclassified from impairment on loans to subsidiaries		–	14,963
At end of the year		15,835	15,835

During the financial year, management performed impairment tests for the investments in certain loss-making subsidiaries. The impairment losses of \$3,703,000 (2013: \$5,584,000) were recognised during the financial year to write down the cost of investments in subsidiaries to their recoverable amounts.

The loans to subsidiaries are unsecured, interest-free and have no fixed term of repayment. These loans are considered as quasi-equity investments in the subsidiaries as they are unlikely to be repaid in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

8. Investments in subsidiaries (cont'd)

Details of the subsidiaries are as follows:

	Name of subsidiaries	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group		Cost of investment by the Company	
				2014 %	2013 %	2014 \$'000	2013 \$'000
	Held by the Company						
+	Popular Book Company (Pte.) Limited	Retailer and distributor of books, stationery, CD-ROMs and audio products	Singapore	100	100	11,008	11,008
+	Popular Land Pte. Ltd.	Property development	Singapore	100	100	1,000	1,000
+	Popular Land Investment Pte. Ltd.	Property development	Singapore	100	100	1,000	1,000
**	PopularWorld.com Pte. Ltd.	Dormant	Singapore	100	100	—*	—*
+	Popular e-Learning Holdings Pte. Ltd.	Investment holding and production of e-learning products	Singapore	100	100	10,500	10,500
+	Novum Organum Publishing House Pte. Ltd.	Distribution of books	Singapore	100	100	600	600
+	Harris Book Company Pte. Ltd.	Dormant	Singapore	100	100	500	500
+	Popular Warehouse and Distribution Pte. Ltd.	General warehousing	Singapore	100	100	—*	—*
+	Epilogue Catering Pte. Ltd.	Operator of café and restaurant	Singapore	100	100	244	244
+	New Chapter Book Company Pte. Ltd. (Note A)	Retailer and distributor of books, stationery, CD-ROMs and audio products	Singapore	100	100	500	—*
**	Prologue Publishing Pte. Ltd. (Note B)	Dormant	Singapore	100	100	—*	—
++	Popular Book Co. (Malaysia) Sdn. Bhd.	Retailer and distributor of books, magazines, stationery, CD-ROMs and audio products	Malaysia	100	100	6,810	6,810

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

8. Investments in subsidiaries (cont'd)

Name of subsidiaries Held by the Company (cont'd)	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group		Cost of investment by the Company	
			2014 %	2013 %	2014 \$'000	2013 \$'000
++ Novum Organum Publishing House (M) Sdn. Bhd.	Distribution of books	Malaysia	100	100	45	45
++ EPH Publishing (M) Sdn. Bhd.	Publisher and wholesaler of books	Malaysia	100	100	—*	—*
++ CD Rama Sdn. Bhd.	Dormant	Malaysia	100	100	—*	—*
++ Harris Book Company (M) Sdn. Bhd.	Dormant	Malaysia	100	100	—*	—*
++ Seashore Publishing (M) Sdn. Bhd.	Publisher and dealer of books	Malaysia	100	100	—*	—*
*** One-Stop Popular Bookmart (B) Sdn. Bhd.	Dormant	Brunei Darussalam	100	100	—*	—*
** CD Rama Limited	Dormant	Hong Kong	100	100	—*	—*
+++ Educational Publishing House, Limited	Publisher and dealer of books	Hong Kong	100	100	7,022	7,022
+++ Kam Pui Enterprises Limited	Publisher and wholesaler of books	Hong Kong	100	100	2,240	2,240
** English Language Publishing Limited	Dormant	Hong Kong	100	100	50	50
+++ Harris Book Company Limited	Publisher and wholesaler of books	Hong Kong	100	100	223	223
+++ Popular Book Company Limited	Retailer of books, stationery, CD-ROMs and audio products	Hong Kong	100	100	11	11
+++ Smart English Company Limited	Investment holding	Hong Kong	100	100	307	307

(In Singapore dollars unless otherwise stated)

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

8. Investments in subsidiaries (cont'd)

	Name of subsidiaries	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group		Cost of investment by the Company	
				2014 %	2013 %	2014 \$'000	2013 \$'000
	Held by subsidiaries						
+	Educational Publishing House Pte. Ltd.	Publisher and wholesaler of books	Singapore	100	100	—	—
++	Arajasa Corporation Sdn. Bhd.	Investment holding	Malaysia	100	100	—	—
+++	Pan Lloyds Publishers Limited	Publisher and wholesaler of books	Hong Kong	100	100	—	—
+++	EduSmart Company Limited (formerly known as Pan Lloyds Education Limited) (Note C)	Operator of learning centres	Hong Kong	90	90	—	—
+++	Cyber Progress Technology Limited	e-learning business	Hong Kong	100	100	—	—
+++	Town4kids Limited	Publisher and e-learning business	Hong Kong	51	51	—	—
#	Ampress Limited	Distributor of books	Hong Kong	100	100	—	—
+++	Kinder Education Press Limited	Wholesaler and publisher of kindergarten textbooks	Hong Kong	100	100	—	—
+++	Popular e-Learning (H.K.) Limited	Provider of software subscription services and services for development of websites	Hong Kong	100	100	—	—
**	Popular Book Company (Canada) Limited	Publisher of books	Canada	100	100	—	—
@@	Active & Independent Education Limited (Note D)	e-learning business	Hong Kong	100	100	—	—

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(In Singapore dollars unless otherwise stated)

8. Investments in subsidiaries (cont'd)

	Name of subsidiaries	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group		Cost of investment by the Company	
				2014 %	2013 %	2014 \$'000	2013 \$'000
Held by subsidiaries (cont'd)							
④ ^	Popular e-Learning (Beijing) Ltd.	Provision of teachers training services	People's Republic of China	100	100	—	—
④ @	Guangzhou Cyber Progress Information Technology Limited	Software development, provision of website design technical services, relevant technological consultation and other related services	People's Republic of China	100	100	—	—
**	New Edge International Limited	Dormant	British Virgin Islands	100	100	—	—

+ Audited by Ernst & Young LLP, Singapore

++ Audited by Ernst & Young, Malaysia

+++ Audited by Ernst & Young, Hong Kong

++++ Audited by Ernst & Young, Taiwan

+++++ Audited by Ernst & Young, Macao

Audited by Tseung & Ng (CPA) Limited, Hong Kong

Audited by Moore Stephens Chartered Accountants, Australia

Audited by Nasir Mahmud FCA, United Kingdom

@ Audited by Guangdong Continental Certified Public Accountants Co., Ltd, People's Republic of China

@@ Audited by Willis Cheng & Company, Hong Kong

* Denotes less than \$1,000.

** Not required to present audited financial statements under the laws of its country of incorporation.

*** Audited by Deloitte & Touche, Brunei Darussalam

^ Audited by 北京中企利宏会计师事务所, People's Republic of China

④ In exercising the powers conferred by Section 200(8) of the Singapore Companies Act, Chapter 50, the Accounting and Corporate Regulatory Authority has granted approval to the Company to allow its foreign subsidiaries listed below, to adopt a different financial year end which does not coincide with that of the Company.

Financial year end	Name of subsidiaries
31 December 2014	Popular e-Learning (Beijing) Ltd.
31 December 2014	PopularWorld (Beijing) Limited
31 December 2014	Guangzhou Pan Lloyds Information Technology Development Company Limited
31 December 2014	Guangzhou Cyber Progress Information Technology Limited

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8. Investments in subsidiaries (cont'd)

Note A

In the previous financial year, the Company acquired the entire share capital of New Chapter Book Company Pte. Ltd. ("New Chapter") comprising one ordinary share of \$1 each for a cash consideration of \$1. The net asset value of New Chapter as at the date of acquisition was \$1.

On 26 June 2013, the Company has increased its investment in New Chapter by subscribing an additional 499,999 ordinary shares of \$1 each for a total cash consideration of \$499,999.

Note B

In the previous financial year, the Company acquired the entire share capital of Prologue Publishing Pte. Ltd. ("Prologue Publishing") comprising one ordinary share of \$1 each for a cash consideration of \$1. The net asset value of Prologue Publishing as at the date of acquisition was \$1.

Note C

In the previous financial year, an indirect wholly-owned subsidiary of the Company, Pan Lloyds Publishers Limited, established a 90%-owned subsidiary, Pan Lloyds Private Learning Limited. The name of the subsidiary was changed to Pan Lloyds Education Limited in the previous financial year and subsequently changed to EduSmart Company Limited ("EduSmart") during the financial year.

On 4 July 2014, Pan Lloyds Publishers Limited acquired the remaining 10% of the issued share capital of EduSmart for a cash consideration of \$1,620 (equivalent to HK\$10,000) from the existing minority shareholder. Subsequent to the acquisition, EduSmart has become a wholly-owned subsidiary of the Group.

Note D

In the previous financial year, Popular e-Learning (H.K.) Limited, a wholly-owned subsidiary of the Company whose shares are held through its wholly-owned subsidiary, Popular e-Learning Holdings Pte Ltd, has increased its equity interests in Active & Independent Education Limited ("A&I"), from 51.01% to 100% by the acquisition of all the remaining ordinary shares in A&I from the other existing shareholders at a total cash consideration of \$921,000 (equivalent to HK\$5,796,169).

The carrying value of the net assets of A&I as at the date of acquisition was \$422,500 (equivalent to HK\$2,659,430) and the carrying value of the additional interest acquired was \$207,000. The difference between the consideration and the carrying value of the additional interest acquired which amounted to \$714,000 has been recognised as "Premium paid on acquisition of non-controlling interests" within equity.

The following summarises the effect of the change in the Group's ownership interest in A&I on the equity attributable to owners of the Company:

	2013
	\$'000
Consideration paid for acquisition of non-controlling interests	921
Decrease in equity attributable to non-controlling interests	(207)
Decrease in equity attributable to owners of the Company	714

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9. Investment in associate

	Group
	2014 \$'000
	2013 \$'000
Unquoted equity shares, at cost	—
Less: Accumulated impairment losses	1,100
	(993)
	107
Share of post-acquisition reserves	(107)
	—
	—
Investment in associate classified as held for sale	—
	—*

Details of the associate held by a subsidiary are as follows:

Name of associate	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group	
			2014 %	2013 %
++ AC P. Computer Training and Consultancy Pte. Ltd.	Information Technology training, education and other soft skills courses	Singapore	—	22

* Denotes less than \$1,000.

++ Audited by CSI & Co. PAC., Certified Public Accountants, Singapore

On 3 June 2013, the Group disposed of its entire 22% interest in AC P. Computer Training and Consultancy Pte. Ltd. ("ACP"). ACP paid \$1,250,000 in cash to Popular e-Learning Pte. Ltd. ("PeLH"), a wholly-owned subsidiary of the Company, in settlement of PeLH's claim against ACP for the sum of \$1,070,000 (which was disputed by ACP) and the transfer of PeLH's 22% interest in ACP. It was a negotiated overall settlement. The sum of \$1,250,000 was fully paid on 3 June 2013.

In the previous financial year, an impairment loss of \$110,000 was recognised to write down the investment in associate to its recoverable amount.

The investment in associate was classified as held for sale in the previous financial year.

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2014 \$'000	2013 \$'000
Assets and liabilities		
Current assets	—	1,528
Non-current assets	—	107
Total assets	—	1,635
Current liabilities/total liabilities	—	(1,182)
Results		
Revenue	—	3,655
Loss for the year	—	(285)

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(In Singapore dollars unless otherwise stated)

10. Investment in joint venture

	Group	
	2014 \$'000	2013 \$'000
Unquoted equity shares, at cost	1,200	1,200
Less: Accumulated impairment losses	(1,200)	(1,200)
	—	—

Details of the joint venture held by subsidiaries are as follows:

	Name of Joint venture	Principal activity	Country of incorporation	Percentage of equity held by the Group	
				2014 %	2013 %
+	EduLand Pte. Ltd.	Dormant	Singapore	50	50
+ Audited by Baker Tilly TFW LLP, Singapore					

The Group has included in its financial statements its share of the results, assets and liabilities of its joint venture for the financial years ended 30 April 2014 and 2013 as follows:

	Group	
	2014 \$'000	2013 \$'000
Current assets, representing total assets	1	1
Current liabilities, representing total liabilities	30	28
Expenses	2	2
Loss for the year	(2)	(2)

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(In Singapore dollars unless otherwise stated)

11. Goodwill on consolidation

	Group	
	2014	2013
	\$'000	\$'000
At cost:		
At beginning of the year	2,358	2,358
Translation difference	23	–
At end of the year	2,381	2,358
Less: Accumulated impairment losses	(1,125)	(1,125)
	1,256	1,233

Impairment tests for goodwill

Goodwill acquired through business combinations has been allocated to the Group's cash-generating units ("CGU") identified according to each individual business unit for impairment testing.

Carrying amount of goodwill allocated to the Group's CGU is as follows:

	Country	Group	
		2014	2013
		\$'000	\$'000
Active & Independent Education Limited	Hong Kong	1,256	1,233

The recoverable amounts of the CGUs have been determined based on value-in-use calculations. Value-in-use was determined by discounting the future cash flows generated from the continuing use of each CGU and was based on the following key assumptions:

- Cash flows were projected based on a five-year business plan. Cash flows projections beyond the five-year business plan were extrapolated using zero (2013: zero) terminal growth rate.
- When anticipating annual revenue growth included in the cash flow projections, management has considered and determined factors applied which included budgeted gross margins. The budgeted gross margins are based on past performance and expectations for market developments.
- A pre-tax discount rate of 7% (2013: 8%) was applied in determining the recoverable amount. The discount rate is derived from the expected return on investment by the Group's investors. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

The values assigned to the key assumptions represent management's assessment of future trends in the entity and are based on both external sources and internal sources (historical data). Changes to the above key assumptions used by management to determine the impairment required can significantly affect the results.

If the projected net profit of the CGU is lower by 10%, the value-in-use will still be above the carrying amount of the goodwill.

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(In Singapore dollars unless otherwise stated)

12. Intangible assets

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
At cost:				
At beginning of the year	126	126	126	126
Addition	2,447	–	–	–
At end of the year	2,573	126	126	126
Less: Accumulated impairment losses	(126)	–	(126)	–
	2,447	126	–	126

The intangible asset acquired during the financial year is in respect of the licence fee paid to BBC Worldwide to use certain brand names and intellectual properties to operate English language learning centres in Mainland China and Hong Kong. The useful lives of these licences are estimated to be ranging from 9 to 10 years. Amortisation begins when the operations of the learning centres commence.

Impairment loss recognised

During the financial year, an impairment loss of \$126,000 (2013: Nil) was recognised to write down the carrying amount of an intangible asset with respect to the licence fee paid to use the Borders brand name. The Borders store was converted to a Popular store subsequent to the financial year end.

13. Other investments

	Group	
	2014 \$'000	2013 \$'000
Available-for-sale financial assets		
Quoted investments:		
Quoted equity shares, at fair value	248	75

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

14. Development costs

	Group	
	2014	2013
	\$'000	\$'000
At cost:		
At beginning of the year	4,571	3,514
Additions	3,937	1,167
Written off	—	(104)
Translation difference	52	(6)
At end of the year	8,560	4,571
Less: Accumulated amortisation and impairment losses	(3,959)	(3,310)
	4,601	1,261

Movements in accumulated amortisation and impairment losses during the financial year are as follows:

	Group	
	2014	2013
	\$'000	\$'000
At beginning of the year	3,310	2,660
Charge for the year (Note A)	610	713
Written off	—	(59)
Translation difference	39	(4)
At end of the year	3,959	3,310

Included in additions to development costs above are personnel expenses capitalised as follows:

	Group	
	2014	2013
	\$'000	\$'000
Wages, salaries and bonuses	478	193

Note A: The amortisation of development costs is recognised as an expense in cost of sales.

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(In Singapore dollars unless otherwise stated)

15. Development properties

	Group	
	2014	2013
	\$'000	\$'000
Properties under development:		
Freehold land	21,840	53,671
Property tax	190	731
Other development expenditure	3,088	26,044
	25,118	80,446
Less: Provision for foreseeable losses	(1,844)	–
	23,274	80,446

During the financial year, borrowing costs of \$395,000 (2013: \$845,000) arising from borrowings obtained specifically for the development properties were capitalised under “Other development expenditure”. The rate used to determine the amount of borrowing costs eligible for capitalisation ranged from 2.61% to 2.85% (2013: 2.57% to 2.86%) per annum, which is the effective interest rate of the specific borrowing.

Development properties are carried at the lower of the cost and net realisable value. The net realisable value was determined based on valuation performed by accredited independent valuers, with recent experience in the location and category of the properties being valued.

Development properties with net carrying amounts of \$23,274,000 (2013: \$80,446,000) have been pledged to banks as security for credit facilities granted (Note 27).

Details of development properties held by the Group as at 30 April 2014 are as follows:

Location	Description and existing use	Tenure	Gross floor area (in square metres)	% owned	Stage of completion as at 30 April 2014 (expected year of completion)
524 Kampung Bahru Road Singapore ("Permai Residences")	Proposed development of apartment units	Freehold	1,957	100	Construction works in progress (2016)

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

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16. Properties held for sale

Details of properties held for sale held by the Group as at 30 April 2014 are as follows:

Location	Description and existing use	Tenure	Gross floor area (in square metres)	% owned	Date of Temporary Occupancy Permit obtained
8 Jalan Raja Udang Singapore ("Ei8ht Raja")	Apartment units available for sale	Freehold	1,994	100	May 2013
15 Jalan Datoh Singapore ("Ei8ht Raja")	Apartment units available for sale	Freehold	2,421	100	May 2013

Properties held for sale are carried at the lower of cost and net realisable value. The net realisable value was determined based on valuation performed by accredited independent valuers, with recent experience in the location and category of the properties being valued.

During the financial year, an impairment loss of \$3,114,000 (2013: Nil) was recognised for two units of 18 Shelford based on the average valuations by three independent valuers. As at 30 April 2014, all property units of 18 Shelford have been sold.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

17. Inventories

	Group	
	2014	2013
	\$'000	\$'000
Statement of financial position:		
Finished goods	97,156	99,803
Work-in-progress	2,443	2,228
Raw materials	785	582
Goods-in-transit	1,826	627
	102,210	103,240

Finished goods are stated after deducting allowance for inventory obsolescence of \$20,849,000 (2013: \$18,508,000).

Movements in allowance for inventory obsolescence during the financial year are as follows:

	Group	
	2014	2013
	\$'000	\$'000
At beginning of the year	18,508	18,577
Charge for the year	5,143	5,171
Utilised during the year	(1,972)	(4,438)
Written back during the year	(295)	(771)
Translation differences	(535)	(31)
At end of the year	20,849	18,508

	Group	
	2014	2013
	\$'000	\$'000
Statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	328,649	324,473
Inclusive of the following charge:		
- Inventories written down	347	770

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

18. Loans and receivables

	Note	Group		Company	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade receivables	19	19,128	16,606	—	—
Other receivables and deposits	20	9,919	13,145	157	137
Due from subsidiaries (trade)	21	—	—	7,105	5,325
Due from subsidiaries (non-trade)	22	—	—	33,773	35,702
Due from associate (trade)		—	625	—	—
Due from affiliated companies (non-trade)	23	14	12	—	—
Fixed deposits		51,442	55,335	—	—
Cash and bank balances		57,328	61,034	3,191	1,682
Total loans and receivables		137,831	146,757	44,226	42,846

19. Trade receivables

	Group	
	2014 \$'000	2013 \$'000
Trade receivables	20,171	17,535
Less: Allowance for doubtful debts	(1,043)	(929)
	19,128	16,606

Trade receivables are non-interest bearing, unsecured and are generally on 30 to 90 days' credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Receivables that are past due but not impaired

The Group has trade receivables amounting to \$2,806,000 (2013: \$4,023,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2014 \$'000	2013 \$'000
Trade receivables past due but not impaired:		
Lesser than 30 days	999	2,352
30 to 60 days	1,014	559
More than 60 days	793	1,112
	2,806	4,023

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(In Singapore dollars unless otherwise stated)

19. Trade receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are individually impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2014	2013
	\$'000	\$'000
Trade receivables - nominal amounts	1,043	929
Less: Allowance for doubtful debts	(1,043)	(929)
	—	—

Movements in allowance for doubtful debts are as follows:

	Group	
	2014	2013
	\$'000	\$'000
At beginning of the year	929	824
Charge for the year	263	468
Utilised during the year	(42)	(202)
Written back during the year	(103)	(162)
Translation differences	(4)	1
At end of the year	1,043	929

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

20. Other receivables and deposits

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Current				
Other receivables	1,172	3,694	112	118
Deposits	2,757	2,826	45	19
Advance to employees	49	24	—	—
	3,978	6,544	157	137
Non-current				
Other receivables	120	159	—	—
Deposits	5,821	6,442	—	—
	5,941	6,601	—	—
Total other receivables and deposits	9,919	13,145	157	137

Non-current deposits relate to long-term rental deposits paid for the operating leases of retail stores.

The Group's exposure to currency risk related to other receivables and deposits is disclosed in Note 42.

21. Due from subsidiaries (trade)

	Company	
	2014	2013
	\$'000	\$'000
Due from subsidiaries	11,394	9,963
Less: Allowance for doubtful debts	(4,289)	(4,638)
	7,105	5,325

Movements in allowance for doubtful debts are as follows:

	Company	
	2014	2013
	\$'000	\$'000
At beginning of the year	4,638	1,397
Charge for the year	262	3,241
Written back during the year	(611)	—
At end of the year	4,289	4,638

Amounts due from subsidiaries are trade in nature, unsecured, interest-free, repayable upon demand and are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

22. Due from subsidiaries (non-trade)

	Company	
	2014	2013
	\$'000	\$'000
Due from subsidiaries	35,376	37,186
Less: Allowance for doubtful debts	(1,603)	(1,484)
	33,773	35,702

Movements in allowance for doubtful debts are as follows:

	Company	
	2014	2013
	\$'000	\$'000
At beginning of the year	1,484	596
Charge for the year	142	888
Written back during the year	(23)	—
At end of the year	1,603	1,484

The amounts due from subsidiaries (non-trade) of the Company includes an amount of \$98,000 (2013: \$98,000) denominated in New Taiwan Dollars.

Amounts due from subsidiaries (non-trade) are unsecured, interest-free, repayable upon demand and are to be settled in cash.

23. Due from/(to) affiliated companies (non-trade)

Due to subsidiaries (non-trade)

Due to joint venture partners (non-trade)

Loan from subsidiaries

These balances are unsecured, interest-free, repayable on demand and are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

24. Financial liabilities carried at amortised cost

	Note	2014 \$'000	Group 2013 \$'000	2014 \$'000	Company 2013 \$'000
Trade payables	25	100,774	106,646	—	—
Other payables and accruals	26	33,958	33,798	3,617	2,794
Due to subsidiaries (non-trade)	23	—	—	1,840	1,169
Due to joint venture partners (non-trade)	23	649	465	—	—
Due to affiliated companies	23	14	19	—	—
Loan from subsidiaries		—	—	39,577	36,266
Long-term bank loans (secured)	27	15,773	37,457	—	—
Short-term bank loans (unsecured)	28	16,724	8,300	1,300	1,300
Obligations under finance leases	29	—	90	—	90
Total financial liabilities carried at amortised cost		167,892	186,775	46,334	41,619

25. Trade payables

Trade payables are unsecured, non-interest bearing and are normally settled on 30 to 90 days' credit terms.

The Group's exposure to currency risk related to trade payables is disclosed in Note 42.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

26. Other payables and accruals

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Financial liabilities				
Other payables	4,730	5,102	1,818	847
Deposits received	694	187	—	—
Accrued operating expenses	16,339	16,779	1,510	1,739
Accrued royalties	4,981	4,592	—	—
Accrued bonuses	7,214	7,138	289	208
	33,958	33,798	3,617	2,794
Non-financial liabilities				
Advanced receipts	8,764	7,528	—	—
Provision for sales returns (Note A)	1,627	1,323	—	—
	10,391	8,851	—	—
Total other payables and accruals	44,349	42,649	3,617	2,794

Note A:

Movements of provision for sales returns are as follows:

	Group	
	2014	2013
	\$'000	\$'000
At beginning of the year	1,323	1,035
Provision made during the year	1,777	753
Utilised during the year	(1,146)	(309)
Unused amount reversed	(296)	(152)
Translation differences	(31)	(4)
At end of the year	1,627	1,323

Other payables are non-interest bearing and have an average credit term of six months.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

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27. Long-term bank loans (secured)

	2014 \$'000	Group 2013 \$'000
The term loans are classified as follows:		
Due within 12 months	583	21,676
Due after 12 months	15,190	15,781
	15,773	37,457
	2014 \$'000	Group 2013 \$'000
(i) Term loan, denominated in Singapore Dollars and secured by the mortgage of a leasehold property in Singapore with a net book value of approximately \$4,417,000 (2013: \$4,490,000). The loan is repayable in 300 monthly instalments commencing June 1993 and bears interest at Cost of Funds ("COF") / Swap Offer Rate ("SOR") + 1% per annum, whichever is higher.	1,031	1,285
(ii) Term loan, denominated in Singapore Dollars and secured by the mortgage of leasehold properties in Singapore with a net book value of approximately \$3,789,000 (2013: \$3,850,000). The loan is repayable in 300 monthly instalments commencing June 1996 and bears interest at COF/SOR + 1% per annum, whichever is higher.	1,518	1,725
(iii) Term loan, denominated in Malaysian Ringgit and secured by the mortgage of a leasehold property in Malaysia with a net book value of approximately \$2,125,000 (2013: \$2,268,000). The loan is repayable in 180 monthly instalments commencing February 2001 and bears interest at Base Lending Rate ("BLR") - 1% per annum.	124	329
(iv) Term loan, denominated in Singapore Dollars and secured by the mortgage of development property in Singapore with a carrying amount of approximately \$57,248,000 in 2013. The term loan was fully repaid during the year and bore interest at COF/SOR + 2.5% per annum, whichever is higher.	—	21,018
(v) Term loan, denominated in Singapore Dollars and secured by the mortgage of development property in Singapore with a carrying amount of approximately \$23,274,000 (2013: \$23,198,000). The term loan is repayable 6 months after the issuance of TOP or by 30 June 2015 whichever is earlier. The loan bears interest at COF/SOR + 2.25% per annum, whichever is higher.	13,100	13,100
	15,773	37,457

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

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28. Short-term bank loans (unsecured)

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Revolving loans:				
Denominated in Singapore Dollars and bears interest ranging from 1.25% to 1.46% (2013: 1.18% to 1.44%) per annum.	8,300	8,300	1,300	1,300
Denominated in Hong Kong Dollars and bears interest at 1.81% (2013: Nil) per annum.	8,424	—	—	—
	16,724	8,300	1,300	1,300

29. Obligations under finance leases

The Group conducts a portion of its operations from leased facilities, which include motor vehicles (Note 7). These leases are classified as finance leases and were fully repaid during the financial year and the average discount rate implicit in the leases ranged from 2.60% to 2.99% (2013: 2.75% to 2.99%) per annum.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Minimum lease payments 2014 \$'000	Present value of payments 2014 \$'000	Minimum lease Payments 2013 \$'000	Present value of payments 2013 \$'000
Group				
Not later than one year	—	—	97	86
Later than one year but not later than five years	—	—	4	4
Total minimum lease payments	—	—	101	90
Less: Amounts representing finance charges	—	—	(11)	—
Present value of minimum lease payments	—	—	90	90
Company				
Not later than one year	—	—	97	86
Later than one year but not later than five years	—	—	4	4
Total minimum lease payments	—	—	101	90
Less: Amounts representing finance charges	—	—	(11)	—
Present value of minimum lease payments	—	—	90	90

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30. Turnover

Turnover of the Group represents sales of development properties, cash sales, card subscriptions and invoiced trading sales (net of goods and services tax), less discounts and allowances. Intra-group transactions have been excluded from turnover of the Group.

Turnover of the Group comprises the following:

	2014	Group
	\$'000	2013
		\$'000
Sale of goods and services	528,530	516,353
Sale of development properties	18,186	3,300
Card subscriptions	5,140	4,510
	551,856	524,163

31. Other operating income

	2014	Group
	\$'000	2013
		\$'000
Rental income	479	136
Sundry income	2,693	3,120
Grant income	756	382
Gain on disposal of property, plant and equipment	158	59
	4,086	3,697

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32. Employee benefits

	Group	
	2014	2013
	\$'000	\$'000
Wages, salaries and bonuses	84,480	75,661
Pension contributions	9,764	9,106
Other short-term benefits	5,474	5,301
	<u>99,718</u>	<u>90,068</u>
Included in employee benefits are amounts paid to directors and key management personnel:		
- Wages, salaries and bonuses	4,215	4,814
- Pension contributions	192	187
- Other short-term benefits	795	739
	<u>5,202</u>	<u>5,740</u>
Comprise amounts paid to:		
- Directors of the Company	3,595	3,905
- Directors of the subsidiaries	916	1,156
- Other key management personnel	691	679
	<u>5,202</u>	<u>5,740</u>

The remunerations of key management personnel and directors are determined by the remuneration committee having regard to the performance of individuals and market trends.

In the consolidated statement of comprehensive income, employee benefits are recorded in the individual expense line items based on the function of respective employees.

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33. Profit from operations

Profit from operations is determined after charging/(crediting) the following:

	Group	
	2014	2013
	\$'000	\$'000
Allowance for doubtful debts - trade receivables	263	468
Allowance for inventory obsolescence	5,143	5,171
Amortisation of development costs	610	713
Depreciation of property, plant and equipment	9,665	9,725
Directors' remuneration:		
- directors of the Company	3,595	3,905
- directors of the subsidiaries	916	1,156
Directors' fees:		
- directors of the Company	270	248
Key management personnel's remuneration (excluding directors)	691	679
Foreign exchange loss, net	319	1,794
Gain on disposal of property, plant and equipment	(158)	(59)
Impairment on intangible assets	126	—
Impairment on investment in associate	—	110
Impairment on property, plant and equipment	415	423
Impairment on property held for sale	3,114	—
Inventories written down	347	770
Audit fees:		
- payable to auditors of the Company	189	172
- payable to other auditors	226	219
Non-audit fees:		
- payable to auditors of the Company	71	70
- payable to other auditors	197	180
Operating lease expenses	39,925	39,419
Property, plant and equipment written off	195	63
Provision for foreseeable losses on development properties	1,844	—
Development cost written off	—	45
Write-back of allowance for doubtful debts - trade receivables	(103)	(162)
Write-back of allowance for inventory obsolescence	(295)	(771)

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34. Financial income/expenses

	Group	
	2014 \$'000	2013 \$'000
(a) Financial income		
Interest income from:		
- fixed deposits	1,443	1,380
- bank current account	83	107
	<u>1,526</u>	<u>1,487</u>
(b) Financial expenses		
Interest expense on:		
- bank loans	983	944
- finance leases	8	13
	<u>991</u>	<u>957</u>
Less: Interest expenses capitalised in:		
- Property, plant and equipment	(116)	–
- Development properties	(395)	(845)
Interest expense recognised in profit or loss	<u>480</u>	<u>112</u>
Bank charges	<u>193</u>	<u>158</u>
	<u>673</u>	<u>270</u>

35. Income tax

Major components of income tax expense

The major components of income tax expense for the financial years ended 30 April 2014 and 2013 are as follows:

	Group	
	2014 \$'000	2013 \$'000
Current income tax		
- current year	6,938	7,189
- under/(over) provision in respect of prior years	313	(1,836)
	<u>7,251</u>	<u>5,353</u>
Deferred tax		
- origination and reversal of temporary differences	(1,107)	(261)
- over provision in respect of prior years	(579)	(183)
	<u>(1,686)</u>	<u>(444)</u>
Tax expense recognised in profit or loss	<u>5,565</u>	<u>4,909</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

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35. Income tax (cont'd)

Relationship between tax expense and accounting profit

Reconciliation between tax expense and the product of accounting profit and applicable corporate tax rate for the years ended 30 April 2014 and 2013 is as follows:

	Group	
	2014 \$'000	2013 \$'000
Accounting profit before tax	16,169	28,278
Tax at applicable tax rate of 17%	2,749	4,807
<i>Adjustments:</i>		
Difference in tax rate in other countries	1,487	1,811
Non-deductible expenses	792	840
Income not subject to taxation	(75)	(716)
Effect of partial tax exempt and tax relief	(109)	(78)
Over provision in respect of prior year	(266)	(2,019)
Tax savings from government credit scheme	(115)	(455)
Current year tax losses not recognised as deferred tax assets	1,134	881
Benefits from previously unrecognised tax losses	(75)	(116)
Others	43	(46)
Tax expense recognised in profit or loss	5,565	4,909

As at 30 April 2014, the Group had unabsorbed capital allowances and unutilised tax losses of approximately \$119,000 and \$36,729,000 (2013: \$19,000 and \$30,700,000) respectively for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these balances is subject to agreement with the respective Income Tax Authorities and compliance with the relevant provisions of the Income Tax Act in the respective countries of incorporation for the companies in the Group.

Deferred taxes

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current income tax assets and current income tax liabilities and when deferred taxes relate to the same fiscal authority. The amounts of deferred tax assets and liabilities determined after appropriate offsetting are as follows:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Deferred tax assets	3,721	2,211	212	—
Deferred tax liabilities	(119)	(225)	—	(111)
	3,602	1,986	212	(111)

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

35. Income tax (cont'd)

Deferred taxes prior to offsetting of balances within the same tax jurisdiction as at 30 April relate to the following:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Deferred tax assets				
Allowance for inventory obsolescence	636	591	—	—
Allowance for doubtful debts	1,151	963	739	551
Development properties	314	270	—	—
Tax losses	314	340	—	—
Staff benefits	1,274	1,355	62	19
Unrealised profit on inventories	962	—	—	—
Other temporary differences	270	442	—	10
	4,921	3,961	801	580
Deferred tax liabilities				
Property, plant and equipment	(1,199)	(1,891)	(589)	(691)
Development properties	(47)	—	—	—
Other temporary differences	(73)	(84)	—	—
	(1,319)	(1,975)	(589)	(691)
	3,602	1,986	212	(111)

Tax consequences of proposed dividends

There is no income tax consequence (2013: Nil) attached to the dividend proposed by the Company to the shareholders which is not recognised as a liability in the financial statements (Note 37).

36. Earnings per share

The Group's earnings per share is calculated by dividing the Group's profit attributable to owners of the Company of \$10,589,000 (2013: \$23,262,000) by the weighted average number of shares in issue during the year and at end of the year of 815,310,834 (2013: 834,933,786).

As there are no share options and warrants granted during the year, the basic and fully diluted earnings per share are the same.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

37. Dividends

	Group
	2014 \$'000
	2013 \$'000
Declared and paid during the financial year:	

Dividends on ordinary shares:

Final dividend of 1.0 cent (2013: 0.8 cent) per share, exempt one-tier dividend in respect of the previous financial year	8,143	6,729
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Proposed but not recognised as a liability as at 30 April:

Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:

Final dividend of 1.0 cent (2013: 1.0 cent) per share, exempt one-tier dividend in respect of the current financial year	7,971	8,188
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38. Related party disclosures

Sale and purchase of goods and services

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the year at terms agreed between the parties.

	Group	
	2014	2013
	\$'000	\$'000
Income from an associate - service fees and others	—	330
Service fees charged by a minority shareholder	(139)	(467)
Sale of two residential property units to a director of the Company	8,810	—

Compensation of key management personnel

Details of compensation of key management personnel are disclosed in Note 32 to the financial statements.

39. Contingent liabilities, unsecured

As at 30 April 2014, the Company has issued guarantees amounting to \$1,195,000 (2013: \$1,172,000) to third parties for the full, prompt and complete payment of all rental obligations that are or may become due arising from signed tenancy agreements.

The Company has also given corporate guarantees to financial institutions in respect of facilities amounting to \$73,222,000 (2013: \$93,046,000) granted to seven (2013: six) of its wholly-owned subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

40. Commitments

(a) Operating lease commitments - as lessee

The Group and the Company have various operating lease agreements for office premises, retail outlets and computer equipment. The tenure of these leases range from 1 to 6 years. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Not later than one year	30,711	28,642	1,299	1,321
Later than one year but not later than five years	39,553	27,850	1,123	2,422
Later than five years	649	—	—	—
	70,913	56,492	2,422	3,743

(b) Capital commitments

Capital expenditure not provided for in the financial statements is as follows:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Commitments in respect of contracts placed	27,400	769	—	—

(c) Finance lease commitments

The Group and the Company have finance leases as disclosed in Note 29.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

41. Segment information

Operating segments

For management purposes, the Group is organised on a worldwide basis into business units based on their products and services, and has four reportable operating segments as follows:

- Retail and distribution
- Publishing/e-Learning
- Property development
- Corporate

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain aspects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are at terms agreed between the parties.

The products and services offered are disclosed in the principal activities of the subsidiaries in Note 8.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

41. Segment information (cont'd)

	Retail and distribution		Publishing/ e-Learning		Property development		Corporate		Eliminations		Per consolidated financial statements	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Turnover:												
External customers	469,532	462,881	64,138	57,982	18,186	3,300	—	—	—	—	551,856	524,163
Inter-segment	391	358	16,126	13,657	—	—	15,040	32,697	(31,557)	(46,712)	—	—
Total turnover	469,923	463,239	80,264	71,639	18,186	3,300	15,040	32,697	(31,557)	(46,712)	551,856	524,163
Results:												
Financial income	—	—	—	—	—	—	1,775	1,572	(249)	(85)	1,526	1,487
Depreciation and amortisation	(7,070)	(7,266)	(1,684)	(1,659)	(83)	(91)	(1,438)	(1,422)	—	—	(10,275)	(10,438)
Share of results of associate	—	—	—	(63)	—	—	—	—	—	—	—	(63)
Allowance for inventory obsolescence	(4,728)	(4,052)	(415)	(1,119)	—	—	—	—	—	—	(5,143)	(5,171)
Provision for foreseeable losses on development properties	—	—	—	—	(1,844)	—	—	—	—	—	(1,844)	—
Impairment of non-financial assets	(541)	(423)	—	(110)	(3,114)	—	—	—	—	—	(3,655)	(533)
Segment profit/(loss) before tax	18,663	24,828	4,531	4,950	(5,806)	(1,461)	5,068	15,702	(6,287)	(15,741)	16,169	28,278
Assets:												
Additions to non-current assets	10,566	35,890	7,781	2,537	6	13	308	1,132	—	—	18,661	39,572
Segment assets	305,800	301,293	136,810	116,905	91,174	123,260	141,111	143,999	(275,554)	(262,925)	399,341	422,532
Segment liabilities	233,033	229,818	82,875	61,248	90,936	118,046	46,430	41,807	(272,942)	(252,939)	180,332	197,980

Group financing (including finance expenses) and income taxes are managed on a group basis and are not allocated to operating segments.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

41. Segment information (cont'd)

Geographical information

Turnover is based on the geographical location of customers regardless of where the goods are produced. Assets and additions to property, plant and equipment and development costs are based on the location of those assets.

	Turnover		Non-current assets	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Singapore	232,469	217,825	49,693	47,508
Malaysia	211,633	210,461	11,920	15,442
Greater China	105,209	93,092	13,899	8,025
Others	2,545	2,785	347	373
	551,856	524,163	75,859	71,348

Non-current assets information presented above consist of property, plant and equipment, development costs, intangible assets and goodwill as presented in the consolidated statement of financial position.

42. Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans, obligations under finance leases, other investments, cash and fixed deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to changes in interest rates risk arises primarily from the Group's interest bearing financial liabilities. Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The Group's policy is to obtain the most favourable rates available to manage interest expense. The Group may enter into derivative transactions, including interest rate swaps, to manage the interest rate risks arising from the Group's operations and its sources of financing, when management considers the interest rate risk exposure to be high.

Information relating to the Group's interest rate exposure is also disclosed in the notes on the Group's borrowings (Notes 27 and 28) and obligations under finance leases (Note 29).

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

42. Financial risk management objectives and policies (cont'd)

Interest rate risk (cont'd)

Sensitivity analysis

In managing its interest rate risk, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, any prolonged adverse change in interest rate will have an impact on profit.

For the floating rate bank loans (excluding loans on development properties which are still in progress as any interest incurred will be capitalised in the statement of financial position as development properties), a change of 50 (2013: 50) basis points ("bp") in interest rate at the reporting date would increase/(decrease) profit before tax by the amounts shown below. The analysis assumes that all other variables, in particular, foreign currency rates, remain constant.

Group	Profit before tax	
	50 bp increase \$'000	50 bp decrease \$'000
30 April 2014	(55)	55
30 April 2013	(17)	17

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows.

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayments obligations.

	Note	Less than 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Group					
2014					
Financial assets:					
Other investments	13	—	—	248	248
Trade receivables	19	19,128	—	—	19,128
Other receivables and deposits	20	3,978	5,941	—	9,919
Due from affiliated companies (non-trade)	23	14	—	—	14
Fixed deposits		51,568	—	—	51,568
Cash and bank balances		57,328	—	—	57,328
Total undiscounted financial assets		132,016	5,941	248	138,205
Financial liabilities:					
Trade payables	25	100,774	—	—	100,774
Other payables and accruals	26	33,958	—	—	33,958
Due to joint venture partners (non-trade)	23	649	—	—	649
Due to affiliated companies (non-trade)	23	14	—	—	14
Long-term bank loans (secured)		966	14,832	493	16,291
Short-term bank loans (unsecured)		16,815	—	—	16,815
Total undiscounted financial liabilities		153,176	14,832	493	168,501
Total net undiscounted financial liabilities		(21,160)	(8,891)	(245)	(30,296)

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

42. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

	Note	Less than 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Group					
2013					
Financial assets:					
Other investments	13	—	—	75	75
Trade receivables	19	16,606	—	—	16,606
Other receivables and deposits	20	6,544	6,601	—	13,145
Due from affiliated companies (non-trade)	23	12	—	—	12
Due from associate (trade)		625	—	—	625
Fixed deposits		55,612	—	—	55,612
Cash and bank balances		61,034	—	—	61,034
Total undiscounted financial assets		140,433	6,601	75	147,109
Financial liabilities:					
Trade payables	25	106,646	—	—	106,646
Other payables and accruals	26	33,798	—	—	33,798
Due to joint venture partners (non-trade)	23	465	—	—	465
Due to affiliated companies (non-trade)	23	19	—	—	19
Long-term bank loans (secured)		22,271	16,066	256	38,593
Short-term bank loans (unsecured)		8,338	—	—	8,338
Obligations under finance leases	29	97	4	—	101
Total undiscounted financial liabilities		171,634	16,070	256	187,960
Total net undiscounted financial liabilities		(31,201)	(9,469)	(181)	(40,851)

Company

2014

Financial assets:					
Other receivables and deposits	20	157	—	—	157
Due from subsidiaries (trade)	21	7,105	—	—	7,105
Due from subsidiaries (non-trade)	22	33,773	—	—	33,773
Cash and bank balances		3,191	—	—	3,191
Total undiscounted financial assets		44,226	—	—	44,226
Financial liabilities:					
Other payables and accruals	26	3,617	—	—	3,617
Due to subsidiaries (non-trade)	23	1,840	—	—	1,840
Loans from subsidiaries	23	39,577	—	—	39,577
Short-term bank loans (unsecured)		1,306	—	—	1,306
Total undiscounted financial liabilities		46,340	—	—	46,340
Total net undiscounted financial liabilities		(2,114)	—	—	(2,114)

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

42. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

Company	Note	Less than 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
2013					
Financial assets:					
Other receivables and deposits	20	137	—	—	137
Due from subsidiaries (trade)	21	5,325	—	—	5,325
Due from subsidiaries (non-trade)	22	35,702	—	—	35,702
Cash and bank balances		1,682	—	—	1,682
Total undiscounted financial assets		42,846	—	—	42,846
Financial liabilities:					
Other payables and accruals	26	2,794	—	—	2,794
Due to subsidiaries (non-trade)	23	1,169	—	—	1,169
Loans from subsidiaries	23	36,266	—	—	36,266
Short-term bank loans (unsecured)		1,300	—	—	1,300
Obligations under finance leases	29	97	4	—	101
Total undiscounted financial liabilities		41,626	4	—	41,630
Total net undiscounted financial assets/(liabilities)		1,220	(4)	—	1,216

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

42. Financial risk management objectives and policies (cont'd)

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade receivables. For other financial assets (including investment in securities and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring its trade receivables by operating segments and geographical locations on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group	
	2014	2013
	\$'000	\$'000
By operating segments		
Retail and distribution	8,560	6,755
Publishing/e-Learning	9,739	9,851
Property development	829	–
	19,128	16,606
By geographical locations		
Singapore	3,912	3,158
Malaysia	6,000	4,298
Greater China	8,361	8,215
Others	855	935
	19,128	16,606

As at 30 April 2014 and 2013, there is no single external customer that contributed 10% or more of the Group's revenue.

Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Cash and cash equivalents and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

42. Financial risk management objectives and policies (cont'd)

Foreign currency risk

The Group does not enter into derivative foreign exchange contracts to hedge its foreign currency risk. It is the Group's policy not to trade in derivative contracts.

The Group is primarily exposed to fluctuations in United States Dollars, Pound Sterling and Chinese Renminbi exchange rates arising from cash flows from anticipated transactions. The Group reviews periodically monetary assets and liabilities held in currencies other than the various functional currencies to ensure that net exposure is kept at an acceptable level.

The significant foreign currency amounts held by the entities other than their functional currencies are as follows:

	United States Dollars \$'000	Pound Sterling \$'000	Chinese Renminbi \$'000
2014			
Other receivables and deposits	162	—	24
Cash and cash equivalents	26	1	4
Trade payables	2,099	251	607
2013			
Other receivables and deposits	308	—	8
Cash and cash equivalents	56	1	5
Trade payables	818	43	1,326

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Hong Kong, People's Republic of China, Taiwan, Malaysia, Brunei Darussalam, Australia, Canada and United Kingdom. The Group's net investments are not hedged as currency positions in the respective currencies are considered to be long term in nature.

A 5% strengthening of the Group's major functional currencies against the following currencies at the reporting date would increase/ (decrease) profit by the amounts shown below:

	Group	
	2014 \$'000	2013 \$'000
<i>Entities with functional currency of Singapore Dollars</i>		
New Taiwan Dollars	(3)	(3)
Chinese Renminbi	4	7
United States Dollars	(5)	(15)
<i>Entities with functional currency of Malaysian Ringgit</i>		
Singapore Dollars	46	38
Chinese Renminbi	26	59
United States Dollars	101	38

A 5% weakening of the Group's major functional currencies against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

43. Fair value of financial instruments

(a) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Group	Note	Quoted prices in active markets for identical instruments (Level 1) \$'000	Significant observable inputs other than quoted prices (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	Total \$'000
2014					
Financial assets:					
Available-for-sale financial assets	13	248	–	–	248
At 30 April		248	–	–	248
2013					
Financial assets:					
Available-for-sale financial assets	13	75	–	–	75
At 30 April		75	–	–	75

Fair value hierarchy

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

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

Determination of fair value

Quoted equity instruments (Note 13)

The fair value is determined by reference to their quoted market price at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

43. Fair value of financial instruments (cont'd)

(b) Financial instruments whose carrying amounts approximate fair value

Cash and cash equivalents, trade and other receivables, trade and other payables, due (to)/from subsidiaries, due from associate, due from/(to) affiliated company and due to joint venture partners.

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to the relatively short-term nature of these financial instruments.

Floating interest rate bank loans

The carrying amounts of these loans approximate their fair values as they are floating rate instruments that are repriced to market interest rates at or near the end of the reporting period.

Other receivables and deposits (Note 20)

The fair value has been determined by discounting the relevant cash flows with current interest rate for similar instruments at the end of the reporting period.

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

Obligations under finance leases

Set out below is a comparison by category of the carrying amounts and fair values of all of the Group and the Company's financial instruments that are carried in the financial statements at other than fair values as at 30 April.

	Note	Group				Company			
		Carrying amount		Estimated Fair value		Carrying amount		Estimated Fair value	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Financial liabilities									
Obligations under finance leases	29	—	90	—	100	—	90	—	100

The fair value of finance lease liabilities is estimated as the present value of future cash flows, discounted at market interest rates for homogenous lease agreements. The estimated fair value reflects change in interest rate. The interest rate used to discount estimated cash flows was based on 3 to 5 year loan rates of 2.8% in 2013. The discount rate was derived based on reference to the actual interest rates charged by the bank.

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

(In Singapore dollars unless otherwise stated)

44. Capital management

The Board's policy is to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the level of dividend payments taking into account the Group's expansion requirements.

The Group monitors capital based on the debt to equity ratio. This ratio is calculated as total borrowings divided by equity. The debt to equity ratio as at 30 April 2014 and 2013 were as follows:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Short-term bank loans (unsecured)	16,724	8,300	1,300	1,300
Long-term bank loans (secured), current portion	583	21,676	—	—
Long-term bank loans (secured), non-current portion	15,190	15,781	—	—
Obligations under finance leases, current portion	—	86	—	86
Obligations under finance leases, non-current portion	—	4	—	4
Total borrowings	32,497	45,847	1,300	1,390
Equity	218,431	223,922	94,680	102,192
Debt to equity ratio	0.15	0.20	0.01	0.01

There were no changes in the Group's approach to capital management during the year.

45. Events occurring after the reporting date

Details of subsequent events are disclosed in Notes 8(C) and 12 to the financial statements.

On 9 June 2014, Smart English Company Limited, a wholly-owned subsidiary of the Company, has established a 100%-owned subsidiary, Popular (Shanghai) Company Limited, with a registered capital of \$3,768,000 (equivalent to US\$3,000,000) to operate English learning centres in Mainland China.

46. Authorisation of financial statements for issue

The financial statements of the Company and the consolidated financial statements of the Group for the year ended 30 April 2014 were authorised for issue in accordance with a directors' resolution dated 25 July 2014.

APPENDIX V

UNAUDITED INTERIM FINANCIAL INFORMATION OF THE GROUP FOR HY2015

APPENDIX V - UNAUDITED INTERIM FINANCIAL INFORMATION OF THE GROUP FOR HY2015

SECOND QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 OCTOBER 2014
PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS.

- 1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Income Statement

	Group			Group		
	2 nd Quarter ended 31-Oct-14 S\$'000	31-Oct-13 S\$'000	Change %	Half year ended 31-Oct-14 S\$'000	31-Oct-13 S\$'000	Change %
Turnover	125,553	136,544	-8.0%	266,954	270,067	-1.2%
Cost of sales	(106,196)	(117,440)	-9.6%	(217,508)	(223,351)	-2.6%
Gross profit	19,357	19,104	1.3%	49,446	46,716	5.8%
Other operating income	1,205	704	71.2%	1,978	1,721	14.9%
Distribution and selling expenses	(2,861)	(3,954)	-27.6%	(6,246)	(7,279)	-14.2%
Administrative expenses	(15,253)	(14,775)	3.2%	(30,603)	(29,619)	3.3%
Other operating expenses	(489)	(537)	-8.9%	(825)	(4,193)	-80.3%
Profit from operations	1,959	542	261.4%	13,750	7,346	87.2%
Financial income	527	378	39.4%	969	792	22.3%
Financial expenses	(136)	(207)	-34.3%	(242)	(379)	-36.1%
Profit before tax	2,350	713	229.6%	14,477	7,759	86.6%
Income tax expense	(1,078)	(776)	38.9%	(3,780)	(2,478)	52.5%
Profit/(Loss) for the period, net of tax	1,272	(63)	N.M.	10,697	5,281	102.6%
Profit/(Loss) attributable to:						
Owners of the Company	1,253	(52)	N.M.	10,663	5,271	102.3%
Non-controlling interests	19	(11)	N.M.	34	10	240.0%
	1,272	(63)	N.M.	10,697	5,281	102.6%

1(a)(ii) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Comprehensive Income

	Group			Group		
	2 nd Quarter ended			Half year ended		
	31-Oct-14	31-Oct-13	Change	31-Oct-14	31-Oct-13	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit/(Loss) for the period, net of tax	1,272	(63)	N.M.	10,697	5,281	102.6%
Other comprehensive income:						
Currency translation adjustments on foreign operations	941	(1,284)	N.M.	1,841	(2,187)	N.M.
Fair value adjustments	(27)	81	N.M.	(33)	79	N.M.
Other comprehensive income for the period, net of tax	914	(1,203)	N.M.	1,808	(2,108)	N.M.
Total comprehensive income for the period	2,186	(1,266)	N.M.	12,505	3,173	294.1%
Total comprehensive income attributable to:						
Owners of the Company	2,149	(1,238)	N.M.	12,456	3,160	294.2%
Non-controlling interests	37	(28)	N.M.	49	13	276.9%
	2,186	(1,266)	N.M.	12,505	3,173	294.1%

1(a)(iii) Profit before tax is arrived at after charging/(crediting) the following:

	Group			Group		
	2 nd Quarter ended			Half year ended		
	31-Oct-14	31-Oct-13	Change	31-Oct-14	31-Oct-13	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Allowance for doubtful debts - trade receivables	-	162	N.M.	65	183	-64.5%
Allowance for inventory obsolescence	1,445	2,042	-29.2%	3,315	2,727	21.6%
Amortisation of development costs	303	117	159.0%	479	234	104.7%
Depreciation of property, plant and equipment	2,222	2,339	-5.0%	4,372	4,725	-7.5%
Foreign exchange loss/(gain), net	117	(85)	N.M.	98	100	-2.0%
Gain on disposal of property, plant and equipment	(16)	(4)	300.0%	(20)	(149)	-86.6%
Impairment on properties held for sale	-	-	N.M.	-	3,114	N.M.
Interest expenses	34	192	-82.3%	82	313	-73.8%
Inventories written down	262	14	N.M.	303	48	531.3%
Property, plant and equipment written off	55	47	17.0%	68	52	30.8%
Write-back of allowance for doubtful debts - trade receivables	-	(47)	N.M.	(2)	(84)	-97.6%
Write-back of allowance for inventory obsolescence	(284)	(7)	N.M.	(390)	(10)	N.M.

Note: N.M. - Not meaningful

APPENDIX V - UNAUDITED INTERIM FINANCIAL INFORMATION OF THE GROUP FOR HY2015

- 1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

Statements of Financial Position

	Group		Company	
	31-Oct-14	30-Apr-14	31-Oct-14	30-Apr-14
	S\$'000	S\$'000	S\$'000	S\$'000
Share Capital and Reserves				
Share capital	92,170	92,170	92,170	92,170
Treasury shares	-	(10,307)	-	(10,307)
Reserves	129,635	136,568	8,809	12,817
Equity attributable to owners of the Company	221,805	218,431	100,979	94,680
Non-controlling interests	759	578	-	-
Total equity	222,564	219,009	100,979	94,680
Represented by:				
Non-Current Assets				
Property, plant and equipment	71,096	67,555	3,048	3,657
Investments in subsidiaries	-	-	92,662	92,662
Investment in joint venture*	-	-	-	-
Goodwill on consolidation	1,256	1,256	-	-
Intangible asset	6,254	2,447	-	-
Other investments	215	248	-	-
Development costs	5,858	4,601	-	-
Deferred tax assets	4,275	3,721	212	212
Other receivables and deposits	5,507	5,941	-	-
	94,461	85,769	95,922	96,531
Current Assets				
Development properties	24,410	23,274	-	-
Properties held for sale	46,804	49,297	-	-
Inventories	110,081	102,210	-	-
Trade receivables	18,408	19,128	-	-
Other receivables and deposits	5,865	3,978	142	157
Prepayments	4,875	4,437	401	353
Due from subsidiaries (trade)	-	-	10,535	7,105
Due from subsidiaries (non-trade)	-	-	34,346	33,773
Due from affiliated companies (non-trade)	45	14	2	-
Tax recoverable	37	27	-	-
Fixed deposits	52,773	51,442	-	-
Cash and bank balances	44,161	57,328	2,444	3,191
	307,459	311,135	47,870	44,579
Assets classified as held for sale [#]	-	2,437	-	-
	307,459	313,572	47,870	44,579
Total Assets	401,920	399,341	143,792	141,110

* The investment in joint venture was fully impaired.

The assets classified as held for sale were in respect of two commercial property units which have been disposed of in the current financial period.

Statements of Financial Position (Cont'd)

	Group		Company	
	31-Oct-14	30-Apr-14	31-Oct-14	30-Apr-14
	S\$'000	S\$'000	S\$'000	S\$'000
Current Liabilities				
Trade payables	94,852	100,774	-	-
Other payables and accruals	52,133	44,349	2,142	3,617
Due to subsidiaries (non-trade)	-	-	2,077	1,840
Due to joint venture partners (non-trade)	742	649	-	-
Due to affiliated companies (non-trade)	-	14	-	-
Loan from subsidiaries	-	-	37,208	39,577
Short-term bank loans (unsecured)	12,425	16,724	1,300	1,300
Long-term bank loans (secured), current portion	459	583	-	-
Obligations under finance leases, current portion	9	-	-	-
Tax payable	3,627	1,930	86	96
	164,247	165,023	42,813	46,430
Net Current Assets/(Liabilities)	143,212	148,549	5,057	(1,851)
Non-Current Liabilities				
Long-term bank loans (secured), non-current portion	14,961	15,190	-	-
Obligations under finance leases, non-current portion	42	-	-	-
Deferred tax liabilities	106	119	-	-
	15,109	15,309	-	-
Total Liabilities	179,356	180,332	42,813	46,430
Net Assets	222,564	219,009	100,979	94,680

1(b)(ii) Aggregate amount of group's borrowing and debt securities**Amount repayable in one year or less, or on demand**

As at 31 October 2014		As at 30 April 2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
468	12,425	583	16,724

Amount repayable after one year

As at 31 October 2014		As at 30 April 2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
15,003	-	15,190	-

Details of any collateral

The Group's borrowings are secured by properties owned by its subsidiaries and assets under fixed term lease financing.

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Cash Flows

	Group		Group	
	2nd Quarter ended		Half year ended	
	31-Oct-14	31-Oct-13	31-Oct-14	31-Oct-13
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before tax	2,350	713	14,477	7,759
Adjustments for:				
Allowance for doubtful debts - trade receivables	-	162	65	183
Allowance for inventory obsolescence	1,445	2,042	3,315	2,727
Amortisation of development cost	303	117	479	234
Depreciation of property, plant and equipment	2,222	2,339	4,372	4,725
Property, plant and equipment written off	55	47	68	52
Provision for sales returns	842	715	1,905	1,816
Gain on disposal of property, plant and equipment	(16)	(4)	(20)	(149)
Impairment on properties held for sale	-	-	-	3,114
Inventories written down	262	14	303	48
Write-back of allowance for doubtful debts - trade receivables	-	(47)	(2)	(84)
Write-back of allowance for inventory obsolescence	(284)	(7)	(390)	(10)
Interest expense	34	192	82	313
Interest income	(527)	(378)	(969)	(792)
Currency realignment	81	(634)	463	(255)
Operating cash flows before working capital changes	6,767	5,271	24,148	19,681
(Increase)/Decrease in:				
Development properties	(543)	(175)	(962)	(618)
Properties held for sale	2,589	9,356	2,593	13,200
Inventories	(6,894)	4,038	(11,310)	(8,147)
Trade receivables	(740)	(6,470)	654	(9,234)
Other receivables, deposits and prepayments	767	2,504	(1,891)	617
Due from affiliated companies	(10)	(5)	(31)	(27)
Due from associated company	-	-	-	625
Increase/(Decrease) in:				
Trade payables	(4,867)	(6,439)	(5,922)	(6,292)
Other payables and accruals	278	(2,066)	3,517	(169)
Due to affiliated companies	(14)	12	(14)	7
Due to joint venture partners	93	63	93	(25)
Cash flows (used in)/generated from operations	(2,574)	6,089	10,875	9,618
Interest received	527	378	969	792
Interest paid	(276)	(279)	(413)	(536)
Income taxes paid	(1,413)	(2,168)	(2,660)	(4,538)
Net cash flows (used in)/generated from operating activities	(3,736)	4,020	8,771	5,336

Consolidated Statement of Cash Flows (Cont'd)

	Group		Group	
	2nd Quarter ended		Half year ended	
	31-Oct-14	31-Oct-13	31-Oct-14	31-Oct-13
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	2,174	12	2,461	185
Purchase of property, plant and equipment	(6,656)	(2,440)	(7,547)	(4,983)
Purchase of intangible assets	(670)	-	(1,379)	-
Increase in development costs	(1,398)	(1,317)	(1,638)	(1,625)
Net cash outflow on acquisition of non-controlling interests	-	-	(2)	-
Net cash flows used in investing activities	(6,550)	(3,745)	(8,105)	(6,423)
Cash flows from financing activities				
Proceeds from long-term bank loans	-	-	-	166
Purchase of treasury shares	-	(585)	(977)	(1,707)
Repayment of short-term bank loan	(2,315)	-	(4,299)	-
Repayment of long-term bank loans	(192)	(2,662)	(353)	(2,836)
Repayment of obligations under finance leases	(2)	(17)	(14)	(64)
Dividends paid	(7,971)	(8,143)	(7,971)	(8,143)
Net cash flows used in financing activities	(10,480)	(11,407)	(13,614)	(12,584)
Net decrease in cash and cash equivalents	(20,766)	(11,132)	(12,948)	(13,671)
Effects of exchange rates changes on cash and cash equivalents	533	(503)	1,112	(1,789)
Cash and cash equivalents as at beginning of the period	117,167	112,544	108,770	116,369
Cash and cash equivalents as at end of the period	96,934	100,909	96,934	100,909

Note to Consolidated Statement of Cash Flows:

Cash and cash equivalents included in the Consolidated Statement of Cash Flows comprise the following amounts:

	Group		Group	
	2nd Quarter ended		Half year ended	
	31-Oct-14	31-Oct-13	31-Oct-14	31-Oct-13
	S\$'000	S\$'000	S\$'000	S\$'000
Fixed deposits	52,773	42,859	52,773	42,859
Cash and bank balances	44,161	58,050	44,161	58,050
Cash and cash equivalents	96,934	100,909	96,934	100,909

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statements of Changes in Equity

	Attributable to owners of the Company									
						Premium paid on acquisition of non-controlling interests				
	Share capital	Treasury shares	Translation reserve	Accumulated profits	Fair value adjustment reserve	Legal reserve	Non-controlling interests	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group										
Balance as at 1 May 2014	92,170	(10,307)	(22,405)	159,277	88	322	(714)	218,431	578	219,009
Profit for the period, net of tax	-	-	-	9,410	-	-	-	9,410	15	9,425
Other comprehensive income for the period	-	-	903	-	(6)	-	-	897	(3)	894
Total comprehensive income for the period	-	-	903	9,410	(6)	-	-	10,307	12	10,319
Purchase of treasury shares	-	(977)	-	-	-	-	-	(977)	-	(977)
Cancellation of treasury shares	-	11,284	-	(11,284)	-	-	-	-	-	-
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	(134)	(134)	132	(2)
Balance as at 31 July 2014	92,170	-	(21,502)	157,403	82	322	(848)	227,627	722	228,349
Profit for the period, net of tax	-	-	-	1,253	-	-	-	1,253	19	1,272
Other comprehensive income for the period	-	-	923	-	(27)	-	-	896	18	914
Total comprehensive income for the period	-	-	923	1,253	(27)	-	-	2,149	37	2,186
Dividend paid	-	-	-	(7,971)	-	-	-	(7,971)	-	(7,971)
Balance as at 31 October 2014	92,170	-	(20,579)	150,685	55	322	(848)	221,805	759	222,564

Statements of Changes in Equity (Cont'd)

	Attributable to owners of the Company				Premium paid on acquisition of non-controlling interests		Non-controlling interests		Total equity
	Share capital	Treasury shares	Translation reserve	Accumulated profits	Fair value reserve	Legal reserve	Total		
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 May 2013	92,170	(5,136)	(19,465)	156,863	(86)	290	(714)	630	224,552
Profit for the period, net of tax	-	-	-	5,323	-	-	-	21	5,344
Other comprehensive income for the period	-	-	(923)	-	(2)	-	(925)	20	(905)
Total comprehensive income for the period	-	-	(923)	5,323	(2)	-	4,398	41	4,439
Purchase of treasury shares	-	(1,122)	-	-	-	-	(1,122)	-	(1,122)
Balance as at 31 July 2013	92,170	(6,258)	(20,388)	162,186	(88)	290	(714)	671	227,869
Profit for the period, net of tax	-	-	-	(52)	-	-	(52)	(11)	(63)
Other comprehensive income for the period	-	-	(1,267)	-	81	-	(1,186)	(17)	(1,203)
Total comprehensive income for the period	-	-	(1,267)	(52)	81	-	(1,238)	(28)	(1,266)
Dividend paid, net	-	-	-	(8,143)	-	-	(8,143)	-	(8,143)
Purchase of treasury shares	-	(585)	-	-	-	-	(585)	-	(585)
Balance as at 31 October 2013	92,170	(6,843)	(21,655)	153,991	(7)	290	(714)	643	217,875

Statements of Changes in Equity (Cont'd)

	Share capital	Treasury shares	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Company				
Balance as at 1 May 2014	92,170	(10,307)	12,817	94,680
Profit for the period, net of tax, representing total comprehensive income for the period	–	–	3,367	3,367
Purchase of treasury shares	–	(977)	–	(977)
Cancellation of treasury shares	–	11,284	(11,284)	–
Balance as at 31 July 2014	92,170	–	4,900	97,070
Profit for the period, net of tax, representing total comprehensive income for the period	–	–	11,800	11,800
Dividend paid, net	–	–	(7,971)	(7,971)
Balance as at 31 October 2014	92,170	–	8,809	100,979

	Share capital	Treasury shares	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Company				
Balance as at 1 May 2013	92,170	(5,136)	15,158	102,192
Profit for the period, net of tax, representing total comprehensive income for the period	–	–	2,314	2,314
Purchase of treasury shares	–	(1,122)	–	(1,122)
Balance as at 31 July 2013	92,170	(6,258)	17,472	103,384
Profit for the period, net of tax, representing total comprehensive income for the period	–	–	7,632	7,632
Purchase of treasury shares	–	(585)	–	(585)
Dividend paid, net	–	–	(8,143)	(8,143)
Balance as at 31 October 2013	92,170	(6,843)	16,961	102,288

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

Share capital

	Number of shares			
	2 nd Quarter ended		Half year ended	
	31-Oct-14	31-Oct-13	31-Oct-14	31-Oct-13
Balance at beginning of period	797,090,755	841,105,755	841,105,755	841,105,755
Cancelled during the period	—	—	(44,015,000)	—
Balance at end of period	797,090,755	841,105,755	797,090,755	841,105,755

Treasury shares

	Number of shares			
	2 nd Quarter ended		Half year ended	
	31-Oct-14	31-Oct-13	31-Oct-14	31-Oct-13
Balance at beginning of period	—	24,711,000	40,339,000	20,700,000
Purchased during the period	—	2,084,000	3,676,000	6,095,000
Cancelled during the period	—	—	(44,015,000)	—
Balance at end of period	—	26,795,000	—	26,795,000

During the quarter ended 31 October 2014, the Company purchased a total of Nil (31 October 2013: 2,084,000) of its ordinary shares by way of on-market purchase for a total cash consideration of Nil (31 October 2013: S\$0.6 million). These shares were held as treasury shares and were recorded separately in shareholders' equity.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	Number of shares	
	As at	
	31-Oct-14	30-Apr-14
Total number of issued shares	797,090,755	841,105,755
Less: Treasury shares	—	(40,339,000)
Total number of issued shares, excluding treasury shares	797,090,755	800,766,755

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the current financial period reported on.

- 2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice

The figures have not been audited nor reviewed by the Company's auditors.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)**

Not applicable.

- 4 Whether the same accounting policies and methods of computations as in the issuer's most recently audited annual financial statements have been applied**

The accounting policies have been consistently applied by the Group and the Company and are consistent with the audited financial statements as at 30 April 2014. The Group and Company have adopted all new and revised standards which are effective for annual financial periods beginning on or after 1 May 2014. The adoption of these new standards did not have any effect on the financial performance or position of the Group and Company.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

There were no changes in the accounting policies and methods of computation during the period.

- 6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Group			Group		
	2 nd Quarter ended		Change	Half year ended		Change
	31-Oct-14	31-Oct-13		31-Oct-14	31-Oct-13	
	Cents	Cents	%	Cents	Cents	%
Earnings per ordinary share based on weighted average number of ordinary shares in issue during the period	0.16	(0.01)	N.M.	1.34	0.65	106.2%
- Weighted average number of ordinary shares in issue during the period	797,090,755	814,429,146		797,393,052	819,863,593	
Earnings per ordinary share on a fully diluted basis	0.16	(0.01)	N.M.	1.34	0.65	106.2%
- Weighted average number of ordinary shares in issue during the period	797,090,755	814,429,146		797,393,052	819,863,593	

Basic EPS is calculated based on the net profit attributable to equity holders of the Company set out in 1(a)(i) above divided by the weighted average number of ordinary shares in issue during the financial period.

- 7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year**

	Group		
	31-Oct-14	30-Apr-14	Change
	Cents	Cents	%
Net asset value per ordinary share (cents) based on existing issued capital as at the end of the period/year	27.83	27.28	2.0%

	Company		
	31-Oct-14	30-Apr-14	Change
	Cents	Cents	%
Net asset value per ordinary share (cents) based on existing issued capital as at the end of the period/year	12.67	11.82	7.2%

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Comprehensive Income

2nd Quarter Ended 31 October 2014

For the 3 months ended 31 October 2014 ("2QFY2015"), the Group's turnover dropped by \$11.0 million (or 8.0%), from \$136.5 million to \$125.5 million. This was largely due to less revenue achieved in the Property and Retail & Distribution Divisions.

Property Division: Only one unit of Ei8ht Raja was sold for \$2.5 million in 2QFY2015 as compared to two units of 18 Shelford for a total consideration of \$8.8 million in the previous corresponding quarter ("2QFY2014").

Retail and Distribution Division: The drop in turnover by \$5.2 million (or 4.6%) from \$112.6 million to \$107.4 million was mainly due to extension of the Malaysian government's book voucher ("BB1M") redemption period in 2QFY2014 and the Singapore Gadget & Write Fair event which was held in 2QFY2014 but was not held in 2QFY2015.

Publishing and e-Learning Division: Turnover increased by \$0.5 million (or 3.3%) from \$15.2 million to \$15.7 million due to the adoption of our secondary school textbook series in Hong Kong and increased revenue from our assessment / supplementary titles.

Gross profit has, however, increased by \$0.3 million (or 1.3%) from \$19.1 million to \$19.4 million due to tighter control over cost by management. The Group maintained its gross margin at 15.4% for 2QFY2015 (14.0% for 2QFY2014).

Other operating income increased by \$0.5 million to \$1.2 million mainly due to a one-off gain on the completion of the disposal of two commercial property units of \$0.3 million recognised in 2QFY2015 and higher rental income from book fair and road shows of \$0.2 million.

Distribution & selling expenses decreased by \$1.1 million (or 27.6%) to \$2.9 million due to the absence of the Gadgets & Write Fair for 2QFY2015 and higher sponsorship income received in Malaysia.

Administrative expenses increased by \$0.5 million (or 3.2%) to \$15.3 million mainly due to increase in manpower costs to support the expanded retail and publishing businesses.

Financial income increased by \$0.1 million to \$0.5 million due to a higher interest income from fixed deposits while financial expenses decreased by \$0.1 million to \$0.1 million due to lower interest expense as the construction loan of Ei8ht Raja had been fully repaid.

With a higher profit before tax, income tax expense increased by \$0.3 million to \$1.1 million.

1st Half ended 31 October 2014

For the six months ended 31 October 2014 ("1HFY2015"), the Group's turnover decreased by \$3.1 million (or 1.2%) from \$270.1 million to \$267.0 million mainly due to the Property Division. The decrease is offset by the growth of the other divisions.

Statement of Comprehensive Income (cont'd)

Property Division: Revenue for the Property Division decreased by \$10.7 million in 1HFY2015 to \$2.5 million. Only one unit in Ei8ht Raja was sold during the period as compared to four units during the corresponding period ("1HFY2014"). Despite the Group's best efforts, and as at 31 October 2014, there still remain 21 unsold units in Ei8ht Raja. Only five units were sold since obtaining the Temporary Occupation Permit ("TOP") in May 2013.

Retail & Distribution Division: Revenue grew by \$4.5 million (or 2.0%) in 1HFY2015 from \$220.1 million to \$224.6 million. Sales growth was mainly from new retail stores opened, organic growth from existing retail stores and higher revenue from the BB1M programme. As at 31 October 2014, the Group operated a total of 163 outlets (As at 31 October 2013: 159 outlets).

Publishing & e-Learning Division: Revenue increased by \$3.1 million (or 8.5%), from \$36.7 million to \$39.8 million, primarily driven by growth in the adoption of our new textbook series (from Primary to Secondary) and increase in revenue from new publication of assessment / supplementary titles in Hong Kong.

Gross profit increased by \$2.7 million from \$46.7 million to \$49.4 million. With tighter control over costs, the Group improved its gross margin from 17.3% to 18.5% despite rising rental costs and manpower shortages.

Other operating income increased by \$0.3 million to \$2.0 million mainly due to a one-off gain on the completion of the disposal of two commercial property units recognised in 1HFY2015 and higher rental income from book fair and road shows. The increase was negated by a one-off gain on disposal of motor vehicles in 1HFY2014.

Decrease in distribution & selling expenses by \$1.0 million to \$6.2 million was largely due to the absence of the Gadgets & Write Fair for 1HFY2015 resulting in a drop in advertising and promotion expenses.

Administrative expenses increased by \$1.0 million to \$30.6 million primarily caused by an increase in manpower costs to support the expanded retail and publishing businesses.

The decrease in other operating expenses by \$3.4 million to \$0.8 million was mostly due to an impairment loss of \$3.1 million being recorded in 1HFY2014. No impairment on the Group's properties was required for 1HFY2015.

Financial income increased by \$0.2 million to \$1.0 million due to a higher interest income from fixed deposits. Financial expenses decreased by \$0.2 million to \$0.2 million mainly due to lower interest expense as the construction loan of Ei8ht Raja was fully repaid.

With a higher profit before tax, income tax expense increased by \$1.3 million to \$3.8 million.

Statement of Financial Position

Increase in Property, Plant and Equipment of \$3.5 million from \$67.6 million to \$71.1 million was mainly due to the construction of our Singapore headquarters.

Increase in intangible assets by \$3.8 million to \$6.3 million was due to additional license fee paid/payable to BBC Worldwide to use some of its brand names and intellectual properties to operate English language learning centres in Mainland China and Hong Kong.

The Group's development costs increased by \$1.3 million to \$5.9 million largely due to costs incurred in the development of new digital teaching and learning components in Greater China.

Statement of Financial Position (cont'd)

The increase in development properties by \$1.1 million to \$24.4 million was in respect of construction costs incurred in the development of Permai Residences. The decrease of \$2.5 million for properties held for sale was attributed to the sale of one Ei8ht Raja unit.

Current other receivables and deposits increased by \$1.9 million to \$5.9 million mainly due to higher deposits paid for rental of retail space. The increase is also due to refundable input GST for the construction costs incurred for the Singapore headquarters.

Inventories increased by \$7.9 million to \$110.1 million, mainly due to purchase of additional inventories in preparation for the school re-opening season in Singapore and for new stores opened during 1HFY2015.

Trade payables decreased by \$5.9 million to \$94.9 million mainly due to timing differences in payment to suppliers.

Other payables and accruals increased by \$7.8 million to \$52.1 million mainly due to license fee payable to BBC Worldwide of \$2.3 million and higher accruals of operating expenses and manpower cost.

Short term bank loans decreased by \$4.3 million to \$12.4 million due to partial repayment made during the period as the need for working capital of Greater China eased.

Statement of Cash Flows**2nd Quarter ended 31 October 2014**

Net cash used in operating activities was \$3.7 million mainly for payment to trade payables and purchasing of inventories. This was slightly offset by the sale of one unit of Ei8ht Raja. The utilisation of \$6.6 million for investing activities was mainly due to construction costs of the Singapore headquarters, while the utilisation of S\$10.5 million in financing activities was mainly due to repayment of short term bank loans and payment of dividends.

1st Half ended 31 October 2014

Net cash flow generated from operating activities improved by \$3.4 million to \$8.8 million, mainly due to higher operating profit.

Net cash used in investing activities of \$8.1 million was mainly due to construction costs of the Singapore headquarters and payment made to BBC Worldwide. The utilisation of S\$13.6 million in financing activities was mainly due to repayment of short term bank loans and payment of dividends.

As a result, there was a net decrease in cash and cash equivalent of \$12.9 million for 1HFY2015. Approximately 31.5% of the Group's total current assets were cash and cash equivalents, which remained at \$96.9 million as at end of the financial period.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable. No forecast or prospect statement were made in previous results announcement.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Group remains cautious of unexpected economic upheavals in the global economy which may adversely affect consumer sentiment. The Group is also closely monitoring the continuing regulation of the property sector in Singapore.

On the property front, following successive rounds of property cooling measures, including the introduction of the Total Debt Servicing Ratio (TDSR) and the Additional Buyer's Stamp Duty (ABSD) earlier in 2013, market sentiment for residential property in Singapore, particularly the high-end ones, continues to show much weakness, in terms of consumer demand and pricing. The Group encounters marked difficulties in marketing and selling the unsold units in its property developments because of the current challenging market environment.

If the Group is unable to sell all the unsold units within the time frame required under the Qualifying Certificate conditions issued in respect of its development properties, it would incur additional expenses for the extension of time to sell the unsold units. As at 31 October 2014, 21 units (of a total 26 units) of Ei8ht Raja remained unsold. Under the Qualifying Certificate issued in respect of Ei8ht Raja, all units must be sold within 2 years from 28 May 2013, the date of the issue of the Temporary Occupation Permit. Any extension of the time to sell the unsold units would be subject to significant extension charges as follows:

- (a) 8% per annum on the acquisition cost of the development property for the first year of extension;
- (b) 16% per annum on the acquisition cost of the development property for the second year of extension; and
- (c) 24% per annum on the acquisition cost of the development property for the third and subsequent years of extension,

pro-rated based on the number of unsold units of the development.

Permai Residences should be completed by end of 2015. The Group would face the same challenges should the current market conditions persist.

Inflationary and structural cost pressure on manpower and rental may not ease in the immediate term. The Group will continue to maximise operational efficiency so as to negate the adverse effects of such cost pressures.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period report on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) Date payable

Not Applicable

(d) Books closure date

Not Applicable

12 If no Dividends has been declared/recommended, a statement to that effect

Not applicable.

13 Interested person transactions

No Interested Person Transactions ("IPT") mandate has been obtained. There was no IPT exceeding S\$100,000 for the period under review.

14 Negative assurance

The Board of Directors of the Company confirms to the best of their knowledge that nothing has come to their attention which may render the second quarter results ended 31 October 2014 to be false or misleading in any material aspects.

BY ORDER OF THE BOARD

Chou Cheng Ngok
Executive Director
10 December 2014

APPENDIX VI

EXTRACTS FROM THE COMPANY'S ARTICLES OF ASSOCIATION

The provisions in the Articles relating to rights of Shareholders in respect of capital, dividends and voting are reproduced below.

All capitalised terms used in the following extracts shall have the same meanings ascribed to them in the Articles, a copy of which is available for inspection at the registered office of the Company at 20 Old Toh Tuck Road, Singapore 597655, during normal business hours until the Closing Date.

SHARES

7. Save to the extent permitted by the Act, none of the funds or assets of the Company or of any subsidiary thereof shall be directly or indirectly employed in the purchase or subscription of or in loans upon the security of the Company's shares (or its holding company, if any). The Company may, subject to and in accordance with the Act, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share which is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. 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. The Company shall not, except as authorised by the Act give any financial assistance for the purpose of or in connection with any purchase of shares in the Company (or its holding company, if any).
- 7A. The Company shall not exercise any right 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.
8. Subject to the Act, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to Article 52, and to any special rights attached to any shares for the time being issued, the Directors may issue, allot or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and at such time and subject or not to the payment of any part of the amount 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 provided always that:-
 - (i) no shares shall be issued which results in a transfer of a controlling interest in the Company without the prior approval of the Members in a General Meeting;
 - (ii) the total number of issued preference shares shall not exceed the total number of issued ordinary shares at any time;
 - (iii) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same;
 - (iv) preference shares may be issued subject to such limitation thereof as may be prescribed by any Stock Exchange upon which shares in the Company may be listed; and
 - (v) any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the second sentence of Article 52(1) with such adaptations as are necessary shall apply.

9. (1) Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings of the Company. Preference shareholders shall also have the right to vote at any 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 proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears.
 - (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.
10. (1) If at any time the share capital is divided into different classes, the repayment of preference capital other than redeemable preference 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 these Articles relating to General Meetings shall *mutatis mutandis* apply; but so that the necessary quorum shall be two 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 or by attorney may demand a poll. Provided always that where the necessary majority for such a Special Resolution is not obtained at the Meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two months of the Meeting shall be as valid and effectual as a Special Resolution carried at the Meeting.
- (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 Meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two months of the Meeting, shall be as valid and effectual as a special resolution carried at the 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 these Articles as are in force at the time of such issue, be deemed to be varied by the creation or issue of further shares ranking equally therewith.
12. The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.

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 these Articles 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) 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. Nothing contained herein in this Article relating to the Depository or the Depositors or in any depository agreement made by the Company with any common depository for shares or in any notification of substantial shareholding to the Company or in response to a notice pursuant to Section 92 of the Act or any note made by the Company of any particulars in such notification or response shall derogate or limit or restrict or qualify these provisions; and any proxy or instructions on any matter whatsoever given by the Depository or Depositors to the Company or the Directors shall not constitute any notification of trust and the acceptance of such proxies and the acceptance of or compliance with such instructions by the Company or the Directors shall not constitute the taking of any notice of trust.
15. (1) The Company shall not be bound to register more than three persons as the joint holders of any share except in the case of executors or administrators of the estate of a deceased Member.
- (2) If two or more persons are registered as joint holders of any share any one of such person 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.
- (3) Only the person whose name stands first in the Register of Members as one 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.
16. 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.
17. 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 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.
18. The certificate of title to shares or debentures in the capital of the Company shall be issued under the Seal in such form as the Directors shall from time to time prescribe and may bear the autographic or facsimile signatures of at least two Directors, or by one Director and the Secretary or some other person appointed by the Directors in place of the Secretary for the purpose, and shall specify the distinctive number and class of shares to which it relates and the amount paid and the amount (if any) unpaid thereon. The facsimile signatures may be reproduced by mechanical or other means provided the method or system of reproducing signatures has first been approved by the Auditors of the Company.

19. (1) Shares must be allotted and certificates despatched within 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 certificates within 10 Market Days after lodgement of any transfer. Every registered shareholder 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 sum as may be approved by the Exchange from time to time). Where a registered shareholder transfers part only of the shares comprised in a certificate or where a registered shareholder 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 registered shareholder shall pay a fee not exceeding S\$2 (or such other sum as may be approved by the Exchange from time to time) for each such new certificate as the Directors may 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.
- (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 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 Article 40, 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 firm or member company of the Exchange or on behalf of its or their client or clients as the Directors of the Company shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum 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. 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.
- (2) When any shares under the powers in these Articles 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 these Articles, 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 that an instrument of transfer in respect of which the transferee is the Depository shall not be ineffective by reason of it not being signed or witnessed for by or on behalf of the Depository. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members.
- 23.** No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.
- 24.** (1) Subject to these Articles, the Act or as required by the Exchange, there shall be no restriction on the transfer of fully paid up shares (except where required by law, the listing rules of any Stock Exchange upon which shares in the Company may be listed or the rules and/or bye-laws governing any Stock Exchange upon which shares in the Company may be listed) 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. Provided always that in the event of the Directors refusing to register a transfer of shares, they shall within 10 Market Days beginning with the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Act.
- (2) The Directors may decline to register any instrument of transfer unless:-
- (i) 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, 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 the certificates of the shares to which it 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 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.
- (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 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 years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall be conclusively presumed in the 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 Article; and
 - (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 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 days in the aggregate in any year. Provided Always that 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 these Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.
- (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. And 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 registered shareholder, 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 registered shareholder (whether sole or joint) from any liability in respect of any share held by him.
- (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 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 person. If the person so becoming entitled shall elect to be registered himself, he shall send to the Company a notice in writing 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 these Articles 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 death or bankruptcy of the Member 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.
- (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 60 days the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.
- 30.** A person entitled to a share by transmission shall be entitled to receive, and may give a discharge for, any dividends or other moneys 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 calls upon the Members in respect of any money unpaid on their shares and not by the terms of the issue thereof made payable at fixed times, and each Member shall (subject to receiving at least fourteen 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 ten 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.
- 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 these Articles 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 Articles 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 money 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 money 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 ten 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 being less than seven 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 these Articles 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 these Articles, 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 Article 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 moneys which at the date of forfeiture or surrender were payable by him to the Company in respect of the shares with interest thereon at ten 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.
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 along or jointly with any other person, together with interest and expenses (if any).
47. 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 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 by reason of his death or bankruptcy. To give effect to any such sale, the Directors may authorise some person to transfer the shares sold to the purchaser thereof.
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 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 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

51. Subject to any special rights for the time being attached to any existing class of shares, the 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 these Articles 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.

52. (1) Unless otherwise determined and subject to such other terms and conditions as may be determined by the Members in General Meeting, or unless permitted by the listing rules of the Exchange as may be in force from time to time, all new shares shall, before issue, be offered to the Members as at the date of the offer are entitled to receive notices from the Company of General Meetings, 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, unless otherwise determined by the Directors, 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 that 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 subject to these Articles dispose of those shares in such manner as they think most beneficial to the Company Provided Always that the Directors shall have the absolute discretion to determine whether or not such offer shall be made to any Member in any country or jurisdiction outside the Republic of Singapore. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to the shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article or which are not offered to Members outside the Republic of Singapore who have not provided addresses in Singapore to the Company or CDP, as the case may be, in accordance with these Articles.

(2) Notwithstanding Article 52(1) above, 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:

- (a)** issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or
- (b)** make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares; and

(notwithstanding the authority conferred by the ordinary resolution may have ceased to be in force) Directors may issue shares in pursuance of any instrument made or granted by the Directors while the ordinary resolution was in force,

provided that:

- (i)** the aggregate number of shares 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 and including shares which may be issued pursuant to any adjustment effected under any relevant Instruments) shall be subject to such limits and manners of calculation as may be prescribed by the Exchange;

- (ii) in exercising the power to make or grant Instruments (including the making of any adjustment under any relevant Instrument), the Company shall comply with the listing rules and regulations of the Exchange for the time being in force (unless such compliance is waived by the Exchange) and these Articles; and
 - (iii) (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 of the Company next following the passing of the ordinary resolution, or the date by which such Annual General Meeting of the Company 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).
- 53.** Except so far as otherwise provided by the conditions of issue or by these Articles, 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 these Articles with reference to allotments, payment of calls, lien, transfer, transmission, forfeiture and otherwise.
- 54.** The Company may by Ordinary Resolution: –
 - (i) consolidate and divide all or any of its shares;
 - (ii) subdivide its shares or any of them (subject, nevertheless, to the provisions of the Act) 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
 - (iii) subject to the provisions of these Articles and the Act, convert any class of shares into any other class of shares.
- 55.** The Company may by Special Resolution reduce its share capital or any other undistributable reserve in any manner and subject to any incident authorised and consent 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 Articles and the Act, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.

NOTICES

- 56.** 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.
- 57.** The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Articles 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 the Directors may from time to time fix the minimum number of stock units transferable and restrict or forbid the transfer of fractions of that minimum.
- 58.** The holders of stock shall, according to the amount of stock 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 aliquot part of the stock 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.
- 59.** All provisions of these Articles applicable to paid up shares shall apply to stock and the words "share" and "shareholder" or similar expression herein shall include "stock" or "stockholder".

PROCEEDINGS AT GENERAL MEETINGS

- 65.** 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 Members present in person shall form a quorum. For the purpose of this Article, "Member" includes a person attending by proxy or by attorney or as representing a corporation which is a Member. Provided that (i) a proxy representing more than one Member shall only count as one Member for the purpose of determining the quorum; and (ii) where a Member is represented by more than one proxy such proxies shall count as only one Member for the purpose of determining the quorum.
- 66.** If within half an hour from the time appointed for the Meeting a quorum is not present, the 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, and if at such adjourned Meeting a quorum is not present within half an hour from the time appointed for holding the Meeting, the Meeting shall be dissolved.
- 67.** 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 or more of such Members.
- 68.** The Chairman of the 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 Meeting he is not present within fifteen minutes after the time appointed for holding the Meeting or is unwilling to act, the Members present shall choose some Director to be Chairman of the Meeting or, if no Director is present or if all the Directors present decline to take the Chair, some Member present to be Chairman.

- 69.** The Chairman may, with the consent of any Meeting at which a quorum is present (and shall if so directed by the Meeting), adjourn the Meeting from time to time and from place to place, but no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place. When a meeting is adjourned for fourteen days or more, notice of the adjourned Meeting shall be given as in the case of the original 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 Meeting.
- 70.** At any General Meeting a resolution put to the vote of the Meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:-
- (i) by the Chairman of the Meeting; or
 - (ii) by at least two Members present in person or by proxy (where a Member has appointed more than one proxy, any one 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 one proxy, any one 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 one-tenth of the total voting rights of all the Members having the right to vote at the Meeting; or
 - (iv) by a Member or Members present in person or by proxy (where a Member has appointed more than one proxy, any one 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 one-tenth of the total number of paid-up shares of the Company (excluding treasury shares),

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.

- 71.** 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) as the Chairman may direct and the result of a poll shall be deemed to be the resolution of the Meeting at which the poll was demanded. The Chairman may, and if so requested shall, appoint scrutineers and may adjourn the Meeting to some place and time fixed by him for the purpose of declaring the result of the poll.
- 72.** 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 Meeting or at any adjournment thereof, and not in that case unless it shall in the opinion of the Chairman be of sufficient magnitude.
- 73.** 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 Meeting at which the show of hands takes place or at which the poll is demanded 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.
- 74.** A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the Meeting) and place as the Chairman may direct. No notice need be given of a poll not taken immediately.
- 75.** The demand for a poll shall not prevent the continuance of a Meeting for the transaction of any business, other than the question on which the poll has been demanded.

VOTES OF MEMBERS

- 76.** Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. On a show of hands every Member who is present in person or by proxy or attorney, or in the case of a corporation by a representative, shall have one vote provided that if a Member is represented by two proxies, only one of the two proxies as determined by their appointor shall vote on a show of hands and in the absence of such determination, only one of the two proxies as determined by the Chairman (or by a person authorised by him) shall vote on a show of hands and on a poll, every Member who is present in person or by proxy, attorney or representative shall have one vote for each share which he holds or represents Provided Always That notwithstanding anything contained in these Articles, 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 earlier than 48 hours before that 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 may cast on a poll, the Depositor or his proxy 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 two proxies, to apportion the said number of shares between the two 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.
- 77.** Where there are joint holders of any share any one 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 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 Article be deemed joint holders thereof.
- 78.** If a Member be a lunatic, idiot or non-compos mentis, he may vote whether on a show of hands or on a poll by his committee, curator bonis or such other person as properly has the management of his estate and any such committee, curator bonis or other person may 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 forty-eight hours before the time appointed for holding the Meeting.
- 79.** Subject to the provisions of these Articles, every Member either personally or by attorney or in the case of a corporation by a representative and every proxy 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.
- 80.** No objection shall be raised to the qualification of any voter except at the Meeting or adjourned Meeting at which the vote objected to is given or tendered and every vote not disallowed at such Meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the Meeting whose decision shall be final and conclusive.
- 81.** 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 vote need not use all his votes or cast all the votes he uses in the same way.

- 82.** (1) A Member may appoint not more than two proxies to attend and vote at the same General Meeting.
- (2) If the Member is a Depositor, the Company shall be entitled:-
- (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 the cut-off time as certified by the Depository to the Company; and
 - (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 the cut-off time 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.
- (3) Where a Member appoints more than one 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.
- (4) 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.
- (5) 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, such proxy may not exercise any of the votes or rights of the shares not registered to 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.
- 83.** A proxy or attorney need not be a Member, and shall be entitled to vote on a show of hands on any question at any General Meeting.
- 84.** Any instrument appointing a proxy shall be in writing in the common form approved by the Directors under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, under seal or under the hand of its attorney duly authorised 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.
- 85.** The instrument appointing a proxy, together with the 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 instrument of proxy and must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the Meeting not less than forty-eight hours 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 an instrument of proxy relating to more than one 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. An instrument of proxy shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointer. Unless otherwise instructed, a proxy shall vote as he thinks fit. The signature on an instrument appointing a proxy need not be witnessed.

- 86.** A vote given in accordance with the terms of an instrument of proxy (which for the purposes of these Articles shall also include a power of attorney) shall be valid notwithstanding the previous death or insanity 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 intimation in writing of such death, insanity, 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.
- 87.** 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 and such corporation shall for the purpose of these Articles (but subject to the Act) be deemed to be present in person at any such Meeting if a person so authorized is present thereat. The Company shall be entitled to treat a certificate under the seal of the corporation as conclusive evidence of the appointment or revocation of appointment of a representative under this Article.

DIVIDENDS AND RESERVES

- 129.** 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.
- 130.** Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:
- (i) 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
 - (ii) 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 Article only, an amount paid or credited as paid on a share in advance of a call is to be ignored.

- 131.** Notwithstanding Article 130, 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 subject thereto may also from time to time pay to the holders of any other class of shares interim dividends thereon of such amounts and on such dates as they may think fit.
- 133.** No dividend or other moneys payable on or in respect of a share shall bear interest against the Company.
- 134.** 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.
- 135.** 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.

- 136.** The Directors may retain the dividends payable on shares in respect of which any person is under these Articles, as to the transmission of shares, entitled to become a Member, or which any person under these Articles is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same.
- 137.** 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 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.
- 138.** 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.
- 139.** Any dividend or other moneys 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 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.
- 140.** A transfer of shares shall not pass the right to any dividend declared on such shares before the registration of the transfer.

RESERVES

- 141.** 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

- 142.** (1) The Directors may, with the sanction of an Ordinary Resolution of the Company (including any Ordinary Resolution passed pursuant to Article 52(2)):
- (i) 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 CDP register at the close of business on:
 - (a) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
 - (b) (in the case of an Ordinary Resolution passed pursuant to Article 52(2)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares; and
 - (ii) 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 CDP register at the close of business on:
 - (a) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
 - (b) (in the case of an Ordinary Resolution passed pursuant to Article 52(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.
- (2) The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue or capitalisation under Article 142(1), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (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 bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.
- (3) In addition and without prejudice to the powers provided for by Articles 142(1) and 142(2), 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 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.

APPENDIX VII

EXTRACTS OF THE VALUATION REPORTS



Our Ref: EL.PTE.201501/101

29 January 2015

Popular Holdings Limited
20 Old Toh Tuck Road
Singapore 597655

Attention: Mr Andre Chee

Dear Sir,

VALUATION OF 1 JALAN ANAK BUKIT #01-16 BUKIT TIMAH PLAZA SINGAPORE 588996

1. PURPOSE OF VALUATION

We have been instructed by **Popular Holdings Ltd** to prepare this valuation report for the purpose of determining the open market value of the subject property for internal accounting purposes. This valuation report is confidential to and for use only by **Popular Holdings Ltd** and for specific purpose to which it refers.

The term 'Open Market Value' is intended to mean the best price at which an interest in a property might reasonably be expected to be sold at the date of valuation assuming:-

- a) a non-anxious, willing seller and a willing buyer;
- b) a reasonable period within which to negotiate the sale, taking into consideration the nature of the property and the state of the market;
- c) values will remain static throughout the period;
- d) the property will be freely exposed to the market; and
- e) no account is to be taken of an additional bid by a special purchaser.

2. DETAILS OF PROPERTY

- i) Address : 1 Jalan Anak Bukit #01-16 Bukit Timah Plaza Singapore 588996
- ii) Type of Property : Retail shop unit
- iii) Age of Property : Completed around 1978, about 37 years old
- iv) Floor Area : 356.7 square metres (3,840 square feet)



3. DATE OF INSPECTION

The property was inspected on 28 January 2015.

This shall be taken as the material date of valuation.

4. TITLES AND TENURE

- i) Legal Description : Mukim 16 Lot U1865L
- ii) Tenure : 99 Yrs From 30/08/1976, about 60 years remaining
- iii) Parent Lot : Mukim 16 Lot 1213C
- iv) Other Details : Title search and any other searches with regards to proposed road, drainage or public schemes have not been applied for and/or made available to us. We recommend that they be carried out through your solicitors.

5. LOCATION AND CHARACTERISTICS OF LOCALITY

The subject property is located at Jalan Anak Bukit, off Upper Bukit Timah Road in District 21, within the central western region of Singapore. It is about 15 km to the Central Business District at Raffles Place, and about 10 km to the city centre at Orchard Road.

The immediate neighbourhood comprises a mix of private and public residential developments as well as some commercial developments. It is in close proximity to the Toh Yi Gardens HDB estate and shophouses along upper Bukit Timah Road and the Bukit Timah Nature Reserve.

Amenities and facilities in the area include schools such as Ngee Ann Polytechnic and Pei Hwa Presbyterian Primary School; retail shops, services, supermarkets, restaurants and a wide variety of F&B offerings at Bukit Timah Market and Food Centre, Beauty World Plaza and Beauty World Centre. Public transport is available from taxi stands at the development and bus stops along the main roads. The Beauty World MRT station is currently under construction. It is also accessible via the Pan Island Expressway to other parts of Singapore.

6. TOWN PLANNING

2014 Master Plan : Commercial and Residential

Permissible Gross Plot Ratio : Maximum 3.0



7. DESCRIPTION OF PROPERTY

The subject property is a 2-storey shopping centre with 2 levels of basement shops, and car park on basement 3 and level 3. The tenant mix comprises F&B, retail shops, education centres, medical and dental clinics, agencies, pet shop, and a supermarket run by FairPrice Finest. The shopping centre has been rejuvenated recently. Facilities in the building include escalators, lifts and toilets. Sherwood Tower, a residential tower block is connected to the shopping centre.

The subject property is occupied by Popular Bookstore and used mainly for the sale of books and stationary. It is located along the main atrium on the ground level of the shopping centre, next to “Attitude Performing Arts and Studio”, a café and dance school. Kiosks and ATM machines are located outside the unit.

The unit is generally regular in shape comprising a small square-shaped section at the front, and a longer and wider rectangular-shaped section towards the rear.

8. GENERAL ACCOMMODATION AND FINISHES

- i) Accommodation : Retail shop space, reception / service counter, office room, storeroom.

- ii) Finishes & Fittings :
 - Floor : Ceramic tiles generally

 - Walls : Emulsion paint finish generally.

 - Ceiling : Plasterboard / false ceiling generally.

- iii) Fittings : Metal roller shutters, downlights, cassette-unit air-conditioner, wall fans.

- iv) Services : All main utility and Telecoms services are available

9. CONDITION OF PROPERTY

The property is in a generally fair state of maintenance and repair.

Note: Our inspection was an external survey and it was not a structure survey of the building or a testing of its service installations.

GB GLOBAL:.**10. BASIS OF VALUATION**

The valuation is carried out on the subject property in its continued existing use without taking into account any redevelopment potential it may have.

The valuation is based on the information provided to us. In the event that the given information is revised subsequently, a revaluation is necessary.

11. METHOD OF VALUATION

The Comparable Sales Method has been adopted in the valuation of the subject property. Under this method, a comparison and analysis is made with recent transactions of similar properties, preferably in the vicinity. Taking into consideration the prevailing economic conditions affecting the property market, appropriate adjustments are made for differences in location, age, tenure, area, design and layout, condition, standard of finishes, date of transaction, among others.

12. VALUATION

In view of the aforementioned and having taken into consideration the prevailing market conditions and relevant factors, we are of the opinion that the value of the subject property with vacant possession and free from all encumbrances is as follows:-

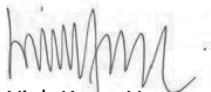
Open Market Value : S\$7,530,000/- As at 28 January 2015
Singapore Dollar Seven Million Five Hundred and Thirty Thousand Only

Notes:

1. We have made no investigation of, and assume no responsibility for titles to, or liabilities against, the property appraised.
2. We certify that we have neither present nor prospective interest in the property appraised or in the value reported.

For and On Behalf of

GB GLOBAL PTE LTD



Yick Keng Hang

BSc (Est Mgt) MSISV

Appraiser's Licence No. AD041-2002007E

Enclosures: Location Map, Site Plan, Photographs, Limiting Conditions



LIMITING CONDITIONS

This valuation report has been prepared subject to the following limiting conditions:-

1. This valuation report is restricted to the use of our client or person(s) to whom this valuation report is specifically addressed to and for the specific purpose stated therein and to be used within a reasonable time. We disclaim any liability should it be used by other person(s) or for any other purpose(s) or beyond a reasonable time.
2. Neither the whole or any part of this valuation report or any reference to it may be included in any document, circular or statement or be published in any way without our prior written consent to the form and context in which it may appear. We shall bear no responsibility for any unauthorized inclusion or publication.
3. Where it is stated in the Report that information has been supplied to the Valuer by another party or obtained by the Valuer from any enquiries, searches or investigations made from any government or statutory bodies, this information is believed to be reliable. The Valuer accepts no responsibility if this should prove not to be so.
4. Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities to confirm that the property is not adversely affected by any public schemes. No requisition on road or drainage proposals has been made.
5. Unless expressly instructed, we do not carry out structural survey, nor do we test the building services. We will not be able to report that the building is free from rot, infestations or other hidden defects.
6. Our valuation assumes that as at the date of valuation, the property is free and clear of all mortgages, encumbrances and other outstanding premiums, charges and liabilities.
7. The title to the property is presumed to be good and marketable and, unless mentioned in this report, be free from any encumbrances, restrictions and other legal impediments. We accept no responsibility for investigations into title, searches and requisitions and other such legal matters.
8. Any sketch, plan or map in this report is for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.
9. The report was prepared on the basis that we are not required to give testimony or appear in court or any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we be properly reimbursed.

**VALUATION CERTIFICATE**

Ref: EL.VC. 201501/77.01

26 January 2015

- 1. Requestor** : Popular Holdings Limited
- 2. Property Address** : **Block 86 Marine Parade Central #02-101 Singapore 440086**
- 3. Purpose of Valuation** : To determine the open market value of the property for the purpose of internal accounting as at 26 January 2015
- 4. Property Details**
 - Property Type : HDB shop unit
 - Age / Condition : Completed circa 1980s
 - Condition : Good
 - Gross Floor Area (GFA) : About 1,656.0 sq m (17,825 sq ft)
- 5. Title / Tenure**
 - Legal Description : MK26-U13266K
 - Tenure : 83 years leasehold from 1/4/1993
 - 2014 Master Plan Zoning : Commercial
- 6. Description of Property**
 - Accommodation : Main shop & retail area, partitioned shop area, office area, office rooms, toilet, utility/ storage area.
- 7. Location** : The subject property is located along Marine Parade Central, off Marine Parade Road in the southeastern region of Singapore. It is within the Marine Parade HDB estate, and the immediate neighbourhood comprises mainly HDB, residential and commercial developments. It is close to the Parkway Parade Shopping Centre, Parkway Centre and East Coast Park. Facilities nearby include retail shops, markets, F&B, entertainment and services.

Public transport is available from the bus stops along the main road. It is also accessible to other parts of Singapore via the East Coast Parkway expressway.

GB GLOBAL::

1. **Basis of Valuation** : The property is valued on the basis of its highest and best use in its existing condition.
2. **Methods of Valuation** : Comparable Sales Method where a comparison is made with recent transactions of similar properties, preferably in the vicinity. Taking into account the prevailing economic conditions affecting the property market, appropriate adjustments are made for differences in location, area, age, condition, tenure, design, layout, and dates of transaction, among others.

The Income Method was used as a cross check against the Comparable Sales Method.

3. **Valuation**

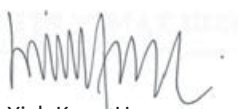
Open Market Value : **S\$12,000,000/- as at 26 January 2015**
(Singapore Dollars Twelve Million Only)

Declaration:

We have been instructed by Popular Holdings Ltd to prepare this valuation certificate to determine the current market value of the subject property for sale and purchase purposes. This valuation report is confidential to and for use only by Popular Holdings Ltd and for specific purpose to which it refers.

Notes:

1. We have based our valuation on the details given by the client and DWG Realty Pte Ltd in its formal valuation report 16/7/2013, as correct and also on the assumption that there are no material changes to the data and details therein since then.
2. We have made no investigation of, and assume no responsibility for titles to, or liabilities against, the property appraised.
3. We certify that we have neither present nor prospective interest in the property appraised or in the value reported.

GB GLOBAL PTE LTD

Yick Keng Hang
BSc (Est Mgt), MSISV
Appraiser's Licence No. AD041-2002007E

This valuation report is subject to the attached Limiting Conditions.

**LIMITING CONDITIONS**

This valuation report has been prepared subject to the following limiting conditions:-

1. This valuation report is restricted to the use of our client or person(s) to whom this valuation report is specifically addressed to and for the specific purpose stated therein and to be used within a reasonable time. We disclaim any liability should it be used by other person(s) or for any other purpose(s) or beyond a reasonable time.
2. Neither the whole or any part of this valuation report or any reference to it may be included in any document, circular or statement or be published in any way without our prior written consent to the form and context in which it may appear. We shall bear no responsibility for any unauthorized inclusion or publication.
3. Where it is stated in the Report that information has been supplied to the Valuer by another party or obtained by the Valuer from any enquiries, searches or investigations made from any government or statutory bodies, this information is believed to be reliable. The Valuer accepts no responsibility if this should prove not to be so.
4. Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities to confirm that the property is not adversely affected by any public schemes. No requisition on road or drainage proposals has been made.
5. Unless expressly instructed, we do not carry out structural survey, nor do we test the building services. We will not be able to report that the building is free from rot, infestations or other hidden defects.
6. Our valuation assumes that as at the date of valuation, the property is free and clear of all mortgages, encumbrances and other outstanding premiums, charges and liabilities.
7. The title to the property is presumed to be good and marketable and, unless mentioned in this report, be free from any encumbrances, restrictions and other legal impediments. We accept no responsibility for investigations into title, searches and requisitions and other such legal matters.
8. Any sketch, plan or map in this report is for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.
9. The report was prepared on the basis that we are not required to give testimony or appear in court or any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we be properly reimbursed.

GB GLOBAL::

VALUATION CERTIFICATE

Ref: EL.VC. 201501/77.02

26 January 2015

1. **Requestor** : Popular Holdings Limited
2. **Property Address** : **Block 231 Bain Street #02-47 Bras Basah Complex
Singapore 180231**
3. **Purpose of Valuation** : To determine the open market value of the property for the
purpose of internal accounting as at 26 January 2015
4. **Property Details**
 - Property Type : Shop unit
 - Age / Condition : Completed circa 1990s
 - Condition : Good
 - Gross Floor Area (GFA) : About 494 sq m (5,317.4 sq ft)
5. **Title / Tenure**
 - Legal Description : TS11-U1083P
 - Tenure : 83 years leasehold from 1/3/1996
 - 2014 Master Plan Zoning : Commercial and Residential
6. **Description of Property**
 - Accommodation : Main shop & retail area, storage area.
7. **Location** : The subject development Bras Basah Complex is located along
Bain Street, bounded by North Bridge Road and Victoria Street.
The immediate neighbourhood comprises mainly commercial
developments. It is flanked by the National Library and Odeon
Towers, and in close proximity to Raffles Hotel, schools, shop
houses, shopping centres etc. Public transport is available from
the bus stops along the main road, Cityhall, Bras Basah and Bugis
MRT stations. It is also accessible via Nicoll Highway and the East
Coast Parkway expressway.

GB GLOBAL:.

4. **Basis of Valuation** : The property is valued on the basis of its highest and best use in its existing condition.
5. **Methods of Valuation** : Comparable Sales Method where a comparison is made with recent transactions of similar properties, preferably in the vicinity. Taking into account the prevailing economic conditions affecting the property market, appropriate adjustments are made for differences in location, area, age, condition, tenure, design, layout, and dates of transaction, among others.

The Income Method was used as a cross check against the Comparable Sales Method.

6. **Valuation**

Open Market Value : **S\$5,300,000/- as at 26 January 2015**
(Singapore Dollars Five Million Three Hundred Thousand Only)

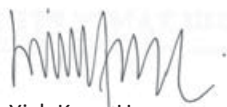
Declaration:

We have been instructed by Popular Holdings Ltd to prepare this valuation certificate to determine the current market value of the subject property for sale and purchase purposes. This valuation report is confidential to and for use only by Popular Holdings Ltd and for specific purpose to which it refers.

Notes:

1. We have based our valuation on the details given by the client and DWG Realty Pte Ltd in its formal valuation report 16/7/2013, as correct and also on the assumption that there are no material changes to the data and details therein since then.
2. We have made no investigation of, and assume no responsibility for titles to, or liabilities against, the property appraised.
3. We certify that we have neither present nor prospective interest in the property appraised or in the value reported.

GB GLOBAL PTE LTD



Yick Keng Hang
BSc (Est Mgt), MSISV
Appraiser's Licence No. AD041-2002007E

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6. Our valuation assumes that as at the date of valuation, the property is free and clear of all mortgages, encumbrances and other outstanding premiums, charges and liabilities.
7. The title to the property is presumed to be good and marketable and, unless mentioned in this report, be free from any encumbrances, restrictions and other legal impediments. We accept no responsibility for investigations into title, searches and requisitions and other such legal matters.
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9. The report was prepared on the basis that we are not required to give testimony or appear in court or any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we be properly reimbursed.

**VALUATION CERTIFICATE**

Ref: EL.VC. 201501/77.03

26 January 2015

- 1. Requestor** : Popular Holdings Limited
- 2. Property Address** : **Block 231 Bain Street #03-31 Bras Basah Complex
Singapore 180231**
- 3. Purpose of Valuation** : To determine the open market value of the property for the purpose of internal accounting as at 26 January 2015
- 4. Property Details**
 - Property Type : Shop unit
 - Age / Condition : Completed circa 1990s
 - Condition : Good
 - Gross Floor Area (GFA) : About 101 sq m (1,087.2 sq ft)
- 5. Title / Tenure**
 - Legal Description : TS11-U1114N
 - Tenure : 83 years leasehold from 1/3/1996
 - 2014 Master Plan Zoning : Commercial and Residential
- 6. Description of Property**
 - Accommodation : F&B dining area, kitchen and food preparation area, storeroom.
- 7. Location** : The subject development Bras Basah Complex is located along Bain Street, bounded by North Bridge Road and Victoria Street. The immediate neighbourhood comprises mainly commercial developments. It is flanked by the National Library and Odeon Towers, and in close proximity to Raffles Hotel, schools, shop houses, shopping centres etc. Public transport is available from the bus stops along the main road, Cityhall, Bras Basah and Bugis MRT stations. It is also accessible via Nicoll Highway and the East Coast Parkway expressway.

GB GLOBAL::

4. **Basis of Valuation** : The property is valued on the basis of its highest and best use in its existing condition.
5. **Methods of Valuation** : Comparable Sales Method where a comparison is made with recent transactions of similar properties, preferably in the vicinity. Taking into account the prevailing economic conditions affecting the property market, appropriate adjustments are made for differences in location, area, age, condition, tenure, design, layout, and dates of transaction, among others.

The Income Method was used as a cross check against the Comparable Sales Method.

6. **Valuation**

Open Market Value : **S\$1,500,000/- as at 26 January 2015**
(Singapore Dollars One Million Five Hundred Thousand Only)

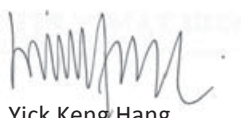
Declaration:

We have been instructed by Popular Holdings Ltd to prepare this valuation certificate to determine the current market value of the subject property for sale and purchase purposes. This valuation report is confidential to and for use only by Popular Holdings Ltd and for specific purpose to which it refers.

Notes:

1. We have based our valuation on the details given by the client and DWG Realty Pte Ltd in its formal valuation report 16/7/2013, as correct and also on the assumption that there are no material changes to the data and details therein since then.
2. We have made no investigation of, and assume no responsibility for titles to, or liabilities against, the property appraised.
3. We certify that we have neither present nor prospective interest in the property appraised or in the value reported.

GB GLOBAL PTE LTD



Yick Keng Hang
BSc (Est Mgt), MSISV
Appraiser's Licence No. AD041-2002007E

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3. Where it is stated in the Report that information has been supplied to the Valuer by another party or obtained by the Valuer from any enquiries, searches or investigations made from any government or statutory bodies, this information is believed to be reliable. The Valuer accepts no responsibility if this should prove not to be so.
4. Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities to confirm that the property is not adversely affected by any public schemes. No requisition on road or drainage proposals has been made.
5. Unless expressly instructed, we do not carry out structural survey, nor do we test the building services. We will not be able to report that the building is free from rot, infestations or other hidden defects.
6. Our valuation assumes that as at the date of valuation, the property is free and clear of all mortgages, encumbrances and other outstanding premiums, charges and liabilities.
7. The title to the property is presumed to be good and marketable and, unless mentioned in this report, be free from any encumbrances, restrictions and other legal impediments. We accept no responsibility for investigations into title, searches and requisitions and other such legal matters.
8. Any sketch, plan or map in this report is for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.
9. The report was prepared on the basis that we are not required to give testimony or appear in court or any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we be properly reimbursed.



VALUATION CERTIFICATE

Ref: EL.VC. 201501/47.01

13 January 2015

1. **Requestor** : Popular Warehouse & Distribution Pte Ltd
2. **Property Address** : **Land Parcel at Serangoon North Avenue 5 Singapore**
3. **Purpose of Valuation** : To determine the open market value of the property for the purpose of sale and purchase as at 13 January 2015
4. **Property Details**
 - Property Type : Business 1 industrial site with proposed development of an 8-storey industrial property
 - Age / Condition : Under construction, expected completion in mid 2015
 - Land Area : Approximately 7,503.5 square metres (80,767 square feet)
 - Maximum Permissible Gross Floor Area (GFA) : Approximately 18,758.8 square metres (201,918 square feet)
 - Proposed GFA : Approximately 18,758.8 square metres (201,918 square feet)
5. **Title / Tenure**
 - Legal Description : Mukim 18 Lot 17879K
 - Tenure : JTC Lease - 30 years from 4 March 2013
 - 2014 Master Plan Zoning : Business 1, maximum plot ratio 2.5
6. **Site Description** : Rectangular land plot with a frontage of about 68 metres along Serangoon North Avenue 5 and an average depth of about 110 metres. The land has a fairly flat contour and is slightly above the access road level generally.
7. **Proposed Development** : 8-storey industrial building with 4 goods lift, 3 passenger lifts and fireman's lift.
 - 1st storey: Reception lobby, storage and industrial space, loading and unloading area
 - 2nd storey: display area
 - 3rd storey: carpark, staff canteen and office area
 - 4th to 8th storey: warehouse, production area, ancillary office

GB GLOBAL:.

8. **Estimated construction cost** : In the region of S\$26 million
9. **Basis of Valuation** : The property is valued on the basis of its highest and best use in its existing condition.
10. **Method of Valuation** : Residual Method where the land value is derived by deducting the costs of acquisition, construction, financing, and sales related costs from the sales proceeds of the proposed development.

Comparable Sales Method where a comparison is made with recent transactions of similar properties, preferably in the vicinity. Taking into account the prevailing economic conditions affecting the property market, appropriate adjustments are made for differences in location, area, age, condition, tenure, design, layout, and dates of transaction, among others.

11. **Open Market Value as at 13 January 2015**

An industrial development site for
"Business 1" use : **S\$27,000,000/-**
(Singapore Dollars Twenty-Seven Million Only)

Gross development value of a proposed
8-storey industrial development, subject
to satisfactory completion and issuance
of Temporary Occupational Permit and
Certificate of Statutory Completion. : **S\$65,400,000/-**
**(Singapore Dollars Sixty-Five Million Four
Hundred Thousand Only)**

Declaration:

We have been instructed by Popular Warehouse & Distribution Pte Ltd to prepare this valuation certificate to determine the current market value of the subject property for sale and purchase purposes. This valuation report is confidential to and for use only for the specific purpose to which it refers.

Notes:

1. We have based our valuation on the details given by the client and Colliers International in its formal valuation report dated 22/5/2014 ref 2014/98 (C), as correct and also on the assumption that there are no material changes to the data and details therein since then.
2. We have made no investigation of, and assume no responsibility for titles to, or liabilities against, the property appraised.
3. We certify that we have neither present nor prospective interest in the property appraised or in the value reported.

GB GLOBAL PTE LTD



Yick Keng Hang
BSc (Est Mgt), MSISV
Appraiser's Licence No. AD041-2002007E

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2. Neither the whole or any part of this valuation report or any reference to it may be included in any document, circular or statement or be published in any way without our prior written consent to the form and context in which it may appear. We shall bear no responsibility for any unauthorized inclusion or publication.
3. Where it is stated in the Report that information has been supplied to the Valuer by another party or obtained by the Valuer from any enquiries, searches or investigations made from any government or statutory bodies, this information is believed to be reliable. The Valuer accepts no responsibility if this should prove not to be so.
4. Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities to confirm that the property is not adversely affected by any public schemes. No requisition on road or drainage proposals has been made.
5. Unless expressly instructed, we do not carry out structural survey, nor do we test the building services. We will not be able to report that the building is free from rot, infestations or other hidden defects.
6. Our valuation assumes that as at the date of valuation, the property is free and clear of all mortgages, encumbrances and other outstanding premiums, charges and liabilities.
7. The title to the property is presumed to be good and marketable and, unless mentioned in this report, be free from any encumbrances, restrictions and other legal impediments. We accept no responsibility for investigations into title, searches and requisitions and other such legal matters.
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VALUATION CERTIFICATE

Ref: EL.VC. 201501/87-Komtar

29 January 2015

1. **Requestor** : Popular Holdings Limited
2. **Property Address** : **Nos. BII 2.05A Komtar, Jalan Penang, 1000 Penang**
Nos. BII 2.05B Komtar, Jalan Penang, 1000 Penang
3. **Purpose of Valuation** : To determine the open market value of the property for the purpose of internal accounting as at 29 January 2015
4. **Property Details**
 - Property Type : 2 adjoining retail shop units within Komtar (Komplek Tun Abdul Razak), a shopping and office complex.
 - Location of Unit : 1st floor (2nd level) of Komtar, above lobby area at the entrance along Lebuhraya Tek Soon.
 - Unit Description : Adjoining and inter-connecting units used as one without partitions.
 - Age : Circa 1980s
 - Floor Area :

Parcel No.	Floor area
250	381 sq m (4,101 sq ft)
251	632 sq m (6,803 sq ft)
Total	1,013 sq m (10,904 sq ft)
5. **Title / Tenure**
 - Strata Title :

Address	Strata Title
BII 2.05A	Pajakan Negeri 2513/M1/2/250
BII 2.05B	Pajakan Negeri 2513/M1/2/251
 - Lot No : Parcel No. 250 Storey No. 2, Building No. M1 and Parcel No. 251 Storey No. 2, Building No. M1 erected on Parent Lot 400, Section 17, Town of Gerogetown, North East District Penang.
 - Tenure : 79 years leasehold expiring on 8 July 2082
6. **Building Description** : Komtar is a commercial development comprising retail shops, supermarket, department stores, a hotel, civic centre, cinema, bus terminal, and a 56-store office tower block. Facilities include security, toilets, lifts, escalators and stairs and car park.

GB GLOBAL::

7. Location of Development The subject development Komtar is located in Georgetown, bounded by Jalan Penang, Jalan Dr. Lim Chwee Leong (formerly Jalan Prangin), Jalan C. Y. Choy and Jalan Magazine. Developments in the area include shopping centres, office buildings, hotels, pre-war shop houses and terrace houses.

8. Methods of Valuation : Comparable Sales Method where a comparison is made with recent transactions and asking prices of similar properties, preferably in the vicinity. Taking into account the prevailing economic conditions affecting the property market, appropriate adjustments are made for differences in location, area, age, condition, tenure, design, layout, and dates of transaction, among others.

9. Valuation**Open Market Value**

Address	Lot	Value
Bll 2.05A	250	RM 1,400,000
Bll 2.05B	251	RM 1,700,000

Total : RM3,100,000.00 as at 29 January 2015
(Ringgit Malaysia Three Million One Hundred Thousand Only)

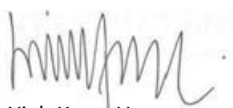
Declaration:

We have been instructed by Popular Holdings Ltd to prepare this valuation certificate to determine the current market value of the subject property for internal accounting purposes. This desktop valuation is prepared as a review of the previous formal valuation report done by C H Williams Talhar & Wong, Ref WTW/03/V/000326/12/PEH/kbj on 5 Jun 2012. It is understood that no formal site inspection was carried out for this review. This valuation report is confidential to and for use only by Popular Holdings Ltd for internal reference and use only. We advise a full formal valuation to be conducted should the value of the property be required for any form of external and 2nd party use.

Notes:

1. We have based our valuation on the details and information given by the client as correct and also on the assumption that there are no material changes to the data and details therein since then.
2. We have made no investigation of, and assume no responsibility for titles to, or liabilities against, the property appraised.
3. We certify that we have neither present nor prospective interest in the property appraised or in the value reported.

For and On behalf of
GB GLOBAL PTE LTD



Yick Keng Hang
 BSc (Est Mgt), MSISV
 Appraiser's Licence No. AD041-2002007E

This valuation report is subject to the attached Limiting Conditions.

**LIMITING CONDITIONS**

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VALUATION CERTIFICATE

Ref: EL.VC. 201501/87-OneStop

29 January 2015

1. **Requestor** : Popular Holdings Limited
2. **Property Address** : **488B-05-06 One-Stop Midlands Park, Jalan Burma, 10350 Penang**
488B-05-07 One-Stop Midlands Park, Jalan Burma, 10350 Penang
3. **Purpose of Valuation** : To determine the open market value of the property for the purpose of internal accounting as at 29 January 2015
4. **Property Details**
 - Property Type : 2 adjoining retail shop units within One-Stop Midlands Park
 - Location of Unit : 5th floor (level 7) of Block B
 - Unit Description : Adjoining units of regular shape
 - Age : Circa 1990s
 - Floor Area :

Address	Parcel No.	Floor area
488B-05-06	291	1,068 sq m (11,496 sq ft)
488B-05-07	292	1,298 sq m (13,972 sq ft)
	Total	2,366 sq m (25,468sq ft)
5. **Title / Tenure**
 - Strata Title and Lot No :

Address	Parcel No.	Strata Title
488B-05-06	291	Geran 64084 / M1 / 7 / 291
488B-05-07	292	Geran 64084 / M1 / 7 / 292
	Total	
 - Lot No : Parcel No. 291 Storey No. 7, Building No. M1 and
Parcel No. 292 Storey No. 7, Building No. M1 erected on
Parent Lot 5653, Section 1, Town of Gerogetown, North East District
Penang.
 - Tenure : 99 years leasehold with effect from 1st May 1994.
6. **Building Description** : One-Stop Midlands Park Centre is mixed use development comprising retail, office hotel and residential units. The 7-storey retail consists about 300 shops, supermarket, a food court, entertainment and exhibition space. Facilities include 2 levels of basement car park, escalators, lifts and stairs.

GB GLOBAL::

7. Location of Development

The subject development is located in Georgetown, along Jalan Burma, near the junction to Lebuhraya Maktab. Developments in the area include residential and commercial properties including terrace houses, apartments, shophouses, offices, commercial buildings, hotel, school and hospital. Gurney Plaza and Island Plaza are also located nearby.

8. Methods of Valuation

: Comparable Sales Method where a comparison is made with recent transactions and asking prices of similar properties, preferably in the vicinity. Taking into account the prevailing economic conditions affecting the property market, appropriate adjustments are made for differences in location, area, age, condition, tenure, design, layout, and dates of transaction, among others.

9. Valuation**Open Market Value**

Address	Parcel No.	Value
488B-05-06	291	RM 1,550,000
488B-05-07	292	RM 1,900,000

Total : RM3,450,000.00 as at 29 January 2015
(Ringgit Malaysia Three Million Four Hundred and Fifty Thousand Only)

Declaration:

We have been instructed by Popular Holdings Ltd to prepare this valuation certificate to determine the current market value of the subject property for internal accounting purposes. This desktop valuation is prepared as a review of the previous formal valuation report done by C H Williams Talhar & Wong, Ref WTW/03/V/000328/12/PEH/amy on 7 June 2012. It is understood that no formal site inspection was carried out for this review. This valuation report is confidential to and for use only by Popular Holdings Ltd for internal reference and use only. We advise a full formal valuation to be conducted should the value of the property be required for any form of external and 2nd party use.

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3. We certify that we have neither present nor prospective interest in the property appraised or in the value reported.

For and On behalf of
GB GLOBAL PTE LTD



Yick Keng Hang
 BSc (Est Mgt), MSISV
 Appraiser's Licence No. AD041-2002007E

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**VALUATION CERTIFICATE**

Ref: EL.VC. 201501/87-TerminalOne

29 January 2015

- 1. Requestor** : Popular Holdings Limited
- 2. Property Address** : **2ND-01 Second Floor, Terminal One Shopping Plaza, 20B Jalan Lintang, 70200 Seremban, Negeri Sembilan**
- 3. Purpose of Valuation** : To determine the open market value of the property for the purpose of internal accounting as at 29 January 2015
- 4. Property Details**
 - Property Type : Retail shop in Terminal One Shopping Plaza
 - Location of Unit : 2nd floor (top level)
 - Age : Built in 1996
 - Floor Area : 1,018 sq m (10,958 sq ft)
- 5. Title / Tenure**
 - Strata Title : Geran 60178/M1/R/180
 - Lot No : Parcel No. 180 Storey No. 4, Building No. M1 erected on Parent Lot 20321, Town of Seremban, District of Seremban, Negeri Sembilan
 - Tenure : Freehold
- 6. Building Description** : Terminal One Shopping Plaza is an integrated commercial development comprising 3 components:
 1. A 5-storey retail centre consisting an anchor tenant, retail shops, food courts, outlets and Cineplex
 2. A transport centre consisting bus and taxi terminals and a multi-storey elevated car park
 3. A commercial centre consisting a 22-storey office tower and a 6-storey office podium block.
- 7. Location of Development** : The subject development is located along Jalan Lintang, bounded by Jalan Tuanku Munawir and Jalan Sg. Ujong. Developments in the area include commercial buildings, retail shops, offices and hotels. The Seremban KTM railway station, post office and other government administration buildings are located nearby.

GB GLOBAL::

8. Methods of Valuation : Comparable Sales Method where a comparison is made with recent transactions and asking prices of similar properties, preferably in the vicinity. Taking into account the prevailing economic conditions affecting the property market, appropriate adjustments are made for differences in location, area, age, condition, tenure, design, layout, and dates of transaction, among others.

9. Valuation

Open Market Value : **RM4,700,000.00 as at 29 January 2015**
(Ringgit Malaysia Four Million Seven Hundred Thousand Only)

Declaration:

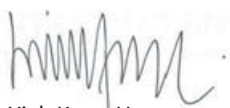
We have been instructed by Popular Holdings Ltd to prepare this valuation certificate to determine the current market value of the subject property for internal accounting purposes. This desktop valuation is prepared as a review of the previous formal valuation report done by C H Williams Talhar & Wong, Ref WTW/13/V/000688/12/LH on 30 May 2012. It is understood that no formal site inspection was carried out for this review. This valuation report is confidential to and for use only by Popular Holdings Ltd for internal reference and use only. We advise a full formal valuation to be conducted should the value of the property be required for any form of external and 2nd party use.

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For and On behalf of

GB GLOBAL PTE LTD



Yick Keng Hang

BSc (Est Mgt), MSISV

Appraiser's Licence No. AD041-2002007E

This valuation report is subject to the attached Limiting Conditions.

Desktop Valuation:

2ND-01 Second Floor, Terminal One Shopping Plaza, 20B Jalan Lintang, 70200 Seremban, Negeri Sembilan

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VALUATION CERTIFICATE

Ref: EL.VC. 201501/87-Melaka

29 January 2015

1. **Requestor** : Popular Holdings Limited
2. **Property Address** : **523, 523A, 523B & 523C and 525, 525A, 525B & 525C**
Plaza Melaka, Jalan Hang Tuah, 75300 Malacca
 (as provided in last formal valuation report dated 11 May 2012)

Or also known by
523, 523A, 523B & 523C and 525, 525A, 525B & 525C
Plaza Melaka, Jalan Gajah Berang, 75200 Malacca
3. **Purpose of Valuation** : To determine the open market value of the property for the purpose of internal accounting as at 29 January 2015
4. **Property Details**
 - Property Type : 2 adjoining 4½-storey intermediate shop offices
 - Land Area :

Address	Lot No.	Land area
523, 523A, 523B & 523C	1007	143 sq m (1,539 sq ft)
525, 525A, 525B & 525C	1008	143 sq m (1,539 sq ft)
Total		286 sq m (3,078 sq ft)
 - Gross Floor Area (GFA) : Main floor area: Approximately 1,373.48 sq m (14,784 sq ft)
 Ancillary area: Approximately 28.61 sq m (308 sq ft)
 Total GFA: Approximately 1,402.09 sq m (15,092 sq ft)
5. **Title / Tenure**
 - Title no. :

Address	Strata Title
523, 523A, 523B & 523C	GRN 8802
525, 525A, 525B & 525C	GRN 8579
 - Lot No : 1007 & 1008, Town Area 7, District of Melaka Tengah, Melaka
 - Tenure : Freehold
6. **Description of Property**
 - Land : The site comprises 2 intermediate combined land lots that are rectangular in shape. It has a total frontage of approximately 13.412 metres and a depth of approximately 21.336 metres.
 - Building : The building is 4 ½ storey constructed of reinforced concrete framework, plastered brickwalls, concrete floor and pitched roof generally. The upper floors are accessible via a concrete staircase and a lift.

GB GLOBAL:.

Accommodation : Shop area and toilets on the ground floor, mezzanine and 2nd floor, office space, meeting rooms, partitioned office rooms, pantry and toilets on the 3rd floor.

7. Location of Development The subject property is located within Plaza Melaka, at the junction of Jalan Hang Tuah and Jalan Gaha Berang, about 1 km from Malacca Town. Plaza Melaka is a commercial centre comprising 4½-storey shop offices. Facilities and amenities in the area include RHB Bank, Kadai Telekom, foodcourt and other F&B offerings. Located in the vicinity are schools, religious buildings, shop offices, retail shops, etc.

8. Methods of Valuation : Comparable Sales Method where a comparison is made with recent transactions and asking prices of similar properties, preferably in the vicinity. Taking into account the prevailing economic conditions affecting the property market, appropriate adjustments are made for differences in location, area, age, condition, tenure, design, layout, and dates of transaction, among others.

9. Valuation **523, 523A, 523B & 523C and 525, 525A, 525B & 525C**
Plaza Melaka, Jalan Gajah Berang, 75200 Malacca

Open Market Value : **Total : RM1,400,000.00 as at 29 January 2015**
(Ringgit Malaysia One Million Four Hundred Thousand Only)

Declaration:

We have been instructed by Popular Holdings Ltd to prepare this valuation certificate to determine the current market value of the subject property for internal accounting purposes. This desktop valuation is prepared as a review of the previous formal valuation report done by C H Williams Talhar & Wong Ref WTW/03/V/000326/12/PEH/kbj, dated 11 May 2012. It is understood that no formal site inspection was carried out for this review. This valuation report is confidential to and for use only by Popular Holdings Ltd for internal reference and use only. We advise a full formal valuation to be conducted should the value of the property be required for any form of external and 2nd party use.

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For and On behalf of

GB GLOBAL PTE LTD



Yick Keng Hang

BSc (Est Mgt), MSISV

Appraiser's Licence No. AD041-2002007E

This valuation report is subject to the attached Limiting Conditions.

Desktop Valuation:

523, 523A, 523B & 523C and 525, 525A, 525B & 525C Plaza Melaka, Jalan Gajah Berang, 75200 Malacca



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VALUATION CERTIFICATE

Ref: EL.VC. 201501/87-TWIC

29 January 2015

1. **Requestor** : Popular Holdings Limited

2. **Property Address** : **14/F Tsuen Wan Industrial Centre, 220-248 Texaco Road,
Tsuen Wan, Hong Kong
Units 1401 to 1016 (total 16 units)**

3. **Purpose of Valuation** : To determine the open market value of the property for the purpose of internal accounting as at 29 January 2015

4. **Property Details**

Property Type : 16 adjoining and interconnecting units used seamlessly as a single office premise on the 14th floor in a 26-storey industrial building

Age : Completed in 1980

Gross Floor Area (GFA) : About 45,338 sq ft (provided by client, subject to site survey)

5. **Title / Tenure**

Lot Number : Tsuen Wan Town Lot No. 24

Property Reference No.	Unit 1401 - A7909331	Unit 1409 - A7909375
	Unit 1402 - A7909345	Unit 1410 - B8268527
	Unit 1403 - C1281960	Unit 1411 - C1281988
	Unit 1404 - C1281978	Unit 1412 - A7909382
	Unit 1405 - A7909350	Unit 1413 - A7909398
	Unit 1406 - B9732257	Unit 1414 - B7047784
	Unit 1407 - A7909366	Unit 1415 - A7909403
	Unit 1408 - B7047773	Unit 1416 - A7909415

Tenure : 50 years leasehold from July 1997 (provided by client)

6. **Property Description**

Building Facilities : Car park, loading and unloading bay, lifts, stairs, toilets.

Accommodation : Reception area, general office space, partitioned rooms, pantry area.

GB GLOBAL::

- 7. Location** : The subject development Tsuen Wan Industrial Centre is located along Taxaco Road in the Tsuen Wan area in New Territories, Hong Kong. It is bounded by Lung Tak Street and Ma Tau Pa Road. The immediate neighbourhood comprises mainly industrial and warehouse buildings. The development is between the Metropolitan Industrial and Warehouse Building No 2 and Peninsular Factory Building to its left and right. Amenities and facilities in the area include F&B, parks, schools, expressway, and bus stops along the main roads.
- 8. Basis of Valuation** : The property is valued on the basis of its highest and best use in its existing condition.
- 9. Methods of Valuation** : Comparable Sales Method where a comparison is made with recent transactions of similar properties, preferably in the vicinity. Taking into account the prevailing economic conditions affecting the property market, appropriate adjustments are made for differences in location, area, age, condition, tenure, design, layout, and dates of transaction, among others.
- 10. Valuation**
- Open Market Value** : **HK\$90,000,000/- as at 29 January 2015**
(Hong Kong Dollars Ninety Million Only)

Declaration:

We have been instructed by Popular Holdings Ltd to prepare this valuation certificate to determine the current market value of the subject property for internal accounting purposes. This is a desktop valuation and it is understood that no formal site inspection was carried out. This valuation report is confidential to and for use only by Popular Holdings Ltd and for internal reference and use only. We advise a full formal valuation to be conducted should the value of the property be required for any form of external and 2nd party use.

Notes:

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For and On Behalf of

GB GLOBAL PTE LTD



Yick Keng Hang

BSc (Est Mgt), MSISV

Appraiser's Licence No. AD041-2002007E

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9. The report was prepared on the basis that we are not required to give testimony or appear in court or any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we be properly reimbursed.



VALUATION CERTIFICATE

Ref: EL.VC. 201501/98-Canada

30 January 2015

1. Requestor

: Popular Holdings Limited
2. Property Address

: 15 Wertheim Court, Suites 602 & 603, Richmond Hill,
Ontario L4B 3H7
3. Purpose of Valuation

: To determine the open market value of the property for the
purpose of internal accounting as at 30 January 2015
4. Property Details

Property Type

: 2 adjoining and interconnecting units used seamlessly as a single
office premise on the 6th floor of an 8-storey office building

Age

: Built in 1989

Gross Floor Area (GFA)

: Suite 602 – approximately 119.8 sq m (1,290 sq ft)
Suite 603 – approximately 119.8 sq m (1,290 sq ft)
Total – approximately 239.6 sqm (2,580 sq ft)
(provided by client, subject to site survey)
5. Title / Tenure

Description

: Unit 2, Level 6
Unit 3, Level 6
Unit 94, Level A, Unit 95, Level A (Carpark lot)
Unit 96, Level A, Unit 97, Level A (carpark lot)

York Region Condominium Plan No. 719
together with its appurtenant common interests

Town of Richmond Hill
Regional Municipality of York

Property Identifiers

: 29250-0053
29250-0054
29250-0177
29250-0178
29250-0179
29250-0180

Tenure

: Freehold (provided by client)

Registered Owner

: Popular Book Company (Canada) Ltd.
- GB GLOBAL PTE LTD 140 PAYA LEBAR ROAD #10-09 SINGAPORE 409015
TEL: 9853 1411 FAX: 6673 0149

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- 6. Property Description** : The property accommodates a reception area, general office space, 4 private office rooms, 1 shared office room, meeting room, pantry, storage room.

Facilities include 4 allocated parking lots, surface and basement carpark, washrooms, lifts, air-conditioning and heating systems, sprinkler system, water and utilities.

- 7. Location** : The subject property is located at Wertheim Court, bounded by Leslie Street and West Beaver Creek Road within Beaver Creek Business Park. It enjoys close and easy access to Highway 7, Highway 404 and Highway 407. Facilities and amenities within walking distance include restaurants, cafes, groceries, retail shops, pharmacy and banking services. Hotels, parks, entertainment and schools are also located in the vicinity.

- 8. Basis of Valuation** : The property is valued on the basis of its highest and best use in its existing condition.

- 9. Methods of Valuation** : Comparable Sales Method where a comparison is made with recent transactions of similar properties in the vicinity. Taking into account the prevailing economic conditions affecting the property market, appropriate adjustments are made for differences in location, area, age, condition, tenure, design, layout, and dates of transaction.

10. Valuation

- Open Market Value** : **CAD 750,000/- as at 30 January 2015**
(Canada Dollars Seven Hundred and Fifty Thousand Only)

Declaration:

We have been instructed by Popular Holdings Ltd to prepare this valuation certificate to determine the current market value of the subject property for internal accounting purposes. This is a desktop valuation and it is understood that no formal site inspection was carried out. This valuation report is confidential to and for use only by Popular Holdings Ltd and for internal reference and use only. We advise a full formal valuation to be conducted should the value of the property be required for any form of external and 2nd party use.

Notes:

1. We have based our valuation on the details and information given by the client as correct and also on the assumption that there are no material changes to the data and details therein since then.
2. We have made no investigation of, and assume no responsibility for titles to, or liabilities against, the property appraised.
3. We certify that we have neither present nor prospective interest in the property appraised or in the value reported.

For and On Behalf of

GB GLOBAL PTE LTD



Yick Keng Hang

BSc (Est Mgt), MSISV

Appraiser's Licence No. AD041-2002007E

This valuation report is subject to the attached Limiting Conditions.

Desktop Valuation: 15 Wertheim Court, Suites 602 & 603, Richmond Hill, Ontario L4B 3H7



LIMITING CONDITIONS

This valuation report has been prepared subject to the following limiting conditions:-

1. This valuation report is restricted to the use of our client or person(s) to whom this valuation report is specifically addressed to and for the specific purpose stated therein and to be used within a reasonable time. We disclaim any liability should it be used by other person(s) or for any other purpose(s) or beyond a reasonable time.
2. Neither the whole or any part of this valuation report or any reference to it may be included in any document, circular or statement or be published in any way without our prior written consent to the form and context in which it may appear. We shall bear no responsibility for any unauthorized inclusion or publication.
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VALUATION CERTIFICATE

Ref: EL.VC. 201501/47.02

13 January 2015

- 1. Requestor** : Popular Land Investment Pte Ltd
- 2. Property Address** : **524 Kampong Bahru Road Singapore 099455**
- 3. Purpose of Valuation** : To determine the open market value of the property for the purpose of sale and purchase as at 13 January 2015
- 4. Property Details**
 - Property Type : Residential development site with proposed 12-storey residential block comprising 17 apartment units with swimming pool.
 - Age / Condition : Under construction, expected completion in end 2017
 - Land Area : Approximately 931.6 square metres (10,028 square feet)
 - Maximum Permissible Gross Floor Area (GFA) : 2,139.47 square metres, inclusive of 191.87 square metres for balconies (Written Permission dated 21/11/2013)
 - Proposed GFA : Approximately 2,122.28 square metres (22,844 square feet)
- 5. Title / Tenure**
 - Legal Description : Mukim 1 Lots 1829X and 3978V
 - Tenure : Freehold
 - 2014 Master Plan Zoning : Residential, maximum plot ratio 2.1
- 6. Site Description** : An almost "L-shape" land plot with a road frontage of about 25 metres along Kampong Bahru Road. The land is generally flat and leveled to the road at the entrance and rising towards the rear.
- 7. Proposed Development** : 12-storey residential block comprising 17 apartment units with a swimming pool and mechanical parking system.

Unit Type	No. of Bedrooms	Strata Area (square feet)	No. of Units
A	1	479	6
B	2 + 1	1,255	6
C	3 + 1	1,712	4
D	4	2,198	1
Total		19,450 sq ft (1,807 sq m)	17

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8. **Estimated construction cost** : In the region of S\$9.5 million
9. **Basis of Valuation** : The property is valued on the basis of its highest and best use in its existing condition.
10. **Methods of Valuation** : Residual Method where the land value is derived by deducting the costs of acquisition, construction, financing, and sales related costs from the sales proceeds of the proposed development.

Comparable Sales Method where a comparison is made with recent transactions of similar properties, preferably in the vicinity. Taking into account the prevailing economic conditions affecting the property market, appropriate adjustments are made for differences in location, area, age, condition, tenure, design, layout, and dates of transaction, among others.

11. **Open Market Value as at 13 January 2015**

A Residential Redevelopment Site	: S\$19,500,000/- (Singapore Dollars Nineteen Million and Five Hundred Thousand Only)
Gross development value of the proposed 17 residential units, subject to satisfactory completion and issuance of Temporary Occupational Permit and Certificate of Statutory Completion.	: S\$33,000,000/- (Singapore Dollars Thirty-Three Million Only)

Declaration:

We have been instructed by Popular Land Investment Pte Ltd to prepare this valuation certificate to determine the current market value of the subject property for sale and purchase purposes. This valuation report is confidential to and for use only by Popular Land Investment Pte Ltd and for specific purpose to which it refers.

Notes:

1. We have based our valuation on the details given by the client and Colliers International in its formal valuation report dated 22/5/2014 ref 2014/98 (B), as correct and also on the assumption that there are no material changes to the data and details therein since then.
2. We have made no investigation of, and assume no responsibility for titles to, or liabilities against, the property appraised.
3. We certify that we have neither present nor prospective interest in the property appraised or in the value reported.

GB GLOBAL PTE LTD



Yick Keng Hang
BSc (Est Mgt), MSISV
Appraiser's Licence No. AD041-2002007E

This valuation report is subject to the attached Limiting Conditions.



LIMITING CONDITIONS

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VALUATION CERTIFICATE

Ref: EL.VC. 201501/47.03

13 January 2015

1. Requestor

: Popular Land Pte Ltd
2. Property Address

: 19 Apartment Units in Eight Raja
8 Jalan Raja Udang
Singapore 329217
3. Purpose of Valuation

: To determine the open market value of the 19 apartment units
for the purpose of sale and purchase as at 13 January 2015
4. Property Details

Property Type

19 unsold apartment units within a 15-storey residential
development

Age / Condition

Type A - #03-01 to #08-01, #10-01, #11-01, #13-01, #14-01
Type B - #04-02, #06-02, #08-02 to #14-02
Completed in 2013 / New

Land Area

: Approximately 1,576.7 square metres (16,971 square feet)

Strata Area

: Type A (4 bdrm): 188 sq m x 10 units = 1,880 square metres
Type B (3 bdrm): 146 sq m x 9 units = 1,314 square metres
Total: 19 units, 3,194 square metres (34,380 square feet)
6. Title / Tenure

Legal Description

: Mukim 17 Lot 10421W (land site)

Tenure

: Freehold

2014 Master Plan Zoning

: Residential, gross plot ratio 2.8
7. General Description

: The development is a 15-storey residential development with a
total of 26 apartments, 2 units on each floor from 3rd storey
onwards. The sky terrace, lap pool, wading pool, spa pool, pool
deck, sky gym and steam rooms are located on the 2nd storey.
Facilities include 2 lifts, open car park lots and mechanized car
parking.

19 apartment units remain unsold.
8. Accommodation

: **Type A** (units 01)
Living/dining area, kitchen, balcony, family room with bathroom,
household shelter, master bedroom with attached bathroom, 2
bedrooms, common bathroom.

Family room can be converted into
a) Guest suite comprising separate living area and a bedroom, or
b) 2 bedrooms

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Type B (units 02)

Living/dining area, balcony, kitchen, master bedroom with attached bathroom, 2 bedrooms, common bathroom, household shelter.

- 9. Basis of Valuation** : The property is valued on the basis of its highest and best use in its existing condition.
- 10. Method of Valuation** : Comparable Sales Method where a comparison is made with recent transactions of similar properties, preferably in the vicinity. Taking into account the prevailing economic conditions affecting the property market, appropriate adjustments are made for differences in location, area, age, condition, tenure, design, layout, and dates of transaction, among others.

11. Open Market Value as at 13 January 2015

19 Apartment Units within Eight Raja : S\$44,700,000/-
(Singapore Dollars Forty-Four Million Seven Hundred Thousand Only)

Declaration:

We have been instructed by Popularland Pte Ltd to prepare this valuation certificate to determine the current market value of the subject property for sale and purchase purposes. This valuation report is confidential to and for use only by Popularland Pte Ltd and for specific purpose to which it refers.

Notes:

1. We have based our valuation on the details given by the client and Colliers International in its formal valuation report dated 22/5/2014 ref 2014/98 (A), as correct and also on the assumption that there are no material changes to the data and details therein since then.
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3. We certify that we have neither present nor prospective interest in the property appraised or in the value reported.

GB GLOBAL PTE LTD

Yick Keng Hang
BSc (Est Mgt), MSISV

Appraiser's Licence No. AD041-2002007E

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