CIRCULAR DATED 24 MAY 2018

THIS CIRCULAR IS ISSUED BY LEE METAL GROUP LTD (THE "COMPANY"). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE RECOMMENDING DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF SAC CAPITAL PRIVATE LIMITED (AS THE INDEPENDENT FINANCIAL ADVISER TO THE RECOMMENDING DIRECTORS) TO THE RECOMMENDING DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

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

If you have sold or transferred all your Shares (as defined herein) held through the CDP (as defined herein), you need not forward this Circular to the purchaser or transferee, as arrangements will be made by the 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 the 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 SGX-ST (as defined herein) assumes no responsibility for the correctness of any of the statements made, reports contained, opinions expressed or advice given in this Circular.



LEE METAL GROUP LTD

(Incorporated in the Republic of Singapore)
(Company Registration No.: 198205439C)

CIRCULAR TO SHAREHOLDERS

in relation to the

VOLUNTARY CONDITIONAL CASH OFFER

by

UNITED OVERSEAS BANK LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 193500026Z)

for and on behalf of

BRC ASIA LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 193800054G)

to acquire all the Offer Shares (as defined herein)

Independent Financial Adviser to the Recommending Directors



SAC CAPITAL PRIVATE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 200401542N)

SHAREHOLDERS SHOULD NOTE THAT AS ANNOUNCED IN THE UNCONDITIONAL ANNOUNCEMENT (AS DEFINED HEREIN), ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF OFFER AT 5:30 P.M. (SINGAPORE TIME) ON 21 JUNE 2018, OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN)

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

"**1QFY2018**"	:	The three (3)-month period ended 31 March 2018
"**ACRA**"	:	The Accounting and Corporate Regulatory Authority of Singapore
"**Business day**"	:	A day (other than a Saturday, a Sunday or a gazetted public holiday) on which commercial banks are open for business in Singapore
"**CDP**"	:	The Central Depository (Pte) Limited
"**Circular**"	:	This circular to Shareholders dated 24 May 2018 in relation to the Offer, enclosing, *inter alia,* the IFA Letter
"**Closing Date**"	:	5.30 p.m. (Singapore time) on 7 June 2018, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer
"**Code**"	:	The Singapore Code on Take-overs and Mergers
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore
"**Company**"	:	Lee Metal Group Ltd (Company Registration Number: 198205439C)
"**Company Securities**"	:	(a) Shares; (b) securities which carry voting rights in the Company; and (c) convertible securities, warrants, options (including any options granted under any employee share scheme of the Company) and derivatives in respect of any Shares or securities which carry voting rights in the Company
"**Concert Group**"	:	The parties acting or deemed to be acting in concert with the Offeror
"**Constitution**"	:	The constitution of the Company
"**CPF**"	:	The Central Provident Fund
"**CPFIS**"	:	Central Provident Fund Investment Scheme
"**CPFIS Investors**"	:	Investors who have purchased 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
"**Extended Closing Date**"	:	5.30 p.m. (Singapore time) on 21 June 2018 or such later date(s) as

		may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer
"**FAA**"	:	The Form of Acceptance and Authorisation for the Offer Shares in respect of the Offer which forms part of the Offer Document and which is issued to Shareholders whose Shares are deposited with the CDP
"**FAT**"	:	The Form of Acceptance and Transfer for the Offer Shares in respect of the Offer which forms part of the Offer Document and which is issued to Shareholders whose Shares are not deposited with the CDP
"**First Update Announcement**"	:	Has the meaning ascribed to it in Section 1.2 of this Circular
"**Formal Offer Announcement**"	:	The formal offer announcement made on 26 April 2018 by UOB, for and on behalf of the Offeror, of the Offeror's firm intention to undertake the Offer
"**Formal Offer Announcement Date**"	:	26 April 2018, being the date of the Formal Offer Announcement
"**FY**"	:	Financial year ended or ending, as the case may be, 31 December
"**FY2015**"	:	Financial year ended 31 December 2015
"**FY2016**"	:	Financial year ended 31 December 2016
"**FY2017**"	:	Financial year ended 31 December 2017
"**Group**"	:	The Company and its subsidiaries
"**IFA**"	:	SAC Capital Private Limited, the independent financial adviser to the Recommending Directors in connection with the Offer
"**IFA Letter**"	:	Has the meaning ascribed to it in Section 11.1 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% of 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

"**Irrevocable Undertakings** : The irrevocable undertakings from each of the Undertaking Shareholders to, *inter alia,* accept the Offer in respect of all Shares held by each of them respectively

"**Irrevocable Undertakings Associates**" : In relation to an individual:

(a) his spouse, his children and their spouses;

(b) the trustees of any trust of which he or his spouse, his children or their spouses is a beneficiary or, in the case of discretionary trust, of which he or his spouse, his children or their spouses is a discretionary object; and

(c) any corporation controlled by himself and/or any of his spouse, his children or their spouses whether singly or in combination with each other; or in which he and/or any of his spouse, his children or their spouses holds 50% or more of the voting shares, whether singly or in combination with each other

"**Latest Practicable Date**" : 14 May 2018, being the latest practicable date prior to the printing of this Circular

"**Listing Manual**" : The listing manual of the SGX-ST in force as at the Latest Practicable Date

"**Market Day**"	:	A day on which the SGX-ST is open for trading of securities
"**Minimum Acceptance Condition**"	:	The condition that the Offeror receives valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and its Concert Group, would result in the Offeror and its Concert Group holding such number of Shares carrying more than 50% of the voting rights attributable to the issued Shares (excluding any treasury shares), by the Closing Date
"**Offer**"	:	The voluntary conditional cash offer made by UOB, for and on behalf of the Offeror, on the Formal Offer Announcement Date
"**Offer Document**"	:	The offer document dated 10 May 2018, including the FAA and FAT, and any supplemental documents as may be issued by or on behalf of the Offeror from time to time
"**Offer Price**"	:	S$0.42 in cash for each Offer Share
"**Offer Shares**"	:	Issued and paid-up ordinary shares in the capital of the Company, other than those already owned, controlled or agreed to be acquired by the Offeror
"**Offeror**"	:	BRC Asia Limited
"**Offeror Securities**"	:	Ordinary shares in the capital of the Offeror, equity share capital of the Offeror and other securities which carry substantially the same rights in the Offeror, and convertible securities, warrants, options and derivatives in respect of such shares or securities
"**Overseas Shareholders**"	:	Shareholders whose addresses are outside Singapore, as shown on the Register or, as the case may be, in the records of the CDP
"**Pre-Conditional Offer Announcement**"	:	The announcement made on 21 February 2018 by UOB, for and on behalf of the Offeror, in connection with the pre-conditional voluntary offer for the Company
"**Pre-Conditional Offer Announcement Date**"	:	21 February 2018, being the date of the Pre-Conditional Offer Announcement
"**Pre-Conditions**"	:	(a) The Competition and Consumer Commission of Singapore (formerly known as Competition Commission of Singapore) having made a favourable decision that the Offer will not, if validly accepted and/or carried into effect, infringe the prohibition under Section 54 of the Competition Act (Chapter 50B of Singapore);

(b) the approval of the SGX-ST for the despatch of the circular to shareholders of the Offeror convening a general meeting of the Offeror to approve the Offeror undertaking the acquisition of all the Shares pursuant to the Offer in accordance with the listing rules of the SGX-ST; and

(c) no governmental authority or court of competent jurisdiction having enacted, issued, promulgated, enforced or entered any law, rule, regulation, judgment, decree, executive order or award having the effect of making the Offer illegal or otherwise prohibiting consummation thereof

"Recommending Directors"	:	The Directors who are considered independent for the purposes of the Offer, being all the Directors
"**Register**"	:	The register of holders of Shares, as maintained by the Registrar
"**Registrar**"	:	KCK CorpServe Pte. Ltd. located at 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721
"**Relevant Acceptance Forms**"	:	The FAA and/or the FAT (as the case may be)
"**Relevant Period**"	:	The period commencing on 21 November 2017, being the date falling three months prior to the Pre-Conditional Offer Announcement Date, and ending on the Latest Practicable Date
"**Second Update Announcement**"	:	Has the meaning ascribed to it in Section 1.3 of this Circular
"**SFA**"	:	The Securities and Futures Act, Chapter 289 of Singapore
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**SGXNET**"	:	A system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
"**Shareholders**"	:	Persons who are registered as holders of Shares in the Register and Depositors who have Shares entered against their names in the Depository Register
"**Shares**"	:	Issued and paid-up ordinary shares in the capital of the Company
"**SRS**"	:	The Supplementary Retirement Scheme
"**SRS Investors**"	:	Investors who have purchased Shares using their SRS contributions pursuant to the SRS

"**Substantial Shareholder**"	:	A person who has an interest in not less than five per cent. (5%) of the total number of issued voting Shares
"**Unconditional Announcement**"	:	The announcement made on 14 May 2018 by UOB, for and on behalf of the Offeror, in connection with, *inter alia*, the Offer becoming and being declared unconditional in all respects
"**Undertaking Shareholders**"	:	Mr. Lee Lin Poey, Mr. Lee Hock Seng, Mr. Lee Heng Thiam, Ms. Lee Siew Khim and Ms. Lee Siew Choo
"**UOB**"	:	United Overseas Bank Limited, the financial adviser to the Offeror in relation to the Offer

Units and currencies

"**S$**" and "**cents**"	:	Singapore dollars and cents respectively, the lawful currency of Singapore
"**%**" **or** "**per cent.**"	:	Per centum or percentage

Acting in Concert and Associates. Unless otherwise defined, the expressions "**acting in concert**" and "**associates**" 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. Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Constitution are set out in this Circular within quotes and italics, and capitalised terms used within these reproduced statements and not defined herein shall bear the same meanings as attributed to them in the Offer Document, the IFA Letter and the Constitution respectively.

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

Expressions. Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing a single gender shall, where applicable, include any or all 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 or statutory provision is a reference to that enactment or statutory provision as for the time being amended or re-enacted, unless the context otherwise requires. Any word defined under the Companies Act, the Code, the Listing Manual, the SFA or any 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, the SFA 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 meanings ascribed to them 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 and Percentage as at the Latest Practicable Date. In this Circular, the total number of Shares is a reference to a total of 474,551,093 Shares in issue as at the Latest Practicable Date (excluding treasury shares) based on a search conducted at the ACRA, unless the context otherwise requires. Unless otherwise specified, all references to a percentage shareholding in the capital of the Company in this Circular are based on 474,551,093 Shares in issue as at the Latest Practicable Date (excluding treasury shares) based on a search conducted at the ACRA.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "aim", "seek", "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 guarantees any future performance or event, or 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.

INDICATIVE TIMETABLE

Date of despatch of the Offer Document	:	10 May 2018
Date of despatch of this Circular	:	24 May 2018
Closing Date	:	**5.30 p.m. (Singapore time) on 7 June 2018** or such later date(s) as may be announced from time to time by or on behalf of the Offeror.
Extended Closing Date	:	As set out in the Unconditional Announcement, the Offer has become and was declared unconditional in all respects, and pursuant to Rule 22.6 of the Code, the Closing Date of the Offer has been extended to **5.30 p.m. (Singapore time) on 21 June 2018** or such later date(s) as may be announced from time to time by or on behalf of the Offeror.
Date of settlement of consideration for valid acceptances of the Offer	:	Subject to the receipt by the Offeror of valid acceptances and all relevant documents, remittances in the form of S$ cheques for the appropriate amounts will be despatched as soon as practicable and in any case within seven (7) Business Days of the date of such receipt. Please refer to Section 2 of Appendix 1 of the Offer Document for further information.

LEE METAL GROUP LTD
(Incorporated in the Republic of Singapore)
(Company Registration No.: 198205439C)

Board of Directors:

Mr. Lee Lin Poey
Mr. Lee Heng Thiam
Mr. Foo Meng Kee
Ms. Lee Kim Lian, Juliana
Mr. Kewee Kho

Registered Office:

No. 7 Tuas Avenue 16
Singapore 638934

24 May 2018

To: The Shareholders of Lee Metal Group Ltd

Dear Sir / Madam

VOLUNTARY CONDITIONAL CASH OFFER BY UOB, FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES

1. INTRODUCTION

1.1. **Pre-Conditional Offer Announcement.** On 21 February 2018, UOB, for and on behalf of the Offeror, announced, *inter alia,* that subject to and contingent upon the fulfilment or waiver of the Pre-Conditions, the Offeror would make a voluntary conditional cash offer for the Offer Shares, in accordance with Rule 15 of the Code.

1.2. **First Update Announcement.** On 26 February 2018, UOB, for and on behalf of the Offeror, announced, *inter alia*, that the Pre-Condition in paragraph 2.1(c) of the Pre-Conditional Offer Announcement would no longer be a condition to the Offeror making the Offer ("**First Update Announcement**").

1.3. **Second Update Announcement.** On 6 March 2018, UOB, for and on behalf of the Offeror, announced, *inter alia*, that the Pre-Condition in paragraph 2.1(b) of the Pre-Conditional Offer Announcement had been satisfied as of 6 March 2018 ("**Second Update Announcement**").

1.4. **Formal Offer Announcement.** On 26 April 2018, UOB, for and on behalf of the Offeror, announced, *inter alia,* that (i) the Offeror had on 26 April 2018 received the decision from the Competition and Consumer Commission of Singapore (formerly known as Competition Commission of Singapore) that the Offer, if carried into effect, would not infringe the prohibition under Section 54 of the Competition Act (Chapter 50B of Singapore); and (ii) accordingly, all the Pre-Conditions had been satisfied and the Offeror thereby made the Offer pursuant to Rule 15 of the Code.

1.5. **Offer Document**. Shareholders should by now have received a copy of the Offer Document and the Relevant Acceptance Forms, which set 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 of the Offer contained in the Offer Document carefully.**

1.6. **Unconditional Announcement.** On 14 May 2018, UOB, for and on behalf of the Offeror, announced, *inter alia*, that:

(a) as at 14 May 2018, the Offeror had received valid acceptances in respect of 270,122,856 Offer Shares which when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and its Concert Group, resulted in the Offeror and its Concert Group holding such number of Shares carrying more than 50% of the voting rights attributable to the issued Shares (excluding any treasury shares). Accordingly, the Minimum Acceptance Condition of the Offer had been satisfied, and the Offer had therefore become and was declared unconditional in all respects; and

(b) pursuant to Rule 22.6 of the Code, after the Offer had become or is declared unconditional as to acceptances, the Offer must remain open for acceptance for not less than 14 days after the date on which the Offer would otherwise have closed. Accordingly, the Closing Date of the Offer has been extended to the Extended Closing Date (being 5.30 p.m. (Singapore time) on 21 June 2018, or such later date(s) as may be announced from time to time by or on behalf of the Offeror).

("**Unconditional Announcement**")

The Pre-Conditional Offer Announcement, First Update Announcement, Second Update Announcement, Formal Offer Announcement, Offer Document and Unconditional Announcement are available for download from the website of the SGX-ST at www.sgx.com.

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

Shareholders should read the Offer Document, this Circular and the IFA Letter carefully and consider the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors on the Offer before deciding on whether to accept or reject the Offer. 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.

2. THE OFFER

2.1. **Terms of the Offer**. The Offer is made by UOB, for and on behalf of the Offeror, on the principal terms set out in Sections 2 and 3 of the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

"2. TERMS OF THE OFFER

2.1 ***Terms.*** *The Offer will be made for all the Offer Shares, subject to the terms and conditions set out in this Offer Document.*

2.2 ***Offer Price.*** *The Offer Price for each Offer Share will be as follows:*

For each Offer Share: S$0.42 in cash.

2.3 ***Rights and Encumbrances.*** *The Offer Shares will be acquired:*

(a) properly and validly issued and fully paid-up;

*(b) free from all mortgages, assignments, debentures, liens, hypothecation, charges, pledges, adverse claims, rent-charge, title retention, claims, equity, options, pre-emption rights, rights to acquire, security agreement and security interest or any other rights of whatever nature ("**Encumbrances**"); and*

(c) together with all rights, benefits and entitlements attached as at the Formal Offer Announcement Date.

*As such, if the books closure date for determination of entitlements to any dividend, right or other distribution or return of capital (collectively "**Distributions**") by the Company ("**Books Closure Date**") falls on or after the Formal Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price payable to such Accepting Shareholder by an amount equivalent to such dividend, right, other distribution or return of capital, as follows:*

(i) if the settlement date for acceptance of the Offer falls on or before the Books Closure Date, no adjustment to the Offer Price will be made, as the Offeror will receive the Distribution (and not the Accepting Shareholder); and

(ii) if the settlement date for acceptance of the Offer falls after the Books Closure Date, the Offer Price will be reduced by an amount equivalent to the Distribution, as the Distribution will be received by the Accepting Shareholder (and not the Offeror).

2.4 ***Minimum Acceptance Condition.*** *The Offer is conditional upon the Offeror receiving valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and its Concert Group, would result in the Offeror and its Concert Group holding such number of Shares carrying more than 50% of the voting rights attributable to the issued Shares (excluding any treasury shares), by the Closing Date ("**Minimum Acceptance Condition**").*

3. WARRANTY

A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably represent and warrant that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (a) fully paid-up; (b) free from all Encumbrances; and (c) together with all rights, benefits and entitlements

attached to them as at the Formal Offer Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions declared, paid or made by the Company in respect of the Offer Shares on or after the Formal Offer Announcement Date."

2.2. **Duration of the Offer.** The duration of the Offer is set out in Section 4 and Appendix 1 of the Offer Document, extracts of which are set out below. As set out in the Unconditional Announcement, pursuant to Rule 22.6 of the Code, as the Offer has become and was declared unconditional as to acceptances, the Closing Date has been extended to the Extended Closing Date (being 5.30 p.m. (Singapore time) on 21 June 2018, or such later date(s) as may be announced from time to time by or on behalf of the Offeror).

"4. DURATION OF THE OFFER

4.1 ***First Closing Date.*** *The Offer is open for acceptance by Shareholders for at least 28 days after the Despatch Date, 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. (Singapore time) on 7 June 2018, being the Closing Date, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer.

4.2 ***Subsequent Closing Date(s).*** *If the Offer is extended, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders at least 14 days' prior notice in writing before it may close the Offer.*

4.3 ***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 unconditional as to acceptances, the Offer will remain open for acceptances for a period of not less than 14 days after the date on which the Offer would otherwise have closed, unless the Offeror has given Shareholders at least 14 days' notice in writing ("**Shut-Off Notice**") that the Offer will not be open for acceptance beyond a specified Closing Date, provided that:*

(a) the Offeror may not give a Shut-Off Notice in a competitive situation; and

(b) the Offeror may not enforce a Shut-Off Notice, if already given, in a competitive situation.

*For these purposes, a "**competitive situation**" shall be regarded to have arisen if (i) a competing offer has been announced; or (ii) the SIC determines that a competitive situation has arisen.*

4.4 ***Revision.*** *Pursuant to Rule 20.1 of the Code, the terms of 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 Shareholder, including those who had previously accepted the Offer.*

...

APPENDIX 1

1. DURATION OF THE OFFER

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

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 7 June 2018, or such later date(s) as may be announced from time to time by or on behalf of the Offeror."

2.3. **Details of the Offer.** The details of the Offer are set out in Section 5 and Appendix 1 of the Offer Document, extracts of which are set out below.

"5. DETAILS OF THE OFFER

***Appendix 1** 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.

...

APPENDIX 1

2. SETTLEMENT OF THE OFFER

Subject to the Offer becoming or being declared unconditional in all respects and to the receipt by the Offeror from Accepting Shareholders of valid acceptances and all relevant documents required by the Offeror which are complete in all respects and in accordance with the instructions given in this Offer Document and in the Relevant Acceptance Forms, and in the case of a Depositor, the receipt by the Offeror of a confirmation satisfactory to it that the Shares are standing to the credit of the "Free Balance" of the Depositor's Securities Account at the relevant time, remittances in the form of Singapore Dollar cheques drawn on a bank in Singapore for the appropriate amounts will be despatched (or by such other manner as the Accepting Shareholders may have agreed with CDP for the payment of any cash distributions), pursuant to Rule 30 of the Code, to the Accepting Shareholders (or in the case of Shareholders holding share certificate(s) which are not deposited with CDP, their designated agents, as they may direct) by ordinary post, at the risk of the Accepting Shareholders as soon as practicable and in any case:

(a) in respect of acceptances of the Offer which are complete and valid in all respects and are received on or before the date on which the Offer becomes or is declared unconditional in all respects, within seven (7) Business Days after the Offer becomes or is declared unconditional in all respects; or

(b) *in respect of acceptances of the Offer which are complete and valid in all respects and are received after the Offer becomes or is declared unconditional in all respects, but before the Offer closes, within seven (7) Business Days of the date of such receipt.*

3. ANNOUNCEMENTS

3.1 ***Timing and Contents****. Pursuant to Rule 28.1 of the Code, by 8.00 a.m. (Singapore time) on the dealing day ("**Relevant Day**") immediately after the day on which the Offer is due to expire, becomes or is declared unconditional as to acceptances, revised or extended (if applicable), the Offeror will announce and simultaneously inform the SGX-ST of the total number of Shares (excluding treasury shares) (as nearly as practicable):*

(a) *for which valid acceptances of the Offer have been received;*

(b) *held by the Offeror and its Concert Group before the Offer Period; and*

(c) *acquired or agreed to be acquired by the Offeror and its Concert Group during the Offer Period,*

and will specify the percentages of the total number of Shares represented by such numbers.

3.2 ***Suspension.*** *Under Rule 28.2 of the Code, if the Offeror is unable, within the time limit, to comply with any of the requirements in **Paragraph 3.1** of this **Appendix 1**, the SIC will consider requesting the SGX-ST to suspend dealings in the Shares and, where appropriate, the Offeror's shares until the relevant information is given.*

3.3 ***Valid Acceptances for Offer Shares.*** *Under Rule 28.1 of the Code, subject to **Paragraph 4** of this **Appendix 1**, in computing the number of Offer Shares represented by acceptances received by the Offeror, the Offeror will, at the time of making an announcement, take into account acceptances which are valid in all respects.*

4. RIGHT OF WITHDRAWAL

4.1 *Except as expressly provided in this Offer Document and the Code, acceptances of the Offer shall be irrevocable.*

4.2 *If the Offer has become or been declared unconditional as to acceptances, but the Offeror fails to comply with any of the requirements of Rule 28.1 of the Code by 3.30 p.m. (Singapore time) on the Relevant Day, then immediately thereafter:*

(a) *Shareholders holding Offer Shares which are deposited with CDP and who have accepted the Offer will be entitled to withdraw their acceptance by written notice to BRC Asia Limited, c/o The Central Depository (Pte) Limited, 11 North Buona Vista Drive, #06-07, The Metropolis Tower 2, Singapore 138589; and*

(b) *Shareholders holding Offer Shares which are not deposited with CDP and who have accepted the Offer will be entitled to withdraw their acceptance by written notice to BRC Asia Limited, c/o KCK CorpServe Pte. Ltd., 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721.*

Such notice of withdrawal shall be effective only if signed by the Accepting Shareholder or his agent duly appointed in writing and evidence of whose appointment is produced in a form satisfactory to the Offeror within the said notice and when actually received by the Offeror.

4.3 Subject to Rule 22.9 of the Code, this right of withdrawal may be terminated not less than eight (8) days after the Relevant Day by the Offeror confirming (if that be the case) that the Offer is still unconditional and complying with Rule 28.1 of the Code.

4.4 A Shareholder who accepts the Offer will be entitled to withdraw his acceptance after 14 days from the first Closing Date, if the Offer has not by then become unconditional as to acceptances. Such entitlement to withdraw will be exercisable until the Offer becomes or is declared unconditional as to acceptances."

2.4. **Procedures for Acceptance**. The procedures for acceptance are set out in Section 6 and Appendix 2 of the Offer Document, extracts of which are set out below.

"6. PROCEDURES FOR ACCEPTANCE

*The procedures for acceptance of the Offer are set out in **Appendix** 2 and the accompanying FAA and/or FAT (as the case may be).*

…

APPENDIX 2

1. DEPOSITORS

*1.1 **Depositors whose Securities Accounts are credited with Offer Shares.** If you have Offer Shares standing to the credit of your Securities Account, you should receive this Offer Document together with the FAA.*

If you wish to accept the Offer, you should:

(a) complete the FAA in accordance with the provisions of this Offer Document and the instructions printed on the FAA. Please note that you must insert the number of Offer Shares in respect of which you wish to accept the Offer. If you:

(i) do not specify such number; or

(ii) specify a number which exceeds the number of Offer Shares standing to the credit of the "Free Balance" of your Securities Account as at 5.00 p.m. (Singapore time) on the Date of Receipt, or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date (provided always that the Date of Receipt must fall on or before the Closing Date),

you shall be deemed to have accepted the Offer in respect of all the Offer Shares already standing to the credit of the "Free Balance" of your Securities Account as at 5.00 p.m. (Singapore time) on the Date of Receipt or, in the

case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date.

(b) sign the FAA in accordance with the provisions of this Offer Document and the instructions printed on the FAA; and

(c) deliver the duly completed and signed original FAA in its entirety (no part may be detached or otherwise mutilated):

*(i) **by hand**, to BRC Asia Limited, c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20, The Metropolis, Singapore 138588; or*

*(ii) **by post**, in the enclosed pre-addressed envelope at your own risk, to BRC Asia Limited, c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934,*

***so as in either case your acceptance arrives not later than 5.30 p.m. (Singapore time) on the Closing Date.** If the duly completed and signed original FAA is delivered by post to the Offeror, please note that the enclosed pre-addressed envelope is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting from outside of Singapore.*

If you have sold or transferred all your Offer Shares through CDP, you need not forward the Offer Document and the accompanying FAA to the purchaser or transferee, as CDP will arrange for a separate Offer Document and FAA to be sent to the purchaser or transferee.

1.2 ***Depositors whose Securities Accounts will be credited with Offer Shares.** If you have purchased Offer Shares on the SGX-ST and such Offer Shares are in the process of being credited to the "Free Balance" of your Securities Account, you should also receive this Offer Document together with the FAA. If you do not receive the FAA, you may obtain a copy of such FAA, upon production of satisfactory evidence that you are a Shareholder, from CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.*

If you wish to accept the Offer in respect of such Offer Shares, you should, after the "Free Balance" of your Securities Account has been credited with such number of Offer Shares purchased:

(a) complete and sign the FAA in accordance with the provisions of this Offer Document and the instructions printed on the FAA; and

(b) deliver the duly completed and signed original FAA in its entirety (no part may be detached or otherwise mutilated):

*(i) **by hand**, to BRC Asia Limited c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20, The Metropolis, Singapore 138588; or*

*(ii) **by post**, in the enclosed pre-addressed envelope at your own risk, to BRC Asia Limited c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934,*

so as in either case your acceptance arrives not later than 5.30 p.m. (Singapore time) on the Closing Date. *If the duly completed and signed original FAA is delivered by post to the Offeror, please note that the enclosed pre-addressed envelope is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting from outside of Singapore.*

1.3 ***Rejection.*** *If upon receipt by CDP, for and on behalf of the Offeror, of the FAA, it is established that such Offer Shares have not been or will not be credited to the "Free Balance" of your Securities Account (for example, where you sell or have sold such Offer Shares), your acceptance is liable to be rejected. None of the Offeror, the Financial Adviser or CDP accepts any responsibility or liability in relation for such a rejection, including the consequences of such a rejection.*

If you purchase Offer Shares on the SGX-ST, your acceptance in respect of such Offer Shares will be rejected if the "Free Balance" of your Securities Account is not credited with such Offer Shares by 5.00 p.m. (Singapore time) on the Date of Receipt or 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date). None of the Offeror, the Financial Adviser and CDP accepts any responsibility or liability in relation for such a rejection, including the consequences of such a rejection.

1.4 ***Depositors whose Securities Accounts are and will be credited with Offer Shares.*** *If you have Offer Shares credited to your Securities Account, and have purchased additional Offer Shares on the SGX-ST which are in the process of being credited to your Securities Account, you may accept the Offer in respect of the Offer Shares standing to the credit of the "Free Balance" of your Securities Account and may accept the Offer in respect of the additional Offer Shares purchased which are in the process of being credited to your Securities Account only after the "Free Balance" of your Securities Account has been credited with such number of Offer Shares.*

1.5 ***Acceptance via SGX-SSH service.*** *Depository Agents may accept the Offer via the SGX-SSH service provided by CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents. CDP has been authorised by the Offeror to receive acceptances on its behalf. Such acceptances will be deemed irrevocable and subject to each of the terms and conditions contained in the FAA and this Offer Document as if the FAA had been completed and delivered to CDP.*

1.6 ***General.*** *No acknowledgement will be given by CDP for submissions of the FAA made by hand or by post or deposited into boxes located at CDP's premises. All communications, notices, documents and payments will be sent by ordinary post at your own risk to your mailing address appearing in the records of CDP. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares in your Securities Account. You can verify the number of Offer Shares in your Securities Account through: (a) CDP Online if you have registered for the CDP Internet Access Service; or (b) CDP Phone Service if you have a T-PIN.*

1.7 ***Suspense Account.*** *Upon receipt by CDP, for and on behalf of the Offeror, of the FAA which is complete and valid in all respects, CDP will transfer the Offer Shares in respect of which you have accepted the Offer from the "Free Balance" of your Securities Account to a "Suspense Account". Such Offer Shares will be held in the "Suspense Account" until the consideration for such Offer Shares has been despatched to you.*

1.8 ***Return of Offer Shares.*** *In the event the Offer does not become or is not declared unconditional in all respects in accordance with its terms, the relevant Offer Shares in respect of which you have accepted the Offer will be returned to the "Free Balance" of your Securities Account as soon as possible but in any event not later than 14 days from the lapse of the Offer.*

1.9 ***Notification.*** *In the event the Offer becomes or is declared unconditional in all respects in accordance with its terms, CDP will send you a notification letter stating the number of Offer Shares debited from your Securities Account together with payment of the Offer Price by way of a Singapore Dollar cheque drawn on a bank in Singapore for the appropriate amount and sent by ordinary post to your mailing address as recorded with CDP, or in such other manner as you may have agreed with CDP for the payment of any cash distributions, at your own risk.*

1.10 ***No Securities Account.*** *If you do not have any existing Securities Account in your own name at the time of acceptance of the Offer, your acceptance as contained in the FAA will be rejected.*

2. SCRIP HOLDERS

2.1 ***Shareholders whose Offer Shares are not deposited with CDP.*** *If you hold Offer Shares which are not deposited with CDP ("**in scrip form**"), you should receive this Offer Document together with the FAT.*

If you wish to accept the Offer, you should:

(a) complete and sign the FAT in accordance with the provisions of this Offer Document and the instructions printed on the FAT. Please note that you must insert the number of Offer Shares in respect of which you wish to accept the Offer. If you:

(i) do not specify such number in the FAT; or

(ii) specify a number which exceeds the number of Offer Shares represented by the attached share certificate(s) accompanying the FAT,

you shall be deemed to have accepted the Offer in respect of all the Shares represented by the share certificate(s) accompanying the FAT.

(b) sign the FAT in accordance with this Offer Document and the instructions printed on the FAT; and

(c) deliver:

(i) the duly completed and signed original FAT in its entirety (no part may be detached or otherwise mutilated);

(ii) the share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror and/or the Registrar relating to the Offer Shares in respect of which you wish to accept the Offer. If you are recorded in the Register as holding Offer Shares but do not have the relevant share certificate(s) relating to such Offer Shares, you, at your own risk, are required to procure the Company to issue such share certificate(s) in accordance with the constitution

*of the Company and then deliver such share certificate(s) in accordance with the procedures set out in this **Appendix 2** and the FAT; and*

(iii) where such Offer Shares are not registered in your name, at your own risk, the relevant share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror and/or the Registrar relating to the Offer Shares in respect of which you wish to accept the Offer, accompanied with a transfer form, duly executed by the person in whose name such share certificate(s) is/are registered and stamped, with the particulars of the transferee left blank (to be completed by the Offeror or a person authorised by it);

*either **by hand or by post**, in the enclosed pre-addressed envelope at your own risk, to BRC Asia Limited, c/o KCK CorpServe Pte. Ltd., 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721, **so as in either case your acceptance arrives not later than 5.30 p.m. (Singapore time) on the Closing Date.** If the duly completed and signed original FAT is delivered by post to the Offeror, please use the enclosed pre-addressed envelope. It is your responsibility to affix adequate postage on the said envelope.*

If your share certificate(s), transfer form(s) and/or any other relevant document(s) required by the Offeror, is/are not readily available or is/are lost, please contact KCK CorpServe Pte. Ltd. at 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721.

*2.2 **Receipt.** No acknowledgement of receipt of any FAT, share certificate(s), other document(s) of title, transfer form(s) or any other accompanying document(s) will be given by the Offeror, the Financial Adviser or the Registrar.*

*2.3 **Payment.** In the event that the Offer becomes or is declared unconditional in all respects in accordance with its terms, payment will be sent to you (or your designated agent or, in the case of joint Accepting Shareholders who have not designated any agent, to the one first named in the Register) by ordinary post to your mailing address appearing in the Register at your own risk (or to such different name and address as may be specified by you in the FAT and at your own risk), by way of a Singapore Dollar cheque drawn on a bank in Singapore for the appropriate amount.*

*2.4 **Return of Offer Shares.** In the event the Offer does not become or is not declared unconditional in all respects in accordance with its terms, the FAT, share certificate(s) and/or any other accompanying document(s) will be returned to you as soon as possible but, in any event, not later than 14 days from the lapse of the Offer.*

3. GENERAL

*3.1 **Disclaimer and Discretion.** The Offeror, the Financial Adviser, the Registrar and CDP will be authorised and entitled, in their sole and absolute discretion, to reject any acceptance of the Offer which is not entirely in order or which does not comply with the terms of this Offer Document and the Relevant Acceptance Forms or which is otherwise incomplete, incorrect, unsigned or invalid in any respect. If you wish to accept the Offer, it is your responsibility to ensure that the FAA and/or the FAT, as the case may be, is/are properly completed in all respects, originally signed and all required documents, where applicable, are provided. Any decision to reject the FAA*

and/or the FAT on the grounds that it has been invalidly, incorrectly or incompletely signed, completed or submitted will be final and binding and none of the Offeror, the Financial Adviser, the Registrar and/or CDP (or, for the avoidance of doubt, any of the Offeror's related corporations) accepts any responsibility or liability for such a decision (including the consequences thereof). The Offeror and UOB each reserves the right to treat acceptances of the Offer as valid if received by or on behalf of either of them at any place or places determined by them otherwise than as stated herein or in the FAA and/or the FAT, as the case may be, or if made otherwise than in accordance with the provisions herein and instructions printed on the FAA and/or the FAT, as the case may be. CDP takes no responsibility for any decision made by the Offeror or UOB.

3.2 ***Scrip and Scripless Offer Shares.*** *If you hold some Offer Shares in scrip form and others with CDP, you should complete a FAT for the former and a FAA for the latter in accordance with the respective procedures set out in this* ***Appendix 2*** *and the Relevant Acceptance Forms if you wish to accept the Offer in respect of such Offer Shares.*

3.3 ***Deposit Time.*** *If you hold Offer Shares in scrip form, you should not deposit the share certificate(s) through CDP on or after the Despatch Date as the Offer Shares may not be credited into your Securities Account with CDP in time for you to accept the Offer. If you wish to accept the Offer in respect of such Offer Shares, you should complete a FAT and follow the procedures set out in* ***Paragraph 2*** *of this* ***Appendix 2****.*

3.4 ***Acceptances received on Saturday, Sunday and public holidays.*** *Acceptances in the form of the FAA and/or the FAT, as the case may be, to CDP and/or the Registrar on a Saturday, Sunday or public holiday will only be processed and validated on the next Business Day.*

3.5 ***Correspondences.*** *All communications, certificates, notices, documents and remittances to be delivered or sent to you (or in the case of scrip holders, your designated agent or, in the case of joint Accepting Shareholders who have not designated any agent, to the one first named in the records of CDP or the Register, as the case may be) will be sent by ordinary post to your mailing addresses appearing in the records of CDP or the Register, as the case may be, at the risk of the person entitled thereto (or for the purposes of remittances only, to such different name and addresses as may be specified by you in the FAT at your own risk).*

3.6 ***Evidence of Title.*** *Delivery of the duly completed and signed original FAA and/or FAT, together with the relevant share certificate(s) and/or other documents of title (where applicable) and/or other relevant document(s) required by the Offeror, CDP and/or the Registrar, to the Offeror, CDP and/or the Registrar, as the case may be, shall be conclusive evidence in favour of the Offeror, CDP and/or the Registrar, as the case may be, of the right and title of the person(s) signing it to deal with the same and with the Offer Shares to which it relates.*

3.7 ***Loss in Transmission.*** *The Offeror, the Financial Adviser, the Registrar and/or CDP, as the case may be, shall not be liable for any loss in transmission of the FAA and/or the FAT.*

3.8 ***Acceptance Irrevocable.*** *Except as expressly provided in this Offer Document and the Code, the acceptances of the Offer made by you using the FAA and/or the FAT, as the case may be, shall be irrevocable.*

3.9 ***Personal Data Privacy.*** *By completing and delivering a Relevant Acceptance Form, each person (a) consents to the collection, use and disclosure of his personal data by CDP, the Registrar, the Offeror, the Financial Adviser and the Company ("**Relevant Persons**") for the purpose of facilitating his acceptance of the Offer, and in order for the Relevant Persons to comply with any applicable laws, listing rules, regulations and/or guidelines; (b) warrants that where he discloses the personal data of another person, such disclosure is in compliance with applicable laws, listing rules, regulations and/or guidelines; and (c) agrees that he will indemnify the Relevant Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his breach of warranty."*

2.5. **Extended Closing Date.** Shareholders should note that as set out in the Unconditional Announcement, the Closing Date has been extended to the Extended Closing Date. The Offer will close at **5.30 p.m. (Singapore time) on 21 June 2018** or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

3. INFORMATION ON THE OFFEROR

Section 7 of the Offer Document sets out certain information on the Offeror, extracts of which are set out below. Additional information on the Offeror extracted from Appendix 3 of the Offer Document is set out in Appendix C of this Circular.

"7. INFORMATION ON THE OFFEROR

7.1 ***Introduction.*** *The Offeror is an established pioneer in prefabricated steel reinforcement, which has been listed on the SGX-ST Mainboard since 2000 with its registered address at 350 Jalan Boon Lay Singapore 619530. As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S$121,701,221 divided into 231,661,689 ordinary shares (including 1,626,600 treasury shares). As at the Latest Practicable Date, the directors of the Offeror are set out in **Paragraph 1 of Appendix 3**.*

Appendix 3 *to this Offer Document sets out additional information on the Offeror.*

7.2 ***Shareholders of the Offeror.*** *The Offeror is listed on the SGX-ST Mainboard, and it is not practicable to set out all the shareholders of the Offeror. Esteel is the major controlling shareholder of the Offeror which holds 167,795,536 shares (comprising 72.94% of the issued shares excluding treasury shares) in the Offeror.*

Based on publicly available information, as at the Latest Practicable Date, the shareholders of Esteel are AVIL (80.1%) and THPL (19.9%).

AVIL is a private company limited by shares incorporated in the British Virgin Islands for investment holding on 2 January 2015 with its registered address at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. It has an issued and paid-up share capital of US$1.00 divided into 1 ordinary share. The sole director and shareholder of AVIL is You Zhenhua.

THPL is an exempt private company limited by shares incorporated in Singapore for activities including, inter alia, ship chartering and general wholesale trade on 25 March 2008 with its registered address at 8 Temasek Boulevard #28-02 Suntec Tower Three Singapore 038988. It has an issued and paid-up share capital of

US$5,000,000 divided into 10,000,000 ordinary shares. The sole director and shareholder of THPL is Liu Bin."

4. IRREVOCABLE UNDERTAKINGS

Section 9 of the Offer Document sets out certain information relating to the Irrevocable Undertakings received by the Offeror, extracts of which are set out below.

"9. IRREVOCABLE UNDERTAKINGS

*As at the Latest Practicable Date, the Offeror has received irrevocable undertakings from the following Shareholders to accept the Offer in respect of an aggregate 228,052,952 Offer Shares (comprising 48.06% of the issued Shares) (collectively "**Irrevocable Undertakings**"):*

(a) Lee Lin Poey, in respect of 83,888,608 Offer Shares (comprising 17.68% of the entire issued Shares);

(b) Lee Hock Seng, in respect of 49,060,453 Offer Shares (comprising 10.34% of the entire issued Shares);

(c) Lee Heng Thiam, in respect of 46,597,471 Offer Shares (comprising 9.82% of the entire issued Shares);

(d) Lee Siew Khim, in respect of 24,592,310 Offer Shares (comprising 5.18% of the entire issued Shares); and

(e) Lee Siew Choo, in respect of 23,914,110 Offer Shares (comprising 5.04% of the entire issued Shares),

which Irrevocable Undertakings are valid for the period until the earlier of lapse or close of the Offer.

The Offer Shares comprised in the Irrevocable Undertakings will be counted towards the Minimum Acceptance Condition of the Offer."

5. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS RELATING TO THE COMPANY

The full text of the rationale for the Offer and the Offeror's intentions for the Company has been extracted from Sections 10 and 11 of the Offer Document, extracts of which are set out below. **Shareholders are advised to read the extracts below carefully and note the Offeror's future plans for the Company.**

"10. RATIONALE FOR THE OFFER

*(a) **Capitalise on the Company's well-established trading platform***

The Company actively trades internationally in intermediate products such as reinforcement steel products, with customers comprising mainly steel

mills in the region. The Offeror believes that post successful completion of the Offer, it will be well-positioned to capitalise on the Company's trading platform to expand its service/product offerings.

(b) ***Combination of complementary business and expertise to realise potential synergies***

The Offeror is of the view that the Company's and its business are complementary and there are potential synergies that can be created, including cross-selling to an enlarged customer base, economies of scale, improvement of productivity and cost efficiency, as well as the sharing of domain knowledge such as know-hows and best practices.

(c) ***Opportunity for minority shareholders to realise their investment in the Shares at a premium***

The Offer Price is at a premium above the historical market prices of the Shares over the last 12-month period prior to the Pre-Conditional Offer Announcement Date. The Offer Price represents an approximately 14.1%, 21.4%, 26.5% and 32.9% premium above the VWAP per Share for the one (1)-month, three (3)-month, six (6)-month and 12-month period prior to and including the Last Undisturbed Trading Day, respectively.

Shareholders who tender their Offer Shares pursuant to the Offer will have an opportunity to realise their investment in the Company for a cash consideration at a premium above the historical market share prices, without incurring any brokerage and other trading costs.

(d) ***Opportunity for Shareholders who may find it difficult to exit their investment in the Company due to low trading liquidity***

*The historical trading liquidity of the Shares on the SGX-ST has been low. The average daily trading volume ("**ADTV**") of the Shares over the last one (1)-month, three (3)-month, six (6)-month and 12-month periods up to and including the Last Trading Day are detailed in the table below:*

Period	***ADTV[(1)] (No. of Shares)***	***ADTV as a percentage of total number of Shares[(2)(3)] (%)***
One (1)-month period up to and including the Last Trading Day	*702,729*	*0.148*
Three (3)-month period up to and including the Last Trading Day	*681,333*	*0.144*
Six-(6) month period up to and including the Last Trading Day	*742,204*	*0.156*
12-month period up to and including the Last Trading	*654,805*	*0.138*

Day		

Notes:

(1) The figures set out in the table above are based on data extracted from Bloomberg L.P.. The average daily trading volume is computed based on the total trading volume of the Shares divided by the number of Market Days with respect to the relevant period immediately prior to and including the Last Trading Day.

(2) Calculated using the ADTV divided by the total number of issued Shares.

(3) Rounded to the nearest three (3) decimal places.

11. OFFEROR'S INTENTION FOR THE COMPANY

Upon completion of the Offer, the Offeror may undertake a strategic and operational review of the Group with a view to realising synergies, economies of scale, cost efficiencies and growth potential. The Offeror will also consider delisting the Company from the SGX-ST in the event it achieves the requisite acceptances for such delisting, in order to facilitate management and operational control and leverage over the Company and its subsequent developments.

The Offeror presently has no intention to introduce any major changes to the business of the Company, or to discontinue the employment of any of the existing employees of the Group or re-deploy any of the fixed assets of the Company, other than in the ordinary course of business. The Offeror however retains the flexibility at any time to consider options or opportunities which may present themselves."

6. LISTING STATUS AND COMPULSORY ACQUISITION

Section 12 of the Offer Document sets out the intentions of the Offeror relating to the listing status of the Company and compulsory acquisition, extracts of which are set out below.

"12. LISTING STATUS AND COMPULSORY ACQUISITION

12.1 ***Listing Status.*** *Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and its Concert Group to above 90% of the total number of issued Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding 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 Closing Date.*

In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of issued Shares (excluding treasury shares) held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the 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 months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares

(excluding treasury shares) in public hands to at least 10%, failing which the Company may be removed from the official list of the SGX-ST.

12.2 ***Compulsory Acquisition.*** *Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires Shares during the period when the Offer is open for acceptance) in respect 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 any Shares held by the Company as treasury shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Offer ("**Dissenting Shareholders**") at a price equal to the Offer Price.*

In addition, Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at a price equal to the Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together with the treasury shares and the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares. ***Dissenting Shareholders who wish to exercise such rights are advised to seek their own independent legal advice.*** *Unlike Section 215(1) of the Companies Act, the 90% threshold under Section 215(3) of the Companies Act does not exclude treasury shares or Shares held by the Offeror, its related corporations or their respective nominees as at the date of the Offer.*

12.3 ***Offeror's Intentions.*** *As mentioned, above, subject to achieving the requisite acceptances, the Offeror will consider delisting the Company from the SGX-ST in the event it achieves the requisite acceptances for such delisting, in order to facilitate management and operational control and leverage over the Company and its subsequent developments. Consistent therewith, 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 total number of Shares (excluding any Shares held by the Company as treasury shares) are held in public hands. In addition, the Offeror further 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. FINANCIAL ASPECTS OF THE OFFER

Section 13 of the Offer Document sets out certain information on the financial aspects of the Offer, extracts of which are set out below.

"13. FINANCIAL ASPECTS OF THE OFFER

The Offer Price represents the following premium over the historical transacted prices of the Shares on the SGX-ST over various periods:

Period	*Benchmark Price(1)(2) (S$)*	*Premium over Benchmark Price(3) (%)*
Last traded price of the Shares on the SGX-ST on the Last Trading Day of 20 February 2018	*0.410*	*2.4*
Last traded price of the Shares on the Last Undisturbed Trading Day of 10 November 2017	*0.385*	*9.1*
VWAP per Share for the one (1)-month period up to and including the Last Undisturbed Trading Day	*0.368*	*14.1*
VWAP per Share for the three (3)-month period up to and including the Last Undisturbed Trading Day	*0.346*	*21.4*
VWAP per Share for the six (6)-month period up to and including the Last Undisturbed Trading Day	*0.332*	*26.5*
VWAP per Share for the 12-month period up to and including the Last Undisturbed Trading Day	*0.316*	*32.9*

***Notes**:*

(1) The figures set out in the table above are based on data extracted from Bloomberg L.P..

(2) Rounded to the nearest three (3) decimal places.

(3) Percentages rounded to the nearest one (1) decimal place."

8. DISCLOSURES

Section 14 of the Offer Document sets out certain information relating to disclosure, extracts of which are set out below.

"14. DISCLOSURES

14.1 ***Offeror and its Concert Group.*** *As at the Latest Practicable Date, save as disclosed in* ***Appendix 5****, none of the Offeror and its Concert Group:*

(a) owns, controls or has agreed (other than pursuant to the Irrevocable Undertakings) to acquire any Company Securities; or

(b) has dealt for value in any Company Securities during the Relevant Period.

14.2 ***No other Arrangements.*** *As at the Latest Practicable Date, none of the Offeror and its Concert Group has:*

(a) entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code with any person, including any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to any Company Securities which may be an inducement to deal or refrain from dealing;

(b) received any irrevocable undertaking from any party to accept the Offer in respect of any Company Securities;

(c) granted any security interest in respect of any Company Securities in favour of any other person, whether through a charge, pledge or otherwise;

(d) borrowed any Company Securities from another person (excluding borrowed Company Securities which have been on-lent or sold); or

(e) lent any Company Securities to any person,

save for the Irrevocable Undertakings and that the Offeror has entered into financing arrangements with UOB for the purpose of the Offer, pursuant to which the Shares to be held by the Offeror will be charged in favour of UOB as security."

9. CONFIRMATION OF FINANCIAL RESOURCES

Section 15 of the Offer Document sets out certain information on the confirmation of financial resources, extracts of which are set out below.

"15. CONFIRMATION OF FINANCIAL RESOURCES

The Financial Adviser has confirmed that sufficient financial resources are available to the Offeror to satisfy in full, all acceptances of the Offer on the basis of the Offer Price."

10. DIRECTORS' INTERESTS

Details of the Directors including, *inter alia,* the Directors' direct and deemed interests in the Company Securities and Offeror Securities as at the Latest Practicable Date are set out in Appendix B of this Circular.

11. ADVICE AND RECOMMENDATIONS

11.1. **General**. Shareholders should read and carefully consider the recommendations of the Recommending Directors and the advice of the IFA to the Recommending Directors dated 24 May 2018, which is set out in Appendix A of this Circular ("**IFA Letter**"), before deciding whether to accept or reject the Offer.

11.2. **Independence of Directors**. All of the Recommending Directors consider themselves independent for the purposes of making a recommendation on the Offer.

11.3. **Advice of the IFA to the Recommending Directors**

(a) **IFA**. SAC Capital Private Limited has been appointed as the independent financial adviser to advise the Recommending Directors in respect of the Offer. Shareholders should consider carefully the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors before deciding whether to accept or reject the Offer. SAC

Capital Private Limited's advice is set out in its letter dated 24 May 2018, which is set out in Appendix A of this Circular.

(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 and 8 of the IFA Letter. Shareholders should read paragraphs 7 and 8 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.

"8. OUR OPINION AND ADVICE

In arriving at our opinion and advice in respect of the Offer, we have taken into account, and reviewed the following key considerations, which we consider to be pertinent in our assessment of the Offer:

(a) an assessment of the market quotation and trading liquidity of the Shares as follows:

(i) in relation to Share prices:

(aa) the closing prices of the Shares being below the Offer Price for the 12-month period prior to the date of the Unsolicited Approach Announcement;

(bb) the Offer Price representing a premium of 47.4% and 9.1% over the lowest and highest closing prices of the Shares during the 12-month period up to and including the Last Undisturbed Trading Day respectively;

(cc) the Offer Price representing a premium of 32.9%, 26.5%, 21.4% and 14.1% over the VWAP of the Shares for the 12-, 6-, 3- and one-month periods up to and including the Last Undisturbed Trading Day respectively;

(dd) the Offer Price representing a premium of 9.1% over the closing price of the Shares of S$0.385 on 10 November 2017, being the Last Undisturbed Trading Day;

(ee) the Offer Price representing a premium of 6.9% over the VWAP of the Shares of S$0.393 for the period after the Last Undisturbed Trading Day and prior to the Pre-Conditional Offer Announcement;

(ff) the Offer Price representing a marginal premium of 2.4% over the closing price of the Shares of S$0.410 on 20 February 2018, being the last Market Day on which the

Shares were traded prior to the Pre-Conditional Offer Announcement;

(gg) the Offer Price representing a marginal premium of 1.4% over the VWAP of the Shares of S$0.414 for the period after the Pre-Conditional Offer Announcement and up to the Latest Practicable Date; and

(hh) the Offer Price representing a marginal premium of 1.2% over the closing price of the Shares of S$0.415 as at the Latest Practicable Date;

(ii) in relation to trading liquidity of the Shares:

(aa) the average daily trading volume of the Shares for the 12-, 6-, 3- and one-month periods up to the Last Undisturbed Trading Day representing 0.20%, 0.21%, 0.29% and 0.58% of the free float respectively;

(bb) the average daily trading volume of the Shares for the period after the Last Undisturbed Trading Day and prior to the Pre-Conditional Offer Announcement representing 0.31% of the free float; and

(cc) the average daily trading volume of the Shares for the period after the Pre-Conditional Offer Announcement and up to the Latest Practicable Date representing 0.47% of the free float;

(iii) in relation to the relative performance of the Shares versus the FSTAS Index and the FSTBM Index:

(aa) the outperformance of the Shares against the FSTAS Index in relative terms between mid-October 2017 and up to the Latest Practicable Date after generally underperforming the FSTAS Index between mid-November 2016 and mid-October 2017;

(bb) the underperformance of the Shares against the FSTBM Index in relative terms between mid-November 2016 and mid-May 2017, and then trading relatively in-line with the FSTBM Index until early-September 2017 when it started outperforming the FSTBM Index. Despite the FSTBM Index suffering a sell-off in November 2017, the Shares continued to outperform up to the Latest Practicable Date; and

(cc) the market price of the Shares after the Unsolicited Approach Announcement appearing to be supported by the Unsolicited Approach Announcement and the Offer, and may not be sustained at current levels after the close of the Offer;

(b) a comparison with the book NAV, adjusted NAV and RNAV of the Group as follows:

(i) the Offer Price representing a premium of approximately 7.7% over the unaudited NAV per Share of S$0.390 as at 31 March 2018;

(ii) the Offer Price representing a premium of approximately 10.5% over the Adjusted NAV per Share of S$0.380 as at 31 March 2018; and

(iii) the Offer Price representing a marginal discount of approximately 1.9% to the RNAV per Share of the Group as at 31 March 2018. While the RNAV has been included as a basis of comparison, it is not necessarily a realisable value as the market value of the Appraised Properties may vary depending on, inter alia, the prevailing market and economic conditions, and the Group does not have any current plans to dispose of its interests in the Appraised Properties;

(c) a comparison with the valuation statistics of the Comparable Companies as follows:

(i) the historical PER of 26.55 times of the Group as implied by the Offer Price being within the range of historical PERs of the Comparable Companies of between 10.06 times and 139.03 times;

(ii) the historical price-to-NAV ratio of 1.08 times of the Group as implied by the Offer Price being (aa) within the range of historical price-to-NAV ratios of the Comparable Companies of between 0.45 times and 1.30 times and (bb) at a premium of 38.5% and 56.5% over the mean and median historical price-to-NAV ratios of the Comparable Companies of 0.78 times and 0.69 times respectively; and

(iii) the historical EV/EBITDA ratio of 16.03 times of the Group as implied by the Offer Price being (aa) within the range of historical EV/EBITDA ratios of the Comparable Companies of between 3.90 times and 26.95 times, and (bb) at a discount of 15.6% and 38.7% to the mean and median historical EV/EBITDA ratios of the Comparable Companies of 19.00 times and 26.15 times respectively;

(d) a comparison with recent successful privatisation transactions and delisting offers of companies listed on the SGX-ST as follows:

(i) the premium of the Offer Price over the last transacted price of the Shares on the Last Undisturbed Trading Day of 9.1% being (aa) within the range of the corresponding premia of the Take-over Transactions of between 1.6% and 252.9% and (bb) below the corresponding mean and median premia of 26.9% and 23.8% of the Take-over transactions respectively;

(ii) the premium of the Offer Price over the VWAP of the Shares for the 12-, 6-, 3- and one-month periods up to and including the Last Undisturbed Trading Day of 32.9%, 26.5%, 21.4% and 14.1% respectively being (aa) within the range of the corresponding premia of the Take-over Transactions and (bb) below the corresponding mean and median premia of the Take-over transactions across the respective periods;

(iii) the price-to-NAV ratio as implied by the Offer Price of 1.08 times being (aa) within the range of price-to-NAV ratios of the Take-over Transactions of between 0.42 times and 1.54 times and (bb) at a premium of 18.7% and 20.0% over the corresponding mean and median price-to-NAV ratios of the Take-over Transactions of 0.91 times and 0.90 times respectively; and

(iv) the price-to-RNAV ratio as implied by the Offer Price of 0.98 times being (aa) within the range of price-to-NAV ratios of the Take-over Transactions of between 0.42 times and 1.54 times and (bb) at a premium of 7.7% and 8.9% over the corresponding mean and median price-to-NAV ratios of the Take-over Transactions of 0.91 times and 0.90 times respectively;

(e) a comparison with selected take-over transactions whose business activities are similar with those of the Group

(i) the premium of Offer Price over the last transacted price of the Shares on the Last Undisturbed Trading Day and the VWAP of the Shares for the 12-, 6-, 3- and one-month periods up to and including the Last Undisturbed Trading Day being below the corresponding premia of BRC Asia and LTC across the respective period; and

(ii) the price-to-RNAV ratio as implied by the Offer Price of 0.98 times being at a premium of 21.0% and 75.0% over the price-to-RNAV ratios of BRC Asia and LTC respectively;

(f) other relevant considerations as follows:

(i) the historical financial performance and condition of the Group, as set out in paragraph 7.6.1 of this letter;

(ii) the outlook of the Group, as set out in paragraph 7.6.2 of this letter;

(iii) that the Company and its subsidiaries do not have any unutilised tax losses or unabsorbed capital allowances as at the Latest Practicable Date, as set out in paragraph 7.6.3 of this letter;

(iv) that there is likely no material impact to the Group's operations and contractual arrangements arising from the change in shareholding structure, save for certain loan agreements which are subject to the Company maintaining its listing status, as set out in paragraph 7.6.4 of this letter;

(v) that notwithstanding the consistent dividend payout over the last 10 years, there is no assurance that the Company will maintain the level of dividends paid in the past financial years after the completion of the Offer, as set out in paragraph 7.6.5 of this letter;

(vi) that the Offer has turned unconditional, and Shareholders who accept the Offer are assured of receiving the Offer Price in respect of their acceptances of the Offer, as set out in paragraph 7.6.6 of this letter;

(vii) that as the Offeror holds more than 50% of the Company, the Offeror will be in a position to exercise statutory control of the Company which will allow the Offeror the ability to pass all ordinary

resolutions on matters in which the Offeror and its related parties do not have an interest in at general meetings of Shareholders, as set out in paragraph 7.6.6 of this letter;

(viii) the limitation on the Offeror to make a second offer to, or acquire any Shares from, any Shareholder on terms better than those made available under the Offer within six (6) months of the Closing Date, as set out in paragraph 7.6.7 of this letter;

(ix) the listing status and compulsory acquisition of the Company, including the implications and consequences in the event of a trading suspension and/or delisting of the Shares, as set out in paragraph 7.6.8 of this letter;

(x) the Offeror's intention to consider delisting the Company from the Mainboard of the SGX-ST and its intention, when entitled, to exercise its right of compulsory acquisition, as set out in paragraph 7.6.8 and 7.6.9 of this letter;

(xi) the implications of delisting of the Company for the Shareholders, as set out in paragraph 7.6.10 of this letter; and

(xii) the absence of alternative take-over offers from third parties as at the Latest Practicable Date, as set out in paragraph 7.6.11 of this letter.

*Based on our analysis set out above and after considering all relevant information available to us as at the Latest Practicable Date, from a financial point of view, we are of the opinion that, on balance, the financial terms of the Offer are **fair and reasonable**. Accordingly, we advise the Recommending Directors to recommend that Shareholders **accept** the Offer, unless Shareholders can obtain a price higher than the Offer Price in the open market, taking into account the related expenses such as brokerage and trading costs. However, it should be noted that the Shares have not traded above the Offer Price after the Pre-Conditional Offer Announcement.*

Our opinion and advice are addressed to the Recommending Directors for their benefit and for the purposes of their consideration of the Offer. The recommendation to be made by them to the Shareholders in respect of the Offer shall remain the responsibility of the Recommending Directors. Whilst a copy of this letter may be reproduced in the Circular, no other person may reproduce, disseminate or quote this letter (or any part thereof) for any purpose at any time and in any manner without the prior written consent of SAC Capital in each specific case, except for the purpose of the Offer.

This letter is governed by and shall be 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."

11.4. **Recommendations of the Recommending Directors.** The Recommending Directors, having considered carefully the terms of the Offer and the advice given by SAC Capital Private Limited

in the IFA Letter, concur with the advice of the IFA in respect of the Offer and accordingly recommend that Shareholders **ACCEPT** the Offer, unless Shareholders can obtain a price higher than the Offer Price in the open market, taking into account the related expenses such as brokerage and trading costs.

11.5. **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 A OF THIS CIRCULAR CAREFULLY.

12. OVERSEAS SHAREHOLDERS

12.1. **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 16 of the Offer Document, extracts of which are set out below.

> ***"16. OVERSEAS SHAREHOLDERS***
>
> *16.1* ***Overseas Shareholders.*** *This Offer Document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being proposed in any jurisdiction in which the introduction or implementation of the Offer would not be in compliance with the laws of such jurisdiction. Where there are potential restrictions on sending this Offer Document and the Relevant Acceptance Forms to any overseas jurisdictions, the Offeror and the Financial Adviser reserve the right not to send this Offer Document and the Relevant Acceptance Forms to such overseas jurisdictions. The availability of the Offer to Shareholders whose addresses are outside Singapore, as shown on the Register 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, all Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions. For the avoidance of doubt, the Offer is made to all Shareholders including those to whom this Offer Document and the Relevant Acceptance Forms have not been, or will not be, sent.*
>
> *16.2* ***Copies of the Offer Document.*** *Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) obtain copies of this Offer Document, the Relevant Acceptance Forms and any related documents, during normal business hours and up to 5.30 p.m. on the Closing Date from KCK CorpServe Pte. Ltd. (if he is a scrip holder) at 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721 or The Central Depository (Pte) Limited (if he is a Depositor) at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.*

Alternatively, Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) write to the Offeror at KCK CorpServe Pte. Ltd. (if he is a scrip holder) at 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721 or The Central Depository (Pte) Limited (if he is a Depositor) at Robinson Road Post Office P.O. Box 1984, Singapore 903934, to request for this Offer Document, the Relevant Acceptance Forms and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to five Market Days prior to the Closing Date.

16.3 ***Compliance with Applicable Laws.*** *It is the responsibility of any Overseas Shareholder who wishes to (a) request for this Offer Document, the Relevant Acceptance Forms 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 jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements, or the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall also be liable for any taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including the Financial Adviser, CDP and the Registrar) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments that may be required to be paid and the Offeror shall be entitled to set-off any such amounts against any sum payable to the Overseas Shareholder pursuant to the Offer and/or any acquisition of Shares pursuant to Section 215(1) or 215(3) of the Companies Act. In (i) requesting for this Offer Document, the Relevant Acceptance Forms and/or any related documents; and/or (ii) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror, the Financial Adviser, CDP and the Registrar 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. If any Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction. All Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions.*

16.4 ***Notice.*** *The Offeror and the Financial Adviser 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 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 Overseas Shareholders) to receive or see such announcement or advertisement."*

12.2. **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 Extended Closing Date, from the offices of the Registrar at 333 North Bridge Road KH KEA Building #08-00, Singapore 188721, 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 Extended Closing Date.

13. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

Section 17 of the Offer Document sets out information pertaining to CPFIS Investors and SRS Investors, extracts of which are set out below.

> ***"17. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS***
>
> *CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their CPF Agent Banks and SRS Agent Banks respectively. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.*
>
> *CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks. Subject to the Offer becoming or being declared unconditional in all respects in accordance with its terms, CPFIS Investors and SRS Investors who validly accept the Offer will receive the payment for their Offer Shares in their respective CPF investment accounts and SRS investment accounts."*

14. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who **wish to accept the Offer** must do so not later than the Extended Closing Date or such later date(s) as may be announced from time to time by or on behalf of the Offeror, abiding by the procedures for the acceptance of the Offer as set out in Appendix 2 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 the CDP (in respect of the FAA) or the Registrar (in respect of the FAT), as the case may be, not later than the Extended Closing Date or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

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.

15. CONSENTS

SAC Capital Private Limited, named as the IFA, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the IFA Letter in Appendix A of this Circular and the letter from the IFA dated 24 May 2018 in relation to the unaudited financial information of the Group for 1QFY2018, as set out in page E-9 of Appendix E of this Circular, and the references to its name in the form and context in which it appears in this Circular.

Cushman & Wakefield VHS Pte. Ltd., named as the valuer in the valuation reports for the Appraised Properties (as defined in Section 11 of Appendix B of this Circular), has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of a summary of

its valuation reports in Appendix G of this Circular and the references to its name in the form and context in which it appears in this Circular.

Ernst & Young LLP, named as the auditors of the Company, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of the independent auditor's report in relation to the audited financial statements of the Group for FY2017, its report dated 14 May 2018 on the review of the 1QFY2018 financial statements as set out in Appendix E of this Circular and the references to its name in the form and context in which it appears in this Circular.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Company's registered office at No. 7 Tuas Avenue 16 Singapore 638934 during normal business hours from the date of this Circular up to and including the date of the Extended Closing Date:-

(a) the Constitution of the Company;

(b) the annual reports of the Company for FY2015, FY2016 and FY2017;

(c) the unaudited financial information of the Group for 1QFY2018 as set out in Appendix E of this Circular, including the report from Ernst & Young LLP dated 14 May 2018 on the review of the unaudited financial information of the Group for 1QFY2018;

(d) the valuation reports of the Appraised Properties, a summary of which is set out in Appendix G of this Circular;

(e) the IFA Letter as set out in Appendix A of this Circular;

(f) the letter from the IFA dated 24 May 2018 in relation to the unaudited financial information of the Group for 1QFY2018, as set out in page E-9 of Appendix E; and

(g) the letters of consent referred to in Section 15 of this Circular.

17. DIRECTORS' RESPONSIBILITY STATEMENT

Save for (a) the IFA Letter (for which the IFA takes responsibility); (b) the information extracted from the Pre-Conditional Offer Announcement, First Update Announcement, Second Update Announcement, Formal Offer Announcement, Offer Document and Unconditional Announcement; and (c) the information relating to the Offeror, the Directors (including any who may have delegated detailed supervision of this Circular) hereby jointly and severally accept full responsibility for the accuracy of information contained in this Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Circular have been arrived at after due and careful consideration and there are no other facts not contained in this Circular, the omission of which would make any statement in this Circular misleading.

Where any information in this Circular (other than the IFA Letter for which the IFA takes responsibility) has been extracted or reproduced from published or otherwise publicly available

sources (including, without limitation, the Pre-Conditional Offer Announcement, First Update Announcement, Second Update Announcement, Formal Offer Announcement, Offer Document and Unconditional Announcement), the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information has been accurately extracted from such sources and/or reproduced in this Circular in its proper form and context.

18. ADDITIONAL INFORMATION

The attention of the Shareholders is also drawn to the Appendices which form part of this Circular.

Yours faithfully

For and on behalf of the Board of Directors of
LEE METAL GROUP LTD

Lee Lin Poey
Executive Chairman

SAC CAPITAL PRIVATE LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number 200401542N)

1 Robinson Road #21-02 AIA Tower
Singapore 048542

24 May 2018

To: The Recommending Directors of Lee Metal Group Ltd (in relation to the Offer)

Mr Lee Lin Poey
Mr Lee Heng Thiam
Mr Foo Meng Kee
Ms Lee Kim Lian, Juliana
Mr Kewee Kho

Dear Sir/Madam

VOLUNTARY CONDITIONAL CASH OFFER FOR ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF LEE METAL GROUP LTD

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular to shareholders of the Company dated 24 May 2018 (the "**Circular**") shall have the same meanings herein.*

1. INTRODUCTION

On 21 February 2018, United Overseas Bank Limited ("**UOB**") announced (the "**Pre-Conditional Offer Announcement**"), for and on behalf of BRC Asia Limited (the "**Offeror**") that, subject to the fulfilment or waiver of the pre-conditions as set out in paragraph 2.1 of the Pre-Conditional Announcement (the "**Pre-Conditions**"), the Offeror will make a voluntary conditional cash offer (the "**Offer**") for all the issued and paid-up ordinary shares (the "**Shares**") in the capital of Lee Metal Group Ltd (the "**Company**") other than those already owned, controlled or agreed to be acquired by the Offeror (the "**Offer Shares**") in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers (the "**Code**").

On 26 February 2018, UOB, for and on behalf of the Offeror, announced that the Pre-Condition in paragraph 2.1(c) of the Pre-Conditional Offer Announcement will no longer be a condition to the Offeror making the Offer. On 6 March 2018, UOB, for and on behalf of the Offeror, announced that the Pre-Condition in paragraph 2.1(b) of the Pre-Conditional Offer Announcement had been satisfied as of 6 March 2018.

On 26 April 2018, UOB, for and on behalf of the Offeror, announced that the Offeror has received the decision from the Competition and Consumer Commission of Singapore (formerly known as Competition Commission of Singapore) ("**CCCS**") that the Offer, if carried into effect, will not infringe the prohibition under Section 54 of the Competition Act (Cap. 50B of Singapore). Accordingly, all the Pre-Conditions were satisfied, and the Offeror thereby makes the Offer pursuant to Rule 15 of the Code (the "**Formal Offer Announcement**").

In connection with the Offer, the Company has appointed us as the independent financial adviser to the directors of the Company who are considered independent for the purposes of the Offer (the "**Recommending Directors**") to advise on the financial terms of the Offer. This letter, which sets out, *inter alia*, our evaluation and advice, has been prepared for the use of the Recommending Directors in connection with their consideration of the Offer and their recommendation to the shareholders of the Company (the "**Shareholders**") arising thereof.

2. OUR TERMS OF REFERENCE

We have been appointed as the independent financial adviser to the Recommending Directors to provide an assessment of the financial terms of the Offer in order to advise the Recommending Directors in respect of their recommendation to Shareholders on the Offer.

Our evaluation is confined to the financial terms of the Offer and it is not within the terms of reference to evaluate the strategic, legal or commercial merits or risks of the Offer or the future growth prospects or earnings potential of the Group and its associate after the completion of the Offer. Accordingly, we do not express any view as to the future prices at which the Shares may trade or on the future financial performance of the Group and its associate or the Offeror after the completion of the Offer.

We have not been requested or authorised to solicit, and we have not solicited, any indication of interest from any third party with respect to the Offer Shares. It is also not within our terms of reference to compare the relative merits of the Offer *vis-à-vis* any alternative transaction that the Company may consider in the future, or any alternative offer that might otherwise be available in the future, and as such, we do not express an opinion thereon.

In the course of our evaluation of the financial terms of the Offer, we have held discussions with the directors and the management of the Company (the "**Directors**" and "**Management**" respectively) and have relied on the information and representations, whether written or verbal, provided to us by the Directors and the Management, including the information contained in the Circular. The Directors (including those who may have delegated detailed supervision of the Circular) have confirmed that, having made all reasonable enquiries and to the best of their knowledge, (a) all material information available to them in connection with the Offer has been disclosed in the Circular, (b) such information (other than those relating to the Offeror, parties acting in concert or deemed to be acting in concert with the Offeror and the Offer) is fair and accurate in all material respects, and (c) there is no other information or fact, the omission of which would cause any information disclosed to us or the facts stated in the Circular to be inaccurate, incomplete or misleading in any material respect. Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified the information or representations. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information or representations. We have, however, made reasonable enquiries and exercised our judgement (as deemed necessary) in assessing the information and representations provided to us, and have found no reason to doubt the accuracy or reliability of such information or representations which we have relied on in our evaluation.

Save as disclosed, all information relating to the Group or its associate that we have relied upon in arriving at our opinion and advice has been obtained from the Circular, publicly available information, the Directors and/or the Management. We have not conducted a comprehensive independent review of the business, operations or financial condition of the Group and its associate and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Group or its associate at any time or as at 14 May 2018 (the "**Latest Practicable Date**"). We have also not made any independent evaluation or appraisal of the assets and liabilities of the Group and have not been furnished with any such evaluation or appraisals, except for the valuation certificates (the "**Valuation Certificates**") and the independent valuation reports (the "**Valuation Reports**") prepared by Cushman & Wakefield VHS Pte. Ltd. (the "**Independent Valuer**") who were appointed to perform an independent valuation of certain properties held by the Group. The Valuation Certificates are set out in Appendix G to the Circular. As we are not experts in the evaluation or appraisal of the assets set out in the Valuation Certificates, we have placed sole reliance on the independent valuation in relation to the aforementioned assets and have not made any independent verification of the contents thereof. In addition, we do not assume any responsibility to enquire about the basis of the valuation in the Valuation Reports and/or the Valuation Certificates or if the contents in the Valuation Reports and/or the Valuation Certificates have been prepared in accordance with all applicable regulatory requirements including Rule 26 of the Code.

We have not been provided with, nor do we have access to, any business plans or financial forecasts or projections of the future performance of the Group and its associate for the purpose of evaluating the Offer, save for those that were provided by the Company for the purposes of arriving at the revalued net asset value of the Group as set out in paragraph 7.2.3 of this letter. Accordingly, we will not be able to comment on the expected future performance or prospects of the Group. However, we may draw upon the views of the Directors and/or the Management, to the extent deemed necessary and appropriate by us, in arriving at our opinion as set out in this letter.

Our opinion and advice, as set out in this letter, are based on the market, economic, industry and other applicable conditions prevailing on, and the information made available to us as of, the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time and we assume no responsibility to update, revise or reaffirm our opinion and advice in the light of any subsequent development after the Latest Practicable Date that may affect our opinion and advice contained herein.

In rendering our opinion and advice, we have not had regard to the specific investment objectives, financial situation, tax position or individual circumstances of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or specific group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) should consult his or their legal, financial, tax or other professional adviser.

Our opinion and advice in relation to the Offer should be considered in the context of the entirety of this letter and the Circular.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this letter and our letter on the financial results for the three-month financial period ended 30 March 2018 (the "**Letter from SAC Capital on the 3M2018 Results**")). We have had no role or involvement and have not provided any advice, financial or otherwise, in the preparation, review and verification of the Circular (other than this letter and the Letter from SAC Capital on the 3M2018 Results). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this letter and the Letter from SAC Capital on the 3M2018 Results).

3. THE OFFER

3.1 Terms

The Offer will be made for the Offer Shares, subject to the terms and conditions set out in the offer document dated 10 May 2018 issued by or on behalf of the Offeror in connection with the Offer (the "**Offer Document**").

3.2 Offer Price

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

For each Offer Share: S$0.42 in cash (the "**Offer Price**")**.**

3.3 Rights and Encumbrances

The Offer Shares will be acquired (a) properly and validly issued and fully paid-up, (b) free from all mortgages, assignments, debentures, liens, hypothecation, charges, pledges, adverse claims, rent-charge, title retention, claims, equity, options, pre-emption rights, rights to acquire, security agreement and security interest or any other rights of whatever nature ("**Encumbrances**"), and (c) together with all rights, benefits and entitlements attached as at the date of the Formal Offer Announcement.

As such, if the books closure date for determination of entitlements to any dividend, right or other distribution or return of capital (collectively "**Distributions**") by the Company ("**Books Closure Date**") falls on or after the date of the Formal Offer Announcement, the Offeror reserves the right to reduce the Offer Price payable to such Shareholder who validly accepts the Offer ("**Accepting Shareholder**") by an amount equivalent to such dividend, right, other distribution or return of capital, as follows:

(i) if the settlement date for acceptance of the Offer falls on or before the Books Closure Date, no adjustment to the Offer Price will be made, as the Offeror will receive the Distribution (and not the Accepting Shareholder); and

(ii) if the settlement date for acceptance of the Offer falls after the Books Closure Date, the Offer Price will be reduced by an amount equivalent to the Distribution, as the Distribution will be received by the Accepting Shareholder (and not the Offeror).

3.4 Minimum Acceptance Condition

The Offer is conditional upon the Offeror receiving valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and its concert parties, would result in the Offeror and parties acting in concert with it holding such number of the Shares carrying more than 50% of the voting rights attributable to the issued Shares (excluding treasury shares), by the close of the Offer (the "**Minimum Acceptance Condition**").

On 14 May 2018 (the "**Offer Unconditional Date**"), UOB announced (the "**Offer Unconditional Announcement**"), for and on behalf of the Offeror that, the Offeror has received valid acceptances in respect of 270,122,856 Offer Shares which when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and its concert parties, result in the Offeror and its concert parties holding such number of Shares carrying more than 50% of the voting rights attributable to the issued Shares (excluding any treasury shares).

Accordingly, the Minimum Acceptance Condition of the Offer has been satisfied and the Offer is therefore unconditional in all respects.

3.5 Closing Date

As stated in the Offer Unconditional Announcement, the Offer became unconditional as to acceptances on the Offer Unconditional Date and pursuant to Rule 22.6 of the Code, the Offer must remain open for acceptance for not less than 14 days after the date on which the Offer would have otherwise have closed.

Accordingly, Shareholders should note that the Offer will remain open for acceptances until 5.30 p.m. (Singapore time) on 21 June 2018 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

3.6 Further details

Further details of the Offer, including (a) the settlement of the consideration for the Offer, (ii) the requirements relating to the announcement of the level of acceptances of the Offer, and (c) the right of withdrawal of acceptances and (d) the procedures for acceptance of the Offer, are set out in paragraphs 5 and 6 and Appendices 1 and 2 of the Offer Document.

4. IRREVOCABLE UNDERTAKINGS

The Offeror has received irrevocable undertakings from the following Shareholders to accept the Offer in respect of an aggregate 228,052,952 Offer Shares (comprising 48.06% of the issued Shares) (collectively, the "**Irrevocable Undertakings**"):

(a) Lee Lin Poey, in respect of 83,888,608 Offer Shares (comprising 17.68% of the entire issued Shares);

(b) Lee Hock Seng, in respect of 49,060,453 Offer Shares (comprising 10.34% of the entire issued Shares);

(c) Lee Heng Thiam, in respect of 46,597,471 Offer Shares (comprising 9.82% of the entire issued Shares);

(d) Lee Siew Khim, in respect of 24,592,310 Offer Shares (comprising 5.18% of the entire issued Shares); and

(e) Lee Siew Choo, in respect of 23,914,110 Offer Shares (comprising 5.04% of the entire issued Shares),

which the Irrevocable Undertakings are valid for the period until the earlier of lapse or close of the Offer.

The Offer Shares comprised in the Irrevocable Undertakings will be counted towards the Minimum Acceptance Condition of the Offer.

5. INFORMATION ON THE OFFEROR

The Offeror is an established pioneer in prefabricated steel reinforcement, which has been listed on the SGX-ST Mainboard since 2000 with its registered office at 350 Jalan Boon Lay Singapore 619530. Since its incorporation in 1938, the Offeror has developed its expertise to become a leading provider of Just-In-Time Total Reinforcing Steel Solutions to the Singapore construction sector. The Offeror currently operates in Singapore, Malaysia and the PRC with more than 700 employees. In Singapore, the Offeror operates out of three factories and a storage area spanning a total land area of about 80,000 square metres. These facilities are equipped with state-of-the-art mesh welding machines as well as fully automated shear lines, benders and other ancillary equipment for the fabrication of a full range of steel reinforcement products designed to help builders construct better, faster and cheaper. The Offeror is an ISO 9001:2015 certified and bizSAFE Level Star company.

The directors of the Offeror are Teo Ser Luck, Seah Kiin Peng, Xu Jiguo, Zhang Xingwang, Joel Leong Kum Hoe and He Jun.

As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S$121,701,221 divided into 231,661,689 ordinary shares (including 1,626,600 treasury shares). Esteel Enterprise Pte. Ltd. is the major controlling shareholder of the Offeror which holds 167,795,536 shares (comprising 72.94% of the issued shares excluding treasury shares) in the Offeror.

6. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS IN RELATION TO THE COMPANY

The full text of the rationale for the Offer and the Offeror's intentions for the Company has been extracted from Sections 10 and 11 of the Offer Document, extracts of which are set out in Section 5 of the Circular and reproduced in italics below. **Shareholders are advised to read the extracts below carefully and note the Offeror's future plans for the Company.**

"10. RATIONALE FOR THE OFFER

(a) ***Capitalise on the Company's well-established trading platform***

The Company actively trades internationally in intermediate products such as reinforcement steel products, with customers comprising mainly steel mills in the region. The Offeror believes that post successful completion of the Offer, it will be well-positioned to capitalise on the Company's trading platform to expand its service/product offerings.

(b) ***Combination of complementary business and expertise to realise potential synergies***

The Offeror is of the view that the Company's and its business are complementary and there are potential synergies that can be created, including cross-selling to an enlarged customer base, economies of scale, improvement of productivity and cost efficiency, as well as the sharing of domain knowledge such as know-hows and best practices.

(c) ***Opportunity for minority shareholders to realise their investment in the Shares at a premium***

The Offer Price is at a premium above the historical market prices of the Shares over the last 12-month period prior to the Pre-Conditional Offer Announcement Date. The Offer Price represents an approximately 14.1%, 21.4%, 26.5% and 32.9% premium above the VWAP per Share for the one (1)-month, three (3)-month, six (6)-month and 12-month period prior to and including the Last Undisturbed Trading Day, respectively.

Shareholders who tender their Offer Shares pursuant to the Offer will have an opportunity to realise their investment in the Company for a cash consideration at a premium above the historical market share prices, without incurring any brokerage and other trading costs.

(d) ***Opportunity for Shareholders who may find it difficult to exit their investment in the Company due to low trading liquidity***

*The historical trading liquidity of the Shares on the SGX-ST has been low. The average daily trading volume ("**ADTV**") of the Shares over the last one (1)-month, three (3)-month, six (6)-month and 12-month periods up to and including the Last Trading Day are detailed in the table below:*

Period	***ADTV[(1)] (No. of Shares)***	***ADTV as a percentage of total number of Shares[(2)(3)] (%)***
One (1)-month period up to and including the Last Trading Day	*702,729*	*0.148*
Three (3)-month period up to and including the Last Trading Day	*681,333*	*0.144*
Six-(6) month period up to and including the Last Trading Day	*742,204*	*0.156*

12-month period up to and including the Last Trading Day	*654,805*	*0.138*

Notes:

(1) The figures set out in the table above are based on data extracted from Bloomberg L.P.. The average daily trading volume is computed based on the total trading volume of the Shares divided by the number of Market Days with respect to the relevant period immediately prior to and including the Last Trading Day.

(2) Calculated using the ADTV divided by the total number of issued Shares.

(3) Rounded to the nearest three (3) decimal places.

11. OFFEROR'S INTENTION FOR THE COMPANY

Upon completion of the Offer, the Offeror may undertake a strategic and operational review of the Group with a view to realising synergies, economies of scale, cost efficiencies and growth potential. The Offeror will also consider delisting the Company from the SGX-ST in the event it achieves the requisite acceptances for such delisting, in order to facilitate management and operational control and leverage over the Company and its subsequent developments.

The Offeror presently has no intention to introduce any major changes to the business of the Company, or to discontinue the employment of any of the existing employees of the Group or re-deploy any of the fixed assets of the Company, other than in the ordinary course of business. The Offeror however retains the flexibility at any time to consider options or opportunities which may present themselves."

7. FINANCIAL ASSESSMENT OF THE OFFER

In assessing the financial terms of the Offer, we have taken into account the following factors which we consider to have a significant bearing on our assessment:

(a) Market quotation and trading liquidity of the Shares;

(b) Book net asset value ("**NAV**"), adjusted NAV and revalued NAV of the Group;

(c) Comparison of valuation statistics of companies broadly comparable to the Group;

(d) Comparison with recent successful privatisation transactions and delisting offers of companies listed on the SGX-ST;

(e) Comparison with selected take-over transactions whose business activities are similar with those of the Group; and

(f) Other relevant considerations.

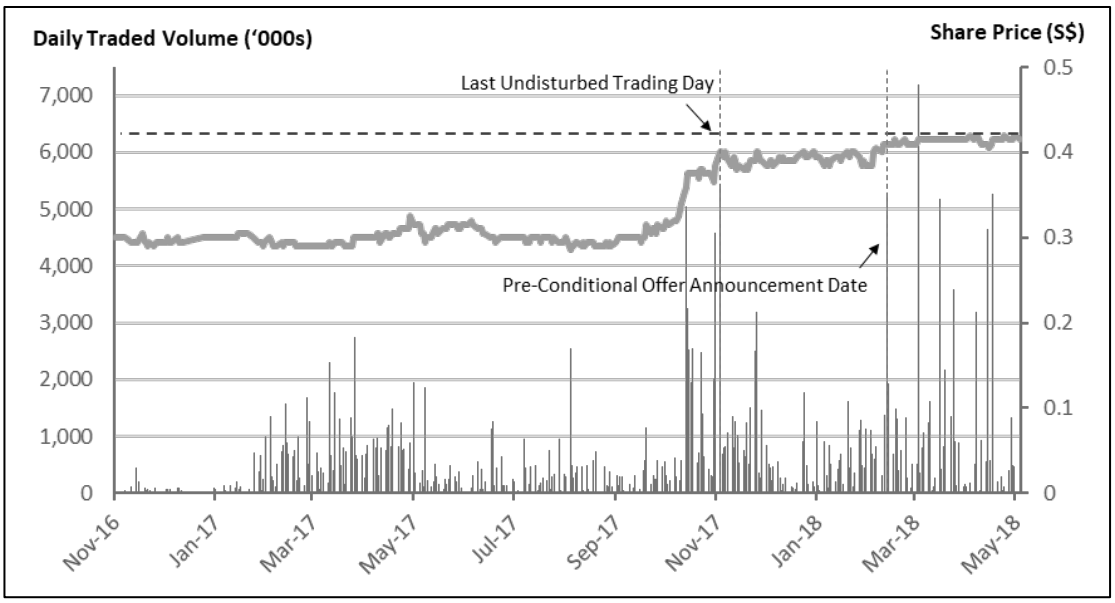
7.1 Market Quotation and Trading Liquidity of the Shares

7.1.1 Share price performance and trading liquidity of the Shares

The Company had, on 11 November 2017, made an announcement that it had been notified by certain Shareholders that they have received an unsolicited approach in connection with a potential transaction which may or may not lead to an acquisition of the issued share capital of

the Company, and have, pursuant to such approach, entered into a binding memorandum of understanding with an unrelated third party (the "**Unsolicited Approach Announcement**"). The Pre-Conditional Offer Announcement was subsequently made on 21 February 2018 and the Formal Offer Announcement was made on 24 April 2018 after all the Pre-Conditions were satisfied.

A graphical representation of the daily closing prices and volume traded of the Shares for the period commencing 12 months up to and including 10 November 2017, being the last full Market Day prior to the Unsolicited Approach Announcement (the "**Last Undisturbed Trading Day**") and ending on the Latest Practicable Date is set out as follows:



Source: Bloomberg L.P.

A summary of the salient announcements relating to the Group's business operations and the Offer during the aforesaid period is as follows:

Date	Event
3 February 2017	Announcement on the resignation of Lee Ren De as Financial Controller of the Company pursuant to the terms of the service contract, effective 3 February 2017.
21 February 2017	Announcement on the unaudited financial results for the financial year ended 31 December 2016 ("**FY2016**") of the Group, which reported a 14.5% decrease in net profit attributable to owners of the Company from S$15.6 million in the financial year ended 31 December 2015 ("**FY2015**") to S$13.3 million in FY2016. Announcement on the final one-tier tax exempt cash dividend of S$0.01 per Share, and notice of books closure date on 28 April 2017.
31 March 2017	Announcement on the notice of annual general meeting to be held on 21 April 2017 (the "**2017 AGM**"). Release of the annual report for FY2016.
21 April 2017	Announcement on the results of the 2017 AGM whereby all resolutions relating to the matters set out in the Notice of AGM were duly passed.

Date	Event
8 May 2017	Announcement on the unaudited interim financial results for the 3-month financial period ended 31 March 2017 ("**3M2017**") of the Group, which reported a 12.8% increase in profit attributable to equity holders of the Company from S$1.9 million in the 3-month financial period ended 31 March 2016 to S$2.2 million in 3M2017. Announcement on the interim one-tier tax exempt cash dividend of S$0.002 per Share, and notice of books closure date on 9 June 2017.
11 August 2017	Announcement on the unaudited interim financial results for the 6-month financial period ended 30 June 2017 ("**6M2017**") of the Group, which reported a 39.0% decrease in profit attributable to equity holders of the Company from S$5.9 million in the 6-month financial period ended 30 June 2016 to S$3.6 million in 6M2017. Announcement on the interim one-tier tax exempt cash dividend of S$0.005 per Share, and notice of books closure date on 31 August 2017.
10 November 2017	Announcement on the unaudited interim financial results for the 9-month financial period ended 30 September 2017 ("**9M2017**") of the Group, which reported a 44.7% decrease in profit attributable to equity holders of the Company from S$10.0 million in the 9-month financial period ended 30 September 2016 to S$5.5 million in 9M2017. Announcement on the interim one-tier tax exempt cash dividend of S$0.003 per Share, and notice of books closure date on 22 November 2017.
11 November 2017	Announcement on the notification by certain Shareholders that they have received an unsolicited approach in connection with a potential transaction which may or may not lead to an acquisition of the issued share capital of the Company, and have, pursuant to such approach, entered into a binding memorandum of understanding with an unrelated third party.
20 February 2018	Announcement on the unaudited financial results for the financial year ended 31 December 2017 ("**FY2017**") of the Group, which reported a 43.6% decrease in net profit attributable to owners of the Company from S$13.3 million in FY2016 to S$7.5 million in FY2017. Announcement on the final one-tier tax exempt cash dividend of S$0.01 per Share, and notice of books closure date on 24 April 2018.
21 February 2018	Announcement on the request for trading halt of the Shares. Announcement on the pre-conditional voluntary general offer for the Offer Shares, subject to the fulfilment or waiver of the Pre-Conditions.
22 February 2018	Announcement on the request for lifting of trading halt of the Shares.
26 February 2018	Announcement that the Pre-Condition in paragraph 2.1(c) of the Pre-Conditional Offer Announcement will no longer be a condition to the Offeror making the Offer.

Date	Event
6 March 2018	Announcement that the Pre-Condition in paragraph 2.1(b) of the Pre-Conditional Offer Announcement has been satisfied.
27 March 2018	Announcement on the notice of annual general meeting to be held on 17 April 2018 (the "**2018 AGM**").
2 April 2018	Release of the annual report for FY2017.
17 April 2018	Announcement on the results of the 2018 AGM whereby all resolutions relating to the matters set out in the Notice of AGM were duly passed.
26 April 2018	Announcement that the Offeror has received the decision from the CCCS that the Offer, if carried into effect, will not infringe the prohibition under Section 54 of the Competition Act (Cap. 50B of Singapore). Accordingly, all the Pre-Conditions have been satisfied and the Offeror thereby makes the Offer pursuant to Rule 15 of the Code.
27 April 2018	Announcement on the amendment of a typographical error in the results for the 2018 AGM.
10 May 2018	Announcement on the despatch of the Offer Document dated 10 May 2018.
14 May 2018	Announcement on the unaudited interim financial results for the 3-month financial period ended 31 March 2018 ("**3M2018**") of the Group, which reported a 32.0% increase in profit attributable to equity holders of the Company from S$2.2 million in 3M2017 to S$2.9 million in 3M2018. Announcement on the change of (a) Mr Lee Heng Thiam, (b) Mr Lin Poey, (c) Mr Lee Hock Seng, (d) Ms Lee Siew Choo, and (e) Ms Lee Siew Khim's shareholdings in the Company in relation to their acceptance of the Offer. Announcement that the Offeror had received valid acceptances of Offer Shares which resulted in the Offeror and its concert parties holding such number of Shares carrying more than 50% of the voting rights attributable to the issued Shares. Accordingly, the Offer was declared unconditional in all respects and the close of the Offer has been extended to 21 June 2018.

Source: Announcements relating to the Group on the SGX-ST

As shown in the Share price chart above, for the 12-month period prior to the date of the Unsolicited Approach Announcement, the closing prices of the Shares were below the Offer Price. For the period from November 2016 to mid-October 2017, the closing prices of the Shares were between S$0.285 and S$0.325. We note that since late October 2017, the Share price had been trending upwards, increasing from S$0.325 on 19 October 2017 to a high of S$0.385 on the Last Undisturbed Trading Day.

For the period following the date of the Unsolicited Approach Announcement and prior to the Pre-Conditional Offer Announcement, we note that the closing prices of the Shares were generally in the range of S$0.380 and S$0.410, but below the Offer Price. The last traded price of the Shares prior to the Pre-Conditional Offer Announcement was S$0.410, representing an increase of 6.5% over the last traded price of S$0.385 on the Last Undisturbed Trading Day.

We had used the Last Undisturbed Trading Day as the benchmark date as the Last Undisturbed Trading Day was the last full Market Day preceding the first announcement made by the Company that certain Shareholders have received an unsolicited approach in relation to their Shares, and we did not observe any other announcement which could explain the upward trend of the Share price.

Additional information on the traded closing prices of the Shares, volume-weighted average prices ("**VWAPs**") and average daily trading volumes for the reference period(s) (a) up to and including the Last Undisturbed Trading Day, (b) after the Last Undisturbed Trading Day and prior to the Pre-Conditional Offer Announcement, and (c) after the Pre-Conditional Offer Announcement and up to the Latest Practicable Date is set out as follows:

	Highest closing price (S$)	Lowest closing price (S$)	VWAP (S$)	Premium of Offer Price over VWAP (%)	Average daily trading volume[(1)] ('000)	Average daily trading volume as percentage of free float[(2)] (%)
Periods up to and including the Last Undisturbed Trading Day						
Last 12 months	0.385	0.285	0.316	32.9	480	0.20
Last 6 months	0.385	0.285	0.332	26.5	522	0.21
Last 3 months	0.385	0.285	0.346	21.4	714	0.29
Last one month	0.385	0.315	0.368	14.1	1,417	0.58
Last Undisturbed Trading Day	0.385	0.385	0.385[(3)]	9.1	4,581	1.87
Period after the Last Undisturbed Trading Day and prior to the Pre-Conditional Offer Announcement						
Period after the Last Undisturbed Trading Day and prior to the Pre-Conditional Offer Announcement	0.410	0.380	0.393	6.9	768	0.31
Last Market Day prior to the Pre-Conditional Offer Announcement	0.410	0.410	0.410[(4)]	2.4	1,387	0.57
Period after the Pre-Conditional Offer Announcement and up to the Latest Practicable Date						
Period after the Pre-Conditional Offer Announcement and up to the Latest Practicable Date	0.420	0.405	0.414	1.4	1,117	0.47
Latest Practicable Date	0.415	0.415	0.415[(5)]	1.2	101	0.04

Source: Bloomberg L.P.

Notes:

(1) The average daily trading volume of the Shares is calculated based on the total volume of Shares traded divided by the number of Market Days during the relevant periods.

(2) Free float refers to the Shares other than those held by the Directors, substantial shareholders of the Company and their associates (as defined in the Listing Manual) which amounts to (a) 245,298,141 Shares for the periods prior to and including the Last Undisturbed Trading Day and the period after the Last Undisturbed Trading Day and prior to the Pre-Conditional Offer Announcement, and (b) 240,122,741 Shares for the period after the Pre-Conditional Offer Announcement and up to the Latest Practicable Date, which has been adjusted to exclude the 5,175,400 Shares that have been held by the Offeror and its concert parties as at the date of the Pre-Conditional Offer Announcement.

(3) This refers to the closing price of the Shares on 10 November 2017, being the Last Undisturbed Trading Day.

(4) This refers to the closing price of the Shares on 20 February 2018, being the last Market Day on which the Shares were traded prior to the Pre-Conditional Offer Announcement.

(5) This refers to the closing price of the Shares on the Latest Practicable Date.

We note the following with regard to the Share prices:

Periods prior to and including the Last Undisturbed Trading Day

(a) during the 12-month period up to and including the Last Undisturbed Trading Day, the closing prices of the Shares ranged between a low of S$0.285 and a high of S$0.385. The Offer Price represents (i) a significant premium of 47.4% over the lowest closing price of the Shares, and (ii) a premium of 9.1% over the highest closing price of the Shares, during the 12-month period;

(b) the Offer Price represents a premium of 32.9%, 26.5%, 21.4% and 14.1% over the VWAP of the Shares for the 12-, 6-, 3- and one-month periods up to and including the Last Undisturbed Trading Day respectively; and

(c) the Offer Price represents a premium of 9.1% over the closing price of the Shares of S$0.385 on 10 November 2017, being the Last Undisturbed Trading Day.

Period after the Last Undisturbed Trading Day and prior to the Pre-Conditional Offer Announcement

(a) during the period after the Last Undisturbed Trading Day and prior to the Pre-Conditional Offer Announcement, the closing prices of the Shares ranged between a low of S$0.380 and a high of S$0.410. The Offer Price represents (i) a premium of 10.5% over the lowest closing price of the Shares, and (ii) a marginal premium of 2.4% over the highest closing price of the Shares, during the period;

(b) the Offer Price represents a premium of 6.9% over the VWAP of the Shares of S$0.393 for the period after the Last Undisturbed Trading Day and prior to the Pre-Conditional Offer Announcement; and

(c) the Offer Price represents a marginal premium of 2.4% over the closing price of the Shares of S$0.410 on 20 February 2018, being the last Market Day on which the Shares were traded prior to the Pre-Conditional Offer Announcement.

Period after the Pre-Conditional Offer Announcement and up to the Latest Practicable Date

(a) the Offer Price represents a marginal premium of 1.4% over the VWAP of the Shares of S$0.414 for the period after the Pre-Conditional Offer Announcement and up to the Latest Practicable Date; and

(b) the Offer Price represents a marginal premium of 1.2% over the closing price of the Shares of S$0.415 as at the Latest Practicable Date.

We also note the following with regard to the trading liquidity of the Shares:

(a) the average daily trading volume of the Shares for the 12-, 6-, 3- and one-month periods up to the Last Undisturbed Trading Day represents 0.20%, 0.21%, 0.29% and 0.58% of the free float respectively;

(d) the average daily trading volume of the Shares for the period after the Last Undisturbed Trading Day and prior to the Pre-Conditional Offer Announcement represents 0.31% of the free float; and

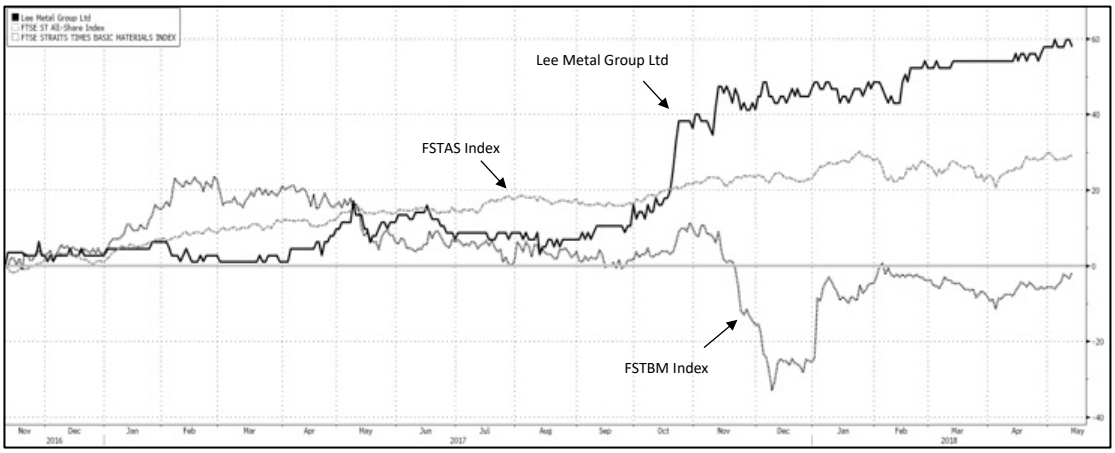
(c) the average daily trading volume of the Shares for the period after the Pre-Conditional Offer Announcement and up to the Latest Practicable Date represents 0.47% of the free float.

Based on the above observations, it would appear that the trading activity and the closing price of the Shares as at the Latest Practicable Date were supported by the Offer. There is no assurance that the closing price of the Shares would remain at the current level prevailing as at the Latest Practicable Date after the close of the Offer. Shareholders should note that the past trading performance of the Shares should not in any way be relied upon as an indication or a guarantee of its future trading performance, which will depend on, amongst other factors, the performance and prospects of the Company, prevailing economic conditions, economic outlook, stock market conditions and sentiment.

7.1.2 Relative performance of the Shares versus the market indices

For the period commencing 12 months up to and including the Last Undisturbed Trading Day, and ending on the Latest Practicable Date

The chart below sets out the relative returns (daily basis) of the Shares in relation to the relative returns (daily basis) of the FTSE ST All Share Index[1] (the "**FSTAS Index**") and the FTSE ST Basic Materials Index[2] (the "**FSTBM Index**") for the period commencing 12 months up to and including the Last Undisturbed Trading Day, and ending on the Latest Practicable Date, which is 14 May 2018, as follows:



Source: Bloomberg L.P.

1 The FSTAS Index is a market capitalisation weighted index that tracks the performance of companies listed on the SGX-ST that are within the top 98% by market capitalisation.

2 The FSTBM Index is a modified market capitalisation weighted index measuring the performance of the basic material sector of the FSTAS Index.

We observed that the Shares had generally underperformed the FSTAS Index in relative terms between mid-November 2016 and mid-October 2017, and then started to outperform the FSTAS Index for the period between mid-October 2017 and the Latest Practicable Date.

Against the FSTBM Index, the Shares had generally underperformed between mid-November 2016 and mid-May 2017, and then traded relatively in-line with the FSTBM Index until early-September 2017 when it started to outperformed the FSTBM Index. As the FSTBM Index suffered a sell-off in November 2017, the Shares continued to outperform up to the Latest Practicable Date.

It would appear that the Share prices after the Unsolicited Approach Announcement were supported by the Unsolicited Approach Announcement and the Offer and may not be sustained at these levels after the close of the Offer.

Shareholders should note 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.

7.2 Book NAV, Adjusted NAV and Revalued NAV of the Group

7.2.1 Book NAV of the Group

Based on the latest unaudited interim financial statements of the Group as at 31 March 2018, the unaudited NAV of the Group amounted to S$185.2 million (or S$0.390 per Share based on 474,551,093 issued Shares as at 31 March 2018). Accordingly, the Offer Price represents a premium of approximately 7.7% over the unaudited NAV per Share of S$0.390 as at 31 March 2018.

7.2.2 Adjusted NAV of the Group

On 20 February 2018, the Company declared a final one-tier tax exempt cash dividend of S$0.01 per Share or approximately S$4.7 million (based on 474,551,093 issued Shares as at 31 March 2018) for FY2017 and was subsequently paid on 7 May 2018. Adjusting for the dividend payment of approximately S$4.7 million or S$0.01 per Share, the unaudited NAV of the Group as at 31 March 2018 (the "**Adjusted NAV**") would have been S$180.5 million (or S$0.380 per Share based on 474,551,093 issued Shares as at 31 March 2018). Accordingly, the Offer Price represents a premium of approximately 10.5% over the Adjusted NAV of the Group.

7.2.3 Revalued NAV ("**RNAV**") of the Group

In connection with the Offer, the Company has commissioned the Independent Valuer to conduct an independent valuation of the Group's significant properties (collectively, the "**Appraised Properties**").

The bases for the independent valuations of the Appraised Properties are set out in the Valuation Certificates and involve certain assumptions, limitations and disclaimers as stated in the Valuation Certificates and/or the Valuation Reports. Shareholders are advised to read the extracts from the Valuation Certificates set out herein in conjunction with the Valuation Certificates in their entirety as set out in Appendix G of the Circular.

The following table sets out the book value of the Appraised Properties as at 31 March 2018, the market value of the Appraised Properties as extracted from the Valuation Certificates and the revaluation surplus assuming the hypothetical sale of the Appraised Properties at the respective valuation amounts after potential tax liabilities:

Appraised Properties	Description	Book value as at 31 March 2018 (S$'000)	Market Value based on the Valuation Certificates (S$'000)	Revaluation surplus[1] (S$'000)
32G Nassim Road Singapore 258414 (the "**Nassim Road Property**")	Good class bungalow	24,279	26,500[2] / 37,500[3]	1,843[4] / 3,628[5]
1 & 3 Tuas Avenue 8 Singapore 639215 ("**Tuas Avenue 8 Property**")	Factory and dormitory	14,981	15,190	209
7 Tuas Avenue 16 Singapore 638934 ("**Tuas Avenue 16 Property**")	Factory	3,783	22,800	19,017

Notes:

(1) Revaluation surplus is calculated as the difference between the market values of the Appraised Properties as stated in the Valuation Certificates and their corresponding book values as at 31 March 2018 and net of potential tax liabilities. The potential tax liability are computed by the Management assuming the hypothetical sale of the Appraised Properties at the respective valuation amounts and applicable tax rates.

(2) This refers to the market value on an 'as-is' basis. As at the Latest Practicable Date, the development is in the planning stage and demolition and construction work for the redevelopment of the Nassim Road Property has not commenced.

(3) This refers to the gross development value assuming the satisfactory completion of the redevelopment of the Nassim Road Property into a 2-storey detached house. We understand that Written Permission for the proposed redevelopment has been granted on 9 April 2018 and subject to all relevant approvals being obtained, the Temporary Occupation Permit is targeted to be obtained in December 2019. As at the Latest Practicable Date, the development is in the planning stage and demolition and construction work for the redevelopment has not commenced.

(4) Assuming the hypothetical sale of the property at the market value on an 'as-is' basis as set out in the Valuation Certificate.

(5) Estimated costs in connection with the redevelopment of the Nassim Road Property have been considered in deriving the revaluation surplus of the said property and assuming the hypothetical sale of the property at the gross development value of S$37.5 million as set out in the Valuation Certificate after the completion of its redevelopment.

We understand from the Management that the Group will incur tax liability assuming the hypothetical disposal of the Nassim Road Property. In respect of the remaining Appraised Properties which are held for the Group's principal business activity, the Management is of the view that there is no potential tax liability assuming the hypothetical disposal of such properties as any gain or loss on disposal is capital in nature. Accordingly, we note that the estimated potential tax liability that may be incurred by the Group assuming the hypothetical disposal of the Nassim Road Property is approximately S$0.4 million (assuming its disposal at the market value on an 'as-is' basis of S$26.5 million) and S$0.7 million (assuming its disposal at the gross development value of S$37.5 million and after taking into account related costs for redevelopment of the property). We also note the Company's confirmation that, it has no current plans to dispose of its interests in the Appraised Properties.

Investment Properties

We understand from the Management that the investment properties held by the Group which amounted to an aggregate of S$2.4 million, represents approximately 0.6% of the Group's total assets as at 31 March 2018, are individually immaterial to the total assets of the Group. Accordingly, no valuation was obtained for these properties in relation to the Offer. However, we note that the Company had recently obtained valuations for financial reporting purposes to determine the fair value of these investment properties as at 31 December 2017. Taking into

account the recent valuations conducted for financial reporting purposes, market condition, location of the properties, use of the properties, nature of the building and the structures, the Executive Directors and Management is of the view that as at the Latest Practicable Date, there are no material differences between the market values of the Investment Properties and the net book value as at 31 March 2018.

For illustration purposes only, the RNAV of the Group after taking into account the above is computed as follows:

	S$' million
Adjusted NAV of the Group as at 31 March 2018	180.5
Add: revaluation surplus of the Appraised Properties (net of potential tax liability)[(1)(2)]	22.9
RNAV of the Group as at 31 March 2018	**203.3**
	S$
RNAV per Share as at 31 March 2018[(3)]	**0.428**

Notes:

(1) The aforesaid tax liability will not crystallise if the Group does not dispose of its interests in the Nassim Road Property.

(2) This includes the revaluation surplus of approximately S$3.6 million in relation to the Nassim Road Property assuming the hypothetical sale of the said property at the gross development value of S$37.5 million and after taking into account all estimated costs in connection with the redevelopment of the property and any applicable tax liability.

(3) Based on 474,551,093 Shares as at the Latest Practicable Date.

Based on the above, we note that the Offer Price represents a marginal discount of approximately 1.9% to the RNAV per Share of the Group as at 31 March 2018.

Shareholders should note that the above analysis is solely for illustration purposes and in compliance with applicable requirements of the Code, as the RNAV of the Group is not necessarily a realisable value given that the market value of the Appraised Properties may vary depending on, *inter alia*, the prevailing market and economic conditions. There is also no assurance that the eventual sale prices (if any) will be identical to those appraised by the Independent Valuer in the Valuation Certificates or that the revaluation surplus eventually recorded by the Group on the Appraised Properties (if any) will be the same as indicated above.

In our evaluation of the financial terms of the Offer, we have taken into consideration whether there are any factors which have not been otherwise disclosed in the latest financial statements of the Group that may have a material impact on the unaudited NAV of the Group as at 31 March 2018.

Save as disclosed above, the Directors have confirmed that, to the best of their knowledge and belief:

(a) except for the Appraised Properties, they are not aware of any material differences between the estimated market value of the other assets held by the Group, its associate as at the Latest Practicable Date for which no valuation has been obtained *vis-à-vis* their respective net book values recorded in the unaudited balance sheet of the Group as at 31 March 2018;

(b) they are not aware of any circumstances which may cause the unaudited NAV of the Group as at the Latest Practicable Date to be materially different from that recorded in the unaudited balance sheet of the Group as at 31 March 2018;

(c) there have been no material disposals or acquisitions of assets by the Group since 31 March 2018 and up to the Latest Practicable Date;

(d) there are no contingent liabilities, bad or doubtful debts or impairment losses as at the Latest Practicable Date which are likely to have a material impact on the unaudited NAV of the Group as at 31 March 2018;

(e) there are no litigation, claim or proceeding pending or threatened against the Group or of any fact likely to give rise to any proceedings as at the Latest Practicable Date which would have an adverse material impact on the financial position of the Group; and

(f) there are no other intangible assets as at the Latest Practicable Date which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards, and which have not been disclosed that would have a material impact on the unaudited NAV of the Group as at 31 March 2018.

7.3 Comparison of Valuation Statistics of Companies Broadly Comparable to the Group

In considering what may be regarded as a reasonable range of valuation for the purposes of assessing the financial terms of the Offer, we have referred to selected listed companies which business activities are broadly comparable with those of the Group to give an indication of the current market expectations with regard to the perceived valuation of these businesses.

As the Company is listed on the SGX-ST and is principally engaged in the fabrication and manufacturing of steel products, we have, in consultation with the Management, used the following SGX-ST listed companies which are principally engaged in the steel fabrication and manufacturing business (the "**Comparable Companies**").

Details on the Comparable Companies, including their business descriptions and selected key financial and valuation statistics, are set out below and in Annex A to this letter:

(a) BRC Asia Limited ("**BRC Asia**");

(b) HG Metal Manufacturing Limited ("**HG Metal**");

(c) T T J Holdings Ltd. ("**T T J**"); and

(d) Yongnam Holdings Limited ("**Yongnam**").

We wish to highlight that the Comparable Companies are not exhaustive and there is no company or group listed on the SGX-ST which may be considered identical to the Group in terms of, *inter alia*, business activities, market capitalisation, scale of operations, risk profile, geographical spread, operating and financial leverage, accounting policies, adherence to accounting standards, tax factors, track record and future prospects. In addition, each of the Comparable Companies may engage in other separate business activities which are not related to the principal business of the Group. As such, any comparison made herein is strictly limited in scope and merely serves as an illustrative guide to Shareholders.

In assessing the financial terms of the Offer, we have used the following valuation parameters in our analysis:

Valuation parameter	Description
Price-earnings ratio ("**PER**")	The historical PER, which illustrates the ratio of the market price of a company's shares relative to its historical consolidated earnings per share, is commonly used for the purpose of illustrating the profitability, and hence valuation, of a company. We have considered the historical PERs of the Comparable Companies based on their respective last transacted prices on the Latest Practicable Date and latest full-year net earnings per share *vis-à-vis* the corresponding historical PER of the Group based on the Offer Price and the audited net earnings per Share for FY2017.
Price-to-book NAV ratio	An NAV-based approach is useful to illustrate the extent that the value of each share is backed by assets, and would be more relevant in the case where the group were to change the nature of its business or realise or convert the use of all or most of its assets. The NAV-based valuation approach may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets over a reasonable period of time at the aggregate value of the assets used in the computation of the NAV, with the balance to be distributed to its shareholders after the settlement of all the liabilities and obligations of the company or group. We have considered the historical price-to-NAV ratios of the Comparable Companies based on their respective last transacted prices on the Latest Practicable Date and latest announced NAV per share as at the end of the relevant financial year/period (as adjusted for any corporate activities which were undertaken after the latest available balance sheet that may affect the NAV per share, where relevant), *vis-à-vis* the corresponding historical price-to-NAV ratio of the Group based on the Offer Price and the NAV per Share of the Group as at 31 March 2018.
Enterprise value to EBITDA ("**EV/EBITDA**") ratio	The historical EV/EBITDA ratio illustrates the ratio of the market value of a company's business relative to its historical consolidated pre-tax operating cashflow performance, without regard to its capital structure, and provides an indication of current market valuation relative to operating performance. "EV" is the sum of a company's market capitalisation, preferred equity, minority interests, short- and long-term debts less cash and cash equivalents, and represents the actual cost to acquire the entire company. "EBITDA" refers to historical consolidated earnings before interest, tax, depreciation and amortisation expenses. EBITDA can be used to analyse the profitability between companies as it eliminates the effects of financing and accounting decisions. We have considered the historical EV/EBITDA ratios of the Comparable Companies based on their respective last transacted prices on the Latest Practicable Date, latest available balance-sheet values and latest full-year EBITDA *vis-à-vis* the corresponding historical EV/EBITDA ratio of the Group based on the Offer Price.

Comparative valuation statistics of the Comparable Companies *vis-à-vis* the Group

The following table sets out the comparative valuation statistics of the Comparable Companies *vis-à-vis* the Group as implied by the Offer Price:

Company	Historical PER (times)	Historical price-to-NAV ratio (times)	Historical EV/EBITDA ratio (times)
BRC Asia	139.03	1.30	26.15
HG Metal	n.m.	0.45	n.m.
T T J	10.06	0.82	3.90
Yongnam	n.m.	0.55	26.95
High	139.03	1.30	26.95
Mean	74.55	0.78	19.00
Median	74.55	0.69	26.15
Low	10.06	0.45	3.90
Group (Implied by the Offer Price)	26.55	1.08	16.03

Source: Bloomberg L.P., annual reports and/or announcements of the respective Comparable Companies and SAC Capital's computations

Note:

(1) n.m. denotes not meaningful as these Comparable Companies were loss-making or reported losses before interest, tax, depreciation and amortisation in their respective full-year earnings (as the case may be).

Historical PER comparison

We note that the historical PER of 26.55 times of the Group as implied by the Offer Price is within the range of historical PERs of the Comparable Companies of between 10.06 times and 139.03 times. No comparison was made to the mean and median PERs of the Comparable Companies as the mean and median PERs are not meaningful.

Historical price-to-NAV comparison

We note that the historical price-to-NAV ratio of 1.08 times of the Group as implied by the Offer Price is:

(a) within the range of historical price-to-NAV ratios of the Comparable Companies of between 0.45 times and 1.30 times; and

(b) at a premium of 38.5% and 56.5% over the mean and median historical price-to-NAV ratios of the Comparable Companies of 0.78 times and 0.69 times respectively.

Historical EV/EBITDA comparison

We note that the historical EV/EBITDA ratio of 16.03 times of the Group as implied by the Offer Price is:

(a) within the range of historical EV/EBITDA ratios of the Comparable Companies of between 3.90 times and 26.95 times; and

(b) at a discount of 15.6% and 38.7% to the mean and median historical EV/EBITDA ratios of the Comparable Companies of 19.00 times and 26.15 times respectively.

7.4 Comparison with Recent Successful Privatisation Transactions and Delisting Offers of Companies Listed on the SGX-ST

In assessing the reasonableness of the Offer in light of the stated intention of the Offeror to delist the Shares from the Official List of the SGX-ST, we have compared the financial terms of the Offer with (a) selected recent successful privatisation transactions announced on the SGX-ST during the 12-month period prior to the Pre-Conditional Offer Announcement, whether by way of a general offer under the Code or a scheme of arrangement under Section 210 of the Companies Act where the offeror has stated its intention to delist the target company from the Official List of the SGX-ST, and (b) selected recent completed delisting offers under Rule 1307 of the Listing Manual announced during the 12-month period prior to the Pre-Conditional Offer Announcement (collectively, the "**Take-over Transactions**"). As some of the Take-over Transactions had undertaken revaluations and/or adjustments to their assets which may have a material impact on their last announced book values, we have also, where relevant, compared the financial terms of such offer transactions with the revalued NAV (or revalued NTA where applicable) and/or adjusted NAV (or adjusted NTA where applicable) of the Take-over Transactions where available.

We wish to highlight that the Take-over Transactions set out below are by no means exhaustive. In addition, as the Group is not directly comparable to the target companies involved in the Take-over Transactions in terms of business activities, scale of operations, market capitalisation, geographical spread, risk profile, accounting policies, financial performance, operating and financial leverage, track record and future prospects, the comparison merely serves as a general guide to provide an indication of the premia/discounts paid in connection with privatisation transactions and delisting offers of companies listed on the SGX-ST. Each of the Take-over Transactions must be judged on its own commercial and financial merits. Shareholders should also note that the premium (if any) to be paid by an offeror in a privatisation transaction or delisting offer varies in different circumstances depending on, *inter alia*, the offeror's intentions with regards to the target company, the potential synergy that the offeror can gain from acquiring the target company, the attractiveness of the underlying business, prevailing market expectations and the presence of competing bids. Conclusions drawn from the comparisons made may not reflect any perceived market valuation of the Company.

Company	Date of offer announcement	Premium of offer price over					Offer price-to-NTA/NAV ratio (times)
		last transacted price prior to announcement of offer (%)	1-month VWAP prior to announcement of offer (%)	3-month VWAP prior to announcement of offer (%)	6-month VWAP prior to announcement of offer (%)	12-month VWAP prior to announcement of offer (%)	
Global Premium Hotels Limited	23 February 2017	14.1	18.1	21.7	23.3	22.5	0.53[(1)]
CWT Limited[(3)]	9 April 2017	5.9	6.4	14.8	27.3	30.9	1.03[(1)]
Nobel Design Holdings Ltd[(4)]	2 May 2017	2.0	8.8	15.4	18.2	22.1	0.67[(1)]
Changtian Plastic & Chemical Limited	29 May 2017	45.3	46.6	48.2	49.6	62.9	0.42[(1)]
China Flexible Packaging Holdings Limited	19 June 2017	23.2	25.4	28.5	45.5	59.7	0.56[(1)]
Croesus Retail Trust	28 June 2017	24.5	26.2	32.0	34.5	37.7	1.20
Global Logistic Properties Limited[(5)]	14 July 2017	64.1	67.4	72.4	76.5	80.6	1.19[(6)]
Fischer Tech Ltd[(7)]	27 July 2017	31.3	46.9	63.6	76.5	95.6	1.54[(1)]
GP Batteries International Limited	11 August 2017	62.5	62.9	62.7	61.1	61.5	0.78[(1)]
Poh Tiong Choon Logistics Limited[(8)]	20 September 2017	1.6	32.5	43.2	48.7	58.1	1.17[(1)]
Rotary Engineering Limited	2 October 2017	21.1	21.9	25.1	19.3	19.7	1.25[(1)]
Indiabulls Properties Investment Trust[(9)]	11 October 2017	252.9	n.m.	n.m.	n.m.	n.m.	0.71
Cogent Holdings Limited[(10)]	3 November 2017	164.9	160.2	167.9	177.6	158.1	1.19[(1)]

Company	Date of offer announcement	Premium of offer price over: last transacted price prior to announcement of offer (%)	1-month VWAP prior to announcement of offer (%)	3-month VWAP prior to announcement of offer (%)	6-month VWAP prior to announcement of offer (%)	12-month VWAP prior to announcement of offer (%)	Offer price-to-NTA/NAV ratio (times)
CWG International Ltd	28 December 2017	27.5	29.5	29.2	30.8	10.3	0.44[1][11]
	High	**252.9**	160.2	167.9	177.6	158.1	**1.54**
	Mean	**26.9[12]**	32.7[13]	38.1[13]	42.6[13]	46.8[13]	**0.91**
	Median	**23.8[12]**	27.9[13]	30.6[13]	40.0[13]	47.9[13]	**0.90**
	Low	**1.6**	6.4	14.8	18.2	10.3	**0.42**
Company[14]	**21 February 2018**	**9.1**	**14.1**	**21.4**	**26.5**	**32.9**	**1.08[15]** **0.98[16]**

Source: Announcements and circulars to shareholders in relation to the respective Take-over Transactions and SAC Capital's computations

Notes:

(1) Based on the revalued NAV per share as extracted from the independent financial adviser's letters for the respective companies.

(2) Based on the revalued NTA per share as extracted from the independent financial adviser's letters for the respective companies.

(3) On 3 August 2015, the board of directors of CWT Limited ("**CWT**") announced that its controlling shareholder, C & P Holdings Pte Ltd ("**C & P**") was considering a strategic review of the business and assets of C & P. On 9 April 2017, HNA Belt and Road Investments (Singapore) Pte. Ltd., a wholly-owned subsidiary of HNA Holding Group Co. Limited, announced that it will, subject to the fulfilment or waiver of the pre-conditions, make a voluntary conditional offer for all the issued and paid-up ordinary shares in the capital of CWT. The market premium in the table above was computed based on the offer price of S$2.33 and the last transacted price of S$2.20 on 3 August 2015 prior to the announcement made by CWT on 3 August 2015 and the VWAP for the one-, 3-, 6- and 12-month periods prior to such announcement.

(4) The market premium in the table above was computed based on the offer price of S$0.51 and the last transacted price of S$0.50 on 2 May 2017 prior to the announcement on the mandatory unconditional cash offer for all the issued and paid-up ordinary shares in the capital of Nobel Design Holdings Ltd and the VWAP for the one-, 3-, 6- and 12-month periods prior to such announcement.

(5) On 1 December 2016, Global Logistics Properties Limited ("**GLP**") announced that it was undertaking an independent strategic review of options available for its business, following a request received from its largest shareholder, GIC Real Estate Private Limited. On 14 July 2017, GLP and Nesta Investment Holdings Limited jointly announced the proposed acquisition of all the issued and paid-up ordinary shares in the capital of GLP by way of a scheme of arrangement. The market premium in the table above was computed based on the scheme consideration of S$3.38 and the last transacted price of S$2.06 on 30 November 2016 prior to the announcement made by GLP on 1 December 2016 and the VWAP for the one-, 3-, 6- and 12-month periods prior to such announcement.

(6) Based on the lower bound estimate of GLP's implied equity value per share of S$2.85 as extracted from the letter of the independent financial adviser.

(7) On 5 April 2017, Fischer Tech Ltd ("**Fischer**") announced that it has received a non-binding expression of interest from a third party relating to a possible transaction involving the shares of Fischer. On 27 July 2017, Fischer and FT Holding II Limited jointly announced the proposed acquisition of all the issued and paid-up ordinary shares in the capital of Fischer by a way of a scheme of arrangement. The market premium in the table above was computed based on the scheme consideration of S$3.02 and the last transacted price of S$2.30 on 4 April 2017 prior to the announcement made by Fischer on 5 April 2017 and the VWAP for the one-, 3-, 6- and 12-month periods prior to such announcement.

(8) On 23 September 2016, Poh Tiong Choon Logistics Limited ("**PTCL**") announced that certain substantial shareholders of PTCL would be seeking a strategic review relating to their shares in PTCL. On 20 September 2017, United Overseas Bank Limited announced, for and on behalf of Respond Logistics Pte. Ltd., on the voluntary conditional cash offer for all the issued and paid-up ordinary shares in the capital of PTCL. The market premium in the table above was computed based on the offer price of S$1.30 and the last transacted price of S$1.28 on 19 September 2016 prior to announcement made by PTCL on 23 September 2016 and the VWAP for the one-, 3-, 6- and 12-month periods prior to such announcement.

(9) Based on the last transacted price of S$0.255 on 21 June 2016, being the last full trading day prior to the suspension of trading of the Units on the SGX-ST on 23 June 2016.

(10) In response to an article published in the Wall Street Journal on 28 January 2016, Cogent Holdings Limited ("**Cogent**") announced on 29 January 2016 that it had from time to time received indications of interest relating to its businesses and that the board of directors is currently reviewing the business and operations with a view to evaluate the viability of such indication of interests. The market premium in the table above was computed based on the offer price of S$1.02 and the last transacted price of $0.385 on 27 January 2016 prior to the article published on 28 January 2016 and the VWAP for the one-, 3-, 6- and 12-month periods prior to the publishing of the article.

(11) Based on the lower bound estimate of the unaudited NAV of CWG International Ltd and its subsidiaries of S$157.4 million as at 31 December 2017 and a net revaluation surplus of S$137.0 million arising from the revalued properties.

(12) Cogent and Indiabulls Properties Investment Trust have been excluded in the calculation of mean and median premium of offer price over last transacted price prior to announcement of offer as statistical outliers.

(13) Cogent has been excluded in the calculation of mean and median premium of offer price over the VWAP for the one-, 3-, 6- and 12-month periods prior to announcement of offer as a statistical outlier.

(14) The market premium in the table above was computed based on the Offer Price of S$0.42 and the last transacted price of S$0.385 on 10 November 2017, being the Last Undisturbed Trading Day prior to the Unsolicited Approach Announcement and the VWAP for the one-, 3-, 6-, 12-month periods prior to such announcement.

(15) Based on the Offer Price and the latest unaudited NAV of the Group as at 31 March 2018.

(16) Based on the Offer Price and the RNAV of the Group as at 31 March 2018.

We note that in respect of the Take-over Transactions:

(a) the premium of the Offer Price over the last transacted price of the Shares on the Last Undisturbed Trading Day of 9.1% is:

(i) within the range of the corresponding premia of the Take-over Transactions of between 1.6% and 252.9%; and

(ii) below the corresponding mean and median premia of 26.9% and 23.8% of the Take-over Transactions respectively;

(b) the Offer Price over the VWAP of the Shares for the 12-, 6-, 3- and one-month periods up to and including the Last Undisturbed Trading Day represents:

(i) a premium of 32.9% over the 12-month VWAP of the Shares, which is:

(aa) within the range of the corresponding premia of the Take-Over Transactions of between 10.3% and 158.1%; and

(bb) below the corresponding mean and median premia of 46.8% and 47.9% of the Take-over Transactions respectively;

(ii) a premium of 26.5% over the 6-month VWAP of the Shares, which is:

(aa) within the range of the corresponding premia of the Take-Over Transactions of between 18.2% and 177.6%; and

(bb) below the corresponding mean and median premia of 42.6% and 40.0% of the Take-over Transactions respectively;

(iii) a premium of 21.4% over the 3-month VWAP of the Shares, which is:

(aa) within the range of the corresponding premia of the Take-Over Transactions of between 14.8% and 167.9%; and

(bb) below the corresponding mean and median premia of 38.1% and 30.6% of the Take-over Transactions respectively;

(iv) a premium of 14.1% over the one-month VWAP of the Shares, which is:

(aa) within the range of the corresponding premia of the Take-Over Transactions of between 6.4% and 160.2%; and

(bb) below the corresponding mean and median premia of 32.7% and 27.9% of the Take-over Transactions respectively;

(c) the price-to-NAV ratio as implied by the Offer Price of 1.08 times is:

(i) within the range of price-to-NAV ratios of the Take-over Transactions of between 0.42 times and 1.54 times; and

(ii) at a premium of 18.7% and 20.0% over the corresponding mean and median price-to-NAV ratios of the Take-over Transactions of 0.91 times and 0.90 times respectively.

(c) the price-to-RNAV ratio as implied by the Offer Price of 0.98 times is:

(i) within the range of price-to-NAV ratios of the Take-over Transactions of between 0.42 times and 1.54 times; and

(ii) at a premium of 7.7% and 8.9% over the mean and median price-to-NAV ratios of the Take-over Transactions of 0.91 times and 0.90 times respectively.

7.5 Comparison with selected take-over transactions whose business activities are similar with those of the Group

In assessing the reasonableness of the Offer, we have also compared the Offer with take-over transactions of Singapore based companies with business activities primarily in the fabrication and trading of steel products which are broadly similar with those of the Group. In particular, we noted that BRC Asia and LTC Corporation Limited ("**LTC**") were subjects of such take-overs. The following sets out the selected terms of the transactions relating to BRC Asia and LTC:

		Premium of offer price over					
Company	**Date of offer announcement**	**last transacted price prior to announcement of offer (%)**	**1-month VWAP prior to announcement of offer (%)**	**3-month VWAP prior to announcement of offer (%)**	**6-month VWAP prior to announcement of offer (%)**	**12-month VWAP prior to announcement of offer (%)**	**Offer price-to-NTA/NAV ratio (times)**
BRC Asia[1]	8 September 2017	33.1	30.3	35.3	42.0	47.0	0.81[2]
LTC	9 February 2018	44.5	46.1	45.4	44.1	49.4	0.56[2]
Company[3]	**21 February 2018**	**9.1**	**14.1**	**21.4**	**26.5**	**32.9**	**1.08[4]**
							0.98[5]

Notes:

(1) On 30 May 2017, BRC Asia announced that some of the substantial shareholders have received an unsolicited approach with a potential transaction which may or may not lead to an acquisition of the issued shares of BRC Asia. On 8 September 2017, ABN AMRO Bank N.V., Singapore Branch announced, for and on behalf of Esteel Enterprise Pte. Ltd., to acquire all the issued ordinary shares in the capital of BRC Asia. The market premium in the table above was computed based on the offer price of S$0.925 and the last transacted price of S$0.695 prior to the announcement made by BRC Asia on 30 May 2017 and the VWAP for the one-, 3-, 6- and 12-month periods prior to such announcement.

(2) Based on the revalued NAV per share as extracted from the independent financial adviser's letters for the respective companies.

(3) The market premium in the table above was computed based on the Offer Price of S$0.42 and the last transacted price of S$0.385 on 10 November 2017, being the Last Undisturbed Trading Day prior to the Unsolicited Approach Announcement and the VWAP for the one-, 3-, 6-, 12-month periods prior to such announcement.

(4) Based on the Offer Price and the latest unaudited NAV of the Group as at 31 March 2018.

(5) Based on the Offer Price and the RNAV of the Group as at 31 March 2018.

We noted that (a) the premium of Offer Price over the last transacted price of the Shares on the Last Undisturbed Trading Day and the VWAP of the Shares for the 12-, 6-, 3- and one-month periods up to and including the Last Undisturbed Trading Day are below the corresponding premia of BRC Asia and LTC across the respective periods, and (b) the price-to-RNAV ratio as implied by the Offer Price of 0.98 times is at a premium of 21.0% and 75.0% over the price-to-RNAV ratios of BRC Asia and LTC respectively.

We wish to highlight that the selected take-over transactions set out above are by no means exhaustive. Each of the take-over transactions must be judged on its own commercial and financial merits. Shareholders should also note that the premium (if any) to be paid by an offeror in a privatisation/delisting transaction varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies to be gained from integration with an existing business, the trading liquidity of the target company's shares, prevailing market expectations and the presence of competing bids. Accordingly, any comparison made herein is strictly limited in scope.

7.6 Other Relevant Considerations

7.6.1 Historical financial performance and condition of the Group

The salient financial information of the Group for FY2015, FY2016, FY2017, 3M2017 and 3M2018 respectively is set out as follows:

Statements of Comprehensive Income

	---------- Audited ----------			------- Unaudited -------	
(S$'000)	**FY2015[(1)]**	**FY2016[(1)]**	**FY2017**	**3M2017**	**3M2018**
Turnover	445,443	318,597	338,996	81,373	100,447
Profit before tax	18,369	14,847	7,119	2,671	3,536
Profit attributable to owners of the Company	15,573	13,312	7,506	2,175	2,871

Statements of Financial Position

	---------- Audited as at 31 December ----------			Unaudited as at
(S$'000)	**2015**	**2016**	**2017**	**31 March 2018**
Current assets	269,755	250,054	330,611	337,628
Current liabilities	132,132	118,930	199,671	202,194
Working capital	137,623	131,124	130,940	135,434
Non-current assets	66,144	58,547	55,558	53,195
Non-current liabilities	23,031	4,791	3,884	3,424
Equity attributable to owners of the Company	180,735	184,880	182,614	185,205

Consolidated Statements of Cash Flow

	Audited			Unaudited	
(S$'000)	**FY2015**	**FY2016**	**FY2017**	**3M2017**	**3M2018**
Net cash flows (used in)/from operating activities	74,127	31,100	(41,075)	(48,457)	(23,729)
Net cash flows (used in)/from investing activities	(1,766)	(4,235)	(31,561)	12	(80)
Net cash flows (used in)/from financing activities	(65,576)	(25,069)	27,081	32,423	30,499
Net (decrease)/increase in cash and cash equivalents	6,785	1,796	(45,555)	(16,022)	6,690
Cash and cash equivalents at end of financial year/period	96,007	97,840	52,032	81,699	58,357

Source: Annual reports of the Company for FY2016 and FY2017 and unaudited interim financial results for the 3-month financial period ended 31 March 2018 respectively.

Note:

(1) The Group has fulfilled all its existing contracts with its clients and wound down its steel merchandising business in FY2016. Accordingly, the financial information for FY2015 and FY2016 has not been retroactively adjusted to exclude the discontinued business in relation to steel merchandising.

We note the following:

(a) Turnover

The Group's turnover decreased by S$126.8 million or 28.5% from S$445.4 million in FY2015 to S$318.6 million in FY2016, mainly due to a decrease in turnover from both the fabrication and manufacturing and steel merchandising business segments, and especially contributed by weaker steel prices and lower tonnage recorded in the fabrication and manufacturing business.

The Group's turnover increased by S$20.4 million or 6.4% from S$318.6 million in FY2016 to S$339.0 million in FY2017, mainly due to an increase in turnover for the fabrication and manufacturing business of S$23.6 million or 7.5% from S$315.4 million in FY2016 to S$339.0 million in FY2017 as a result of higher steel prices but offset by lower volume. The increase in turnover for the fabrication and manufacturing business was slightly offset by the winding down of the steel merchandising business in December 2016.

The Group's turnover for 3M2018 increased by S$19.1 million or 23.4% from S$81.4 million in 3M2017 to S$100.4 million. The higher turnover was attributable to the property development and investment business which contributed S$21.0 million, but partially offset by the fabrication and manufacturing business which decreased by S$2.0 million.

(b) Profit attributable to owners of the Company

The profit attributable to owners of the Company decreased by S$2.3 million or 14.5% from S$15.6 million in FY2015 to S$13.3 million in FY2016 mainly due to the decrease in sales tonnage in both the fabrication and manufacturing business, and steel merchandising business which was wound down in December 2016.

The profit attributable to owners of the Company decreased by S$5.8 million or 43.6% from S$13.3 million in FY2016 to S$7.5 million in FY2017 mainly due to a decrease in sales tonnage and lower margins derived from most of the products in the fabrication and manufacturing business.

The profit attributable to owners of the Company increased by S$0.7 million or 32.0% from S$2.2 million in 3M2017 to S$2.9 million in 3M2018 mainly due to the completion of its sale of a newly redeveloped bungalow in January 2018 for its property development and investment business.

(c) Working capital

The Group's working capital decreased from S$137.6 million as at 31 December 2015 to S$130.9 million as at 31 December 2017. The Group recorded working capital of S$135.4 million as at 31 March 2018.

(d) Equity attributable to owners of the Company

The equity attributable to owners of the Company amounted to S$185.2 million as at 31 March 2018.

(e) Cash flow from operating activities

The Group had recorded net cash flow from operating activities of S$74.1 million and S$31.1 million in FY2015 and FY2016 respectively, and net cash flow used in operating activities of S$41.1 million in FY2017. The Group had recorded a net cash flow used in operating activities of S$23.7 million in 3M2018 *vis-à-vis* S$48.5 million in 3M2017.

(f) Cash and cash equivalents

As at 31 March 2018, the Group's cash and cash equivalents amounted to S$58.4 million.

7.6.2 Outlook of the Group

We note that the following statement on 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, for the next 12 months as disclosed in the Company's announcement on the unaudited interim financial results for 3M2018 on 14 May 2018:

"Based on advance gross domestic product (GDP) estimates released by the Ministry of Trade and Industry on 13 April 2018, construction sector contracted by 4.4 per cent on a year-on-year basis in the first quarter of 2018, extending the 5.0 per cent decline in the previous quarter. The weak performance of the sector was due to a fall in both private sector and public sector construction activities. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector grew by 4.1 per cent, a reversal from the 0.2 per cent decline in the preceding quarter.

Although the rate of contraction in the construction sector has eased, margins are expected to remain under pressure due to excess capacity and continuous intense competition amongst the industry players."

7.6.3 Unutilised Tax Losses or Unabsorbed Capital Allowances

The Management has confirmed to us that as at the Latest Practicable Date, the Company and its subsidiaries do not have any unutilised tax losses or unabsorbed capital allowances.

7.6.4 Impact of Change in Shareholdings on Contractual Arrangements

The Executive Directors and Management have confirmed to us that to the best of their knowledge and belief and based on reasonable enquiries, the resultant change in the shareholding structure of the Company pursuant to the Offer is not expected to have a material impact on the Group's business operations and contractual arrangements (including, *inter alia*, any long-term contracts, loan agreements, lease agreements and land titles, business licenses,

grants, business incentives and employment contracts), save for certain loan agreements which are subject to the Company maintaining its listing status.

7.6.5 Historical dividend yields of the Company

We note that the Company has paid dividends consistently in the past 10 years. We set out below an analysis of the dividends declared and the dividend payout ratio for the last three financial years ended 31 December 2017, and the implied dividend yield based on the share price on the final cum-dividend date:

(S$)	**FY2015**	**FY2016**	**FY2017**
Interim dividend per Share	0.010	0.010	0.010
Final dividend per Share	0.010	0.010	0.010
Total Dividend per Share	**0.020**	**0.020**	**0.020**
Dividend payout ratio(1) (%)	**126.6**	**71.2**	**61.0**
Share price on final cum-dividend date(2)	0.305	0.305	0.415
Total dividend yield (%)	**6.56**	**6.56**	**4.82**

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

Notes:

(1) Based on the total dividends per Share declared over the earnings per Share in each of the respective financial years.

(2) Based on the closing market prices of the Company as at the final cum-dividend date in respect of the final dividends declared for each of the respective financial years.

Notwithstanding the past dividend payouts, the Directors have confirmed to us that the Company does not have a fixed dividend policy. Shareholders should note that past dividend payouts should not be in any way relied upon as an indication or promise of the Company's future dividend payouts. There is no assurance that the Company will maintain the level of dividends paid in the past financial years after the completion of the Offer. In addition, the quantum of dividends paid by the Company in any period would depend upon various factors including but not limited to the financial position of the Group, retained earnings, results of operation and cash flow, the Group's expected working capital requirements and capital expenditure, future expansion and investment plans, funding requirements, general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group.

7.6.6 The Offer has turned unconditional

As at the Latest Practicable Date, the total number of shares owned, controlling or agreed to be acquired by the Offeror and parties acting in concert with the Offeror, including acceptances of the Offer, amount to an aggregate of 275,298,256 Shares, representing approximately 58.01% of the issued Shares. Accordingly, the Offer is unconditional in all respects and Shareholders who accept the Offer are assured of receiving the Offer Price in respect of their acceptances of the Offer.

As the Offeror holds more than 50% of the Company, the Offeror will be in a position to exercise statutory control of the Company which will allow the Offeror the ability to pass all ordinary resolutions on matters in which the Offeror and its related parties do not have an interest in at general meetings of Shareholders.

7.6.7 Limitation on subsequent offers by the Offeror

As the Offer became unconditional in all respects and the Offeror together with its concert parties hold Shares carrying more than 50% of the voting rights of the Company, Shareholders should note that under Rule 33.2 of the Code, neither the Offeror nor any person acting in concert with it may (except with the consent of the SIC), within six (6) months of the Closing

Date, make a second offer to, or acquire any Shares from, any Shareholder on terms better than those made available under the Offer.

Shareholders should also note that as the Offer became unconditional in all respects, the Offeror and its concert parties will be free to increase their shareholding in the Company after the close of the Offer without incurring a take-over obligation under Rule 14 of the Code if their aggregate voting rights remain at above 49% in the six (6) months prior to any such subsequent acquisition of Shares.

7.6.8 Listing status and compulsory acquisition of the Company

Listing status and trading suspension

Shareholders should note that, pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that the acceptances have been received pursuant to the Offer that bring the holdings of the Shares 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 trading of the Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued Shares (excluding 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.

In addition, pursuant to Rule 724(1) of the Listing Manual, if the percentage of the total number of issued Shares (excluding treasury shares) held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the 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 months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares (excluding treasury shares) in public hands to at least 10%, failing which the Company may be removed from the official list of the SGX-ST.

Compulsory acquisition

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires Shares during the period when the Offer is open for acceptance) in respect 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 any Shares held by the Company as treasury shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Offer ("**Dissenting Shareholders**") at a price equal to the Offer Price.

In addition, the Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at a price equal to the Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together with the treasury shares and the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares. **Dissenting Shareholders who wish to exercise such rights are advised to seek their own independent legal advice.** Unlike Section 215(1) of the Companies Act, the 90% threshold under Section 215(3) of the Companies Act does not exclude treasury shares or Shares held by the Offeror, its related corporations or their respective nominees as at the date of the Offer.

Shareholders should note that as at the Latest Practicable Date, there is no assurance that, (a) the Offeror would be in a position to exercise its right to compulsory acquisition under Section 215(1) of the Companies Act, (b) the Dissenting Shareholders would be in a position to require the Offeror to acquire their Shares under Section 215(3) of the Companies Act, or (c) there would remain a sufficient public float in the Shares to maintain the listing status of the Shares.

As stated in the Offer Document, subject to achieving the requisite acceptances, the Offeror will consider delisting the Company from the SGX-ST in the event it achieves the requisite acceptances for such delisting. Consistent therewith, the Offeror, when entitled, intends to exercise its right to 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 total number of Shares (excluding any Shares held by the Company as treasury shares) are held in public hands. In addition, the Offeror further 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.

7.6.9 Offeror's intention for the Company

As set out in paragraph 11 of the Offer Document, upon completion of the Offer, the Offeror may undertake strategic and operational review of the Group with a view to realising synergies, economics of scale, cost efficiencies and growth potential. The Offeror will also consider delisting the Company from the SGX-ST in the event it achieves the requisite acceptances for such delisting, in order to facilitate management and operational control and leverage over the Company and its subsequent developments.

The Offeror presently has no plans to introduce any major changes to the business of the Company, or to discontinue the employment of any of the existing employees of the Group or re-deploy any of the fixed assets of the Company, other than in the ordinary course of business. The Offeror however retains the flexibility at any time to consider options or opportunities which may present themselves.

7.6.10 Implications of delisting of the Company for the Shareholders

Shareholders should note that shares of unlisted companies are generally valued at a discount to the shares of listed companies as a result of marketability. In the event that the Company is delisted, it is likely to be difficult for the Shareholders who do not accept the Offer to sell their Shares in the absence of a public market for the Shares. In addition, the Shareholders may receive a lower price as compared to the Offer Price if they intend to sell the Shares after the Company is delisted. Shareholders should also note that any transfer or sale of Shares represented by share certificates will be subject to stamp duty.

7.6.11 Absence of alternative or competing offers

As at the Latest Practicable Date, other than the Offer, there is no publicly available evidence of an alternative or competing offer for the Shares from any other party. We note that the possibility of an alternative take-over offer does not appear to be high as at the Latest Practicable Date in view that the Undertaking Shareholders have tendered in their acceptances for the Offer and as at the Latest Practicable Date, the Offeror and parties acting in concert with it held 58.01% of the Company's issued share capital.

In addition, the Directors have confirmed that as at the Latest Practicable Date, apart from the Offer, they have not received any alternative or competing offer for the Shares from any other party.

8. OUR OPINION AND ADVICE

In arriving at our opinion and advice in respect of the Offer, we have taken into account, and reviewed the following key considerations, which we consider to be pertinent in our assessment of the Offer:

(a) an assessment of the market quotation and trading liquidity of the Shares as follows:

(i) in relation to Share prices:

(aa) the closing prices of the Shares being below the Offer Price for the 12-month period prior to the date of the Unsolicited Approach Announcement;

(bb) the Offer Price representing a premium of 47.4% and 9.1% over the lowest and highest closing prices of the Shares during the 12-month period up to and including the Last Undisturbed Trading Day respectively;

(cc) the Offer Price representing a premium of 32.9%, 26.5%, 21.4% and 14.1% over the VWAP of the Shares for the 12-, 6-, 3- and one-month periods up to and including the Last Undisturbed Trading Day respectively;

(dd) the Offer Price representing a premium of 9.1% over the closing price of the Shares of S$0.385 on 10 November 2017, being the Last Undisturbed Trading Day;

(ee) the Offer Price representing a premium of 6.9% over the VWAP of the Shares of S$0.393 for the period after the Last Undisturbed Trading Day and prior to the Pre-Conditional Offer Announcement;

(ff) the Offer Price representing a marginal premium of 2.4% over the closing price of the Shares of S$0.410 on 20 February 2018, being the last Market Day on which the Shares were traded prior to the Pre-Conditional Offer Announcement;

(gg) the Offer Price representing a marginal premium of 1.4% over the VWAP of the Shares of S$0.414 for the period after the Pre-Conditional Offer Announcement and up to the Latest Practicable Date; and

(hh) the Offer Price representing a marginal premium of 1.2% over the closing price of the Shares of S$0.415 as at the Latest Practicable Date;

(ii) in relation to trading liquidity of the Shares:

(aa) the average daily trading volume of the Shares for the 12-, 6-, 3- and one-month periods up to the Last Undisturbed Trading Day representing 0.20%, 0.21%, 0.29% and 0.58% of the free float respectively;

(bb) the average daily trading volume of the Shares for the period after the Last Undisturbed Trading Day and prior to the Pre-Conditional Offer Announcement representing 0.31% of the free float; and

(cc) the average daily trading volume of the Shares for the period after the Pre-Conditional Offer Announcement and up to the Latest Practicable Date representing 0.47% of the free float;

(iii) in relation to the relative performance of the Shares versus the FSTAS Index and the FSTBM Index:

(aa) the outperformance of the Shares against the FSTAS Index in relative terms between mid-October 2017 and up to the Latest Practicable Date after generally underperforming the FSTAS Index between mid-November 2016 and mid-October 2017;

(bb) the underperformance of the Shares against the FSTBM Index in relative terms between mid-November 2016 and mid-May 2017, and then trading relatively in-line with the FSTBM Index until early-September 2017 when it started outperforming the FSTBM Index. Despite the FSTBM Index suffering a sell-off in November 2017, the Shares continued to outperform up to the Latest Practicable Date; and

(cc) the market price of the Shares after the Unsolicited Approach Announcement appearing to be supported by the Unsolicited Approach Announcement and the Offer, and may not be sustained at current levels after the close of the Offer;

(b) a comparison with the book NAV, adjusted NAV and RNAV of the Group as follows:

(i) the Offer Price representing a premium of approximately 7.7% over the unaudited NAV per Share of S$0.390 as at 31 March 2018;

(ii) the Offer Price representing a premium of approximately 10.5% over the Adjusted NAV per Share of S$0.380 as at 31 March 2018; and

(iii) the Offer Price representing a marginal discount of approximately 1.9% to the RNAV per Share of the Group as at 31 March 2018. While the RNAV has been included as a basis of comparison, it is not necessarily a realisable value as the market value of the Appraised Properties may vary depending on, *inter alia*, the prevailing market and economic conditions, and the Group does not have any current plans to dispose of its interests in the Appraised Properties;

(c) a comparison with the valuation statistics of the Comparable Companies as follows:

(i) the historical PER of 26.55 times of the Group as implied by the Offer Price being within the range of historical PERs of the Comparable Companies of between 10.06 times and 139.03 times;

(ii) the historical price-to-NAV ratio of 1.08 times of the Group as implied by the Offer Price being (aa) within the range of historical price-to-NAV ratios of the Comparable Companies of between 0.45 times and 1.30 times and (bb) at a premium of 38.5% and 56.5% over the mean and median historical price-to-NAV ratios of the Comparable Companies of 0.78 times and 0.69 times respectively; and

(iii) the historical EV/EBITDA ratio of 16.03 times of the Group as implied by the Offer Price being (aa) within the range of historical EV/EBITDA ratios of the Comparable Companies of between 3.90 times and 26.95 times, and (bb) at a discount of 15.6% and 38.7% to the mean and median historical EV/EBITDA ratios of the Comparable Companies of 19.00 times and 26.15 times respectively;

(d) a comparison with recent successful privatisation transactions and delisting offers of companies listed on the SGX-ST as follows:

(i) the premium of the Offer Price over the last transacted price of the Shares on the Last Undisturbed Trading Day of 9.1% being (aa) within the range of the corresponding premia of the Take-over Transactions of between 1.6% and 252.9% and (bb) below the corresponding mean and median premia of 26.9% and 23.8% of the Take-over transactions respectively;

(ii) the premium of the Offer Price over the VWAP of the Shares for the 12-, 6-, 3- and one-month periods up to and including the Last Undisturbed Trading Day of 32.9%, 26.5%, 21.4% and 14.1% respectively being (aa) within the range of the corresponding premia of the Take-over Transactions and (bb) below the corresponding mean and median premia of the Take-over transactions across the respective periods;

(iii) the price-to-NAV ratio as implied by the Offer Price of 1.08 times being (aa) within the range of price-to-NAV ratios of the Take-over Transactions of between 0.42 times and 1.54 times and (bb) at a premium of 18.7% and 20.0% over the corresponding mean and median price-to-NAV ratios of the Take-over Transactions of 0.91 times and 0.90 times respectively; and

(iv) the price-to-RNAV ratio as implied by the Offer Price of 0.98 times being (aa) within the range of price-to-NAV ratios of the Take-over Transactions of between 0.42 times and 1.54 times and (bb) at a premium of 7.7% and 8.9% over the corresponding mean and median price-to-NAV ratios of the Take-over Transactions of 0.91 times and 0.90 times respectively;

(e) a comparison with selected take-over transactions whose business activities are similar with those of the Group

(i) the premium of Offer Price over the last transacted price of the Shares on the Last Undisturbed Trading Day and the VWAP of the Shares for the 12-, 6-, 3- and one-month periods up to and including the Last Undisturbed Trading Day being below the corresponding premia of BRC Asia and LTC across the respective period; and

(ii) the price-to-RNAV ratio as implied by the Offer Price of 0.98 times being at a premium of 21.0% and 75.0% over the price-to-RNAV ratios of BRC Asia and LTC respectively;

(f) other relevant considerations as follows:

(i) the historical financial performance and condition of the Group, as set out in paragraph 7.6.1 of this letter;

(ii) the outlook of the Group, as set out in paragraph 7.6.2 of this letter;

(iii) that the Company and its subsidiaries do not have any unutilised tax losses or unabsorbed capital allowances as at the Latest Practicable Date, as set out in paragraph 7.6.3 of this letter;

(iv) that there is likely no material impact to the Group's operations and contractual arrangements arising from the change in shareholding structure, save for certain loan agreements which are subject to the Company maintaining its listing status, as set out in paragraph 7.6.4 of this letter;

(v) that notwithstanding the consistent dividend payout over the last 10 years, there is no assurance that the Company will maintain the level of dividends paid in the past financial years after the completion of the Offer, as set out in paragraph 7.6.5 of this letter;

(vi) that the Offer has turned unconditional, and Shareholders who accept the Offer are assured of receiving the Offer Price in respect of their acceptances of the Offer, as set out in paragraph 7.6.6 of this letter;

(vii) that as the Offeror holds more than 50% of the Company, the Offeror will be in a position to exercise statutory control of the Company which will allow the Offeror the ability to pass all ordinary resolutions on matters in which the Offeror and its related parties do not have an interest in at general meetings of Shareholders, as set out in paragraph 7.6.6 of this letter;

(viii) the limitation on the Offeror to make a second offer to, or acquire any Shares from, any Shareholder on terms better than those made available under the Offer within six (6) months of the Closing Date, as set out in paragraph 7.6.7 of this letter;

(ix) the listing status and compulsory acquisition of the Company, including the implications and consequences in the event of a trading suspension and/or delisting of the Shares, as set out in paragraph 7.6.8 of this letter;

(x) the Offeror's intention to consider delisting the Company from the Mainboard of the SGX-ST and its intention, when entitled, to exercise its right of compulsory acquisition, as set out in paragraph 7.6.8 and 7.6.9 of this letter;

(xi) the implications of delisting of the Company for the Shareholders, as set out in paragraph 7.6.10 of this letter; and

(xii) the absence of alternative take-over offers from third parties as at the Latest Practicable Date, as set out in paragraph 7.6.11 of this letter.

Based on our analysis set out above and after considering all relevant information available to us as at the Latest Practicable Date, from a financial point of view, we are of the opinion that, on balance, the financial terms of the Offer are **fair and reasonable**. Accordingly, we advise the Recommending Directors to recommend that Shareholders **accept** the Offer, unless Shareholders can obtain a price higher than the Offer Price in the open market, taking into account the related expenses such as brokerage and trading costs. However, it should be noted that the Shares have not traded above the Offer Price after the Pre-Conditional Offer Announcement.

Our opinion and advice are addressed to the Recommending Directors for their benefit and for the purposes of their consideration of the Offer. The recommendation to be made by them to the Shareholders in respect of the Offer shall remain the responsibility of the Recommending Directors. Whilst a copy of this letter may be reproduced in the Circular, no other person may reproduce, disseminate or quote this letter (or any part thereof) for any purpose at any time and in any manner without the prior written consent of SAC Capital in each specific case, except for the purpose of the Offer.

This letter is governed by and shall be 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
SAC CAPITAL PRIVATE LIMITED

Bernard Lim Aik Kwang
Director

Chow You Yah
Partner

Annex A

Company	Business description (as extracted from Bloomberg)	Share price as at the Latest Practicable Date (S$)	Market Capitalisation as at the Latest Practicable Date (S$' million)	Financial year-end	Revenue (S$' million)	Net profit/(loss) after tax attributable to shareholders (S$' million)
BRC Asia Limited	BRC Asia Limited designs, manufactures, and markets steel mesh under the BRC brand name. The Company's products include non-standard and customized mesh, a wide range of prefabricated products including beam and column cages, complete prefabricated beam and column reinforcement, staggered mesh, twin wire mesh, and pile cap cages.	1.280	294.4	30 September	311.6	2.1
HG Metal Manufacturing Limited	HG Metal Manufacturing Limited offers different types of steel products used in various industrial and engineering applications, including pipes, mild steel lip channels, plates, bars, tubes, and I-beams. The Company also manufactures customized flat steel bars and mild steel lip channels commonly use as roofing support in commercial and industrial building.	0.370	47.1	31 December	162.6	(11.9)
T T J Holdings Ltd.	T T J Holdings Ltd. designs, manufactures, and assembles structural steelwork for use in the construction of buildings, factories, and plants. The Company operates in Singapore, Malaysia, and the United Arab Emirates.	0.315	110.1	31 July	82.9	10.9
Yongnam Holdings Limited	Yongnam Holdings Limited provides structural steelworks including design, supply and erection of steel frames for aircraft hangars, high rise buildings, commercial and industrial buildings. The Company also operates civil and mechanical engineering businesses.	0.310	162.0	31 December	306.7	(15.8)

Source *Bloomberg L.P., annual reports and/or announcements of the respective companies*

1. DIRECTORS

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

Name	Address	Description
Lee Lin Poey	11 Cassia Drive Raffles Park Singapore (289705)	Executive Chairman
Lee Heng Thiam	28A Olive Road Caldecott Hill Estate Singapore (298266)	Managing Director
Foo Meng Kee	102 Haig Road #03-08 Dunman View Singapore (438798)	Non-Executive Independent Director
Lee Kim Lian, Juliana	1003 Lower Delta Road #16-04 Teresa Ville Singapore (099308)	Non-Executive Independent Director
Kewee Kho	5 Jalan Naga Sari Singapore (288836)	Non-Executive Independent Director

2. REGISTERED OFFICE OF THE COMPANY

The registered office of the Company is at No. 7 Tuas Avenue 16 Singapore 638934.

3. PRINCIPAL ACTIVITIES OF THE COMPANY

The Company was incorporated in the Republic of Singapore on 27 December 1982 and is listed on the Mainboard of the SGX-ST. The principal activities of the Company relate to fabrication of reinforcement steel products for the construction and building industry ("**Business Activities**"). Its reinforcement steel products, including stock lengths, cut-and-bend fabricated bars and steel welded mesh, are used in the domestic construction industry in both public and private sectors, including projects of the Housing Development Board and Singapore Mass Rapid Transit.

4. SHARE CAPITAL OF THE COMPANY

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. Based on a search conducted at the ACRA, the total issued and paid-up share capital of the Company is approximately S$46,957,472.30 comprising 474,551,093 Shares (excluding treasury shares). The Company does not hold any treasury shares.

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 Constitution. An extract of the relevant provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting is reproduced in Appendix F of this Circular. The Constitution is available for inspection at the registered address of the Company at No. 7 Tuas Avenue 16 Singapore 638934. Capitalised terms and expressions not defined in the extract have the meanings ascribed to them in the Constitution and/or the Companies Act.

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 31 December 2017, being the end of the last financial year.

4.4. Convertible instruments

The Company has not issued any other instruments convertible into, rights to subscribe for, and options in respect of, Shares and securities which carry voting rights affecting Shares that are outstanding as at the Latest Practicable Date.

5. SUMMARY OF FINANCIAL INFORMATION

5.1. Consolidated statements of comprehensive income

A summary of the audited consolidated statement of comprehensive income of the Group for FY2015, FY2016 and FY2017 and the unaudited financial information of the Group for 1QFY2018 is set out below.

Consolidated Statement of Comprehensive Income

(S$'000)

	Unaudited 1QFY2018	Audited FY2017	Audited FY2016	Audited FY2015
Turnover	100,447	338,996	318,597	445,443
Exceptional items	-	-	-	-
Net profit/loss before tax	3,536	7,119	14,847	18,369
Net profit/loss after tax	2,871	7,506	13,312	15,573
Net earnings per share (cents)	0.60	1.58	2.81	3.28
Net dividends per share (cents)	_	2.00	2.00	2.00

The above summary should be read together with the annual reports, the audited consolidated financial statements of the Group for the relevant years, and the related notes thereto, copies of which are available for inspection at the registered office of the Company at No. 7 Tuas Avenue 16 Singapore 638934 during normal business hours.

The unaudited financial information of the Group for 1QFY2018 is set out in fuller detail in Appendix E of this Circular.

5.2. Statement of financial position

A summary of the audited consolidated statement of financial position of the Group as at 31 December 2017 is set out below.

Statement of Financial Position **S$'000**	**Audited as at 31-Dec-17**
Non-Current assets	
Investment properties	2,530
Properties, plant and equipment	50,836
Investment in associate	1,704
Club memberships	379
Deferred tax assets	109
Total non-current assets	55,558
Current assets	
Inventories	161,204
Trade receivables	71,870
Other receivables and deposits	3,275
Prepayments	202
Fixed deposits	23,221
Bank balances and cash	28,811
Assets held for sale	42,028
Total current assets	330,611
Current liabilities	
Trade payables	49,098
Bills payable to banks (secured)	121,743
Other payables and accruals	5,872
Advance payment from customers	2,308
Provision for onerous contracts	13,387
Forward exchange contracts	1,337
Hire purchase creditors	3,480
Income tax payable	2,446
Total current liabilities	199,671
Net current assets	130,940
Non-current liabilities	
Hire purchase creditors	3,594
Deferred tax liabilities	290

Total non-current liabilities	3,884
Net Assets	**182,614**
Represented by	
Share capital	46,473
Retained earnings	140,626
Foreign currency translation reserve	(4,485)
Attributable to equity holders of the Company	182,614

The above summary should be read together with the annual report for FY2017, the audited consolidated statements of financial position of the Group for FY2017, which are set out in Appendix D of this Circular, and the related notes thereto.

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 FY2017, which are reproduced in Appendix D of this Circular.

Save as disclosed in this Circular and publicly available information on the Group (including but not limited to that contained in the audited financial statements of the Group for FY2017 and Sections 4 and 5 of the unaudited financial information of the Group for 1QFY2018), there are no significant accounting policies or any points from the notes to the financial statements which are of major relevance for the interpretation of the accounts.

5.4. Changes in accounting policies

The Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), on 1 January 2018 and has prepared its first set of financial information under SFRS(I)s for the unaudited financial information of the Group for 1QFY2018. In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International).

The Group has not elected any optional exemption on the first-time adoption of SFRS(I)s. There is no significant impact to the Group's opening balance sheet as at 1 January 2017 on the date of transition to SFRS(I)s. In addition, for the unaudited financial information of the Group for 1QFY2018, the Group and the Company have adopted the new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from financial year beginning 1 January 2018. The adoption of these SFRS(I)s, amendments and interpretations of SFRS(I)s did not have any significant impact on the financial statements of the Group.

Save as disclosed above, the Group has applied the same accounting policies and methods of computation as with those in the audited financial statements of the Group for FY2017 and 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

Save as disclosed in this Circular and publicly available information on the Company (including but not limited to announcements released by the Company in respect of its financial results such as the unaudited financial information of the Group for 1QFY2018 as announced on 14 May 2018 and set out in Appendix E of this Circular), there are no known material changes in the financial position of the Company as at the Latest Practicable Date since 31 December 2017, being the date to which the Company's last published audited financial statements were made up.

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 direct or deemed interests in any Offeror Securities;

(b) save as disclosed below, none of the Directors has any direct or deemed interests in any Offeror Securities:

Name	**No. of Shares**					
	Direct Interest		**Deemed Interest**		**Total Interest**	
	No. of Shares	**%(1)**	**No. of Shares**	**%(1)**	**No. of Shares**	**%(1)**
Mr. Lee Lin Poey	NIL	N.A.	200(2)	NM(3)	200(2)	NM(3)

Notes:

(1) Calculated based on a total of 231,661,689 issued shares of the Offeror (excluding treasury shares) as at the Latest Practicable Date and rounded to the nearest two decimal places.

(2) Mr. Lee Lin Poey is deemed to be interested in 200 shares in the capital of the Offeror held by his wife, Ms Tan Peck Bee.

(3) Not meaningful.

(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 and in this Circular, as at the Latest Practicable Date, none of the Directors has any direct or deemed interests in any Company Securities:

Name	**No. of Shares**					
	Direct Interest		**Deemed Interest**		**Total Interest**	
	No. of Shares	**%(1)**	**No. of Shares**	**%(1)**	**No. of Shares**	**%(1)**
Mr. Foo Meng Kee	1,200,000	0.25	NIL	N.A.	1,200,000	0.25
Mr. Lee Lin	83,888,608(2)	17.68(2)	NIL	N.A.	83,888,608(2)	17.68(2)

Poey						
Mr. Lee Heng Thiam	46,597,471[(2)]	9.82[(2)]	NIL	N.A.	46,597,471[(2)]	9.82[(2)]

Notes:

(1) Calculated based on a total of 474,551,093 issued Shares (excluding treasury shares) as at the Latest Practicable Date and rounded to the nearest two decimal places.

(2) On 11 May 2018, Mr. Lee Lin Poey and Mr. Lee Heng Thiam had accepted the Offer in respect of the respective Shares held by each of them, but the transfer of the said Shares pursuant to the foregoing has yet to be completed as at the Latest Practicable Date.

(e) save as disclosed below, none of the Directors has dealt for value in any Company Securities during the Relevant Period:

Director	**Transaction Date**	**Nature of Transaction**	**Number of Shares Traded**	**Aggregate Transaction Price (S$)**
Mr. Lee Lin Poey	11 May 2018[(1)]	Acceptance of Offer	83,888,608	35,233,215.36
Mr. Lee Heng Thiam	11 May 2018[(1)]	Acceptance of Offer	46,597,471	19,570,937.82

Notes:

(1) On 11 May 2018, Mr. Lee Lin Poey and Mr. Lee Heng Thiam had accepted the Offer in respect of the respective Shares held by each of them, but the transfer of the said Shares pursuant to the foregoing has yet to be completed as at the Latest Practicable Date.

7.2. Directors' intentions in relation to the Offer

The following Directors who have direct or deemed interests in the Shares have informed the Company of their intentions in respect of the Offer as follows:

(a) Mr. Lee Lin Poey has given an Irrevocable Undertaking to, *inter alia,* accept the Offer in respect of all the Shares held by him, within five (5) calendar days of receiving the Offer Document, and had so accepted the Offer on 11 May 2018. Transfer of the said Shares pursuant to the foregoing has yet to be completed as at the Latest Practicable Date;

(b) Mr. Lee Heng Thiam has given an Irrevocable Undertaking to, *inter alia,* accept the Offer in respect of all the Shares held by him, within five (5) calendar days of receiving the Offer Document, and had so accepted the Offer on 11 May 2018. Transfer of the said Shares pursuant to the foregoing has yet to be completed as at the Latest Practicable Date; and

(c) Mr. Foo Meng Kee has informed the Company that he intends to accept the Offer in respect of his own Shares.

7.3. Directors' service contracts

As at the Latest Practicable Date, (i) there 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) there are 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 period between the start of six (6) months preceding the Pre-Conditional Offer Announcement Date and the Latest Practicable Date.

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) each of the Undertaking Shareholders has further undertaken under the Irrevocable Undertakings that, subject to the Offer turning unconditional, for a period of five (5) calendar years from date of completion of the transfer of the Shares held by such Undertaking Shareholder, he or she shall not and shall procure that his or her Irrevocable Undertakings Associates shall not, directly or indirectly: (i) carry on any business within Singapore in competition with the Business Activities; or (ii) solicit or entice away, or attempt to solicit or entice away from any Group company: (1) any employee of the Group; or (2) the custom or patronisation of any key customer, or persuade or attempt to persuade any key supplier to cease to do business or to reduce the amount of business which such supplier has with the Group, unless he or she has obtained prior written consent to do so;

(c) save for the Irrevocable Undertakings and as set out in Section 7.4(b) above, 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

(d) save as disclosed in Sections 7 (Disclosure of Interests of the Company and the Directors) of this Appendix B, and the Irrevocable Undertakings and the documents which were executed or are to be executed in relation to the Irrevocable Undertakings entered into by each of Mr. Lee Lin Poey and Mr. Lee Heng Thiam, none of the Directors has a 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 or any of the funds whose investments are managed by the IFA on a discretionary basis, owns or controls any Company Securities as at the Latest Practicable Date, or has dealt with any Company Securities during the Relevant Period.

9. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, there have been 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, during the three (3) years preceding the Pre-Conditional 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.

11. VALUATION REPORTS

The Company has commissioned Cushman & Wakefield VHS Pte. Ltd., an independent valuer, to conduct an independent valuation of the Group's significant properties (the "**Appraised Properties**"). A summary of the valuation reports from Cushman & Wakefield VHS Pte. Ltd. is set out in Appendix G to this Circular.

Under Rule 26.3 of the Code, the Company is required, *inter alia*, to make an assessment of any potential tax liability which would arise if the assets, which are the subject of a valuation given in connection with an offer, were to be sold at the amount of the valuation.

Assuming the hypothetical disposal of the Group's property located at 32G Nassim Road, Singapore 258414 (the "**Nassim Road Property**") at the market value of S$26.5 million on an 'as-is' basis ascribed by Cushman & Wakefield VHS Pte. Ltd., a potential tax liability of approximately S$0.4 million may be incurred by the Group.

Assuming the hypothetical disposal of the Nassim Road Property at the gross development value of S$37.5 million ascribed by Cushman & Wakefield VHS Pte. Ltd., a potential tax liability of approximately S$0.7 million may be incurred by the Group after taking into account related costs for redevelopment of the Nassim Road Property.

In respect of the remaining Appraised Properties which are held for the Group's principal business activity, it is expected that there will be no potential tax liability, assuming the hypothetical sale of such properties, as any gain or loss on disposal is capital in nature.

The aforesaid tax liability will not crystallise if the Group does not dispose of its interests in the Nassim Road Property. As at the Latest Practicable Date, the Company has no immediate plans to dispose of its interests in any of the Appraised Properties.

As such, the aforesaid tax liability in respect of the Appraised Properties are not likely to crystallise.

APPENDIX C - ADDITIONAL INFORMATION ON THE OFFEROR

The following information on the Offeror has been extracted from Appendix 3 of the Offer Document and set out below.

"1. DIRECTORS

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

Name	***Address***	***Description***
Teo Ser Luck	*c/o 350 Jalan Boon Lay, Singapore 619530*	*Chairman and Independent Director*
Seah Kiin Peng	*c/o 350 Jalan Boon Lay, Singapore 619530*	*Executive Director*
Xu Jiguo	*c/o 350 Jalan Boon Lay, Singapore 619530*	*Executive Director*
Zhang Xingwang	*c/o 350 Jalan Boon Lay, Singapore 619530*	*Executive Director*
Joel Leong Kum Hoe	*c/o 350 Jalan Boon Lay, Singapore 619530*	*Independent Director*
He Jun	*c/o 350 Jalan Boon Lay, Singapore 619530*	*Independent Director*

2. PRINCIPAL ACTIVITIES AND SHARE CAPITAL

The Offeror is an established pioneer in prefabricated steel reinforcement, which has been listed on the SGX-ST Mainboard since 2000 with its registered office at 350 Jalan Boon Lay Singapore 619530. As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S$121,701,221 divided into 231,661,689 ordinary shares (including 1,626,600 treasury shares). Esteel is the major controlling shareholder of the Offeror which holds 167,795,536 shares (comprising 72.94% of the issued shares excluding treasury shares) in the Offeror.

Since its incorporation in 1938, the Offeror has developed its expertise to become a leading provider of Just-In-Time Total Reinforcing Steel Solutions to the Singapore construction sector. The Offeror currently operates in Singapore, Malaysia and the PRC with more than 700 employees. In Singapore, the Offeror operates out of three factories and a storage area spanning a total land area of about 80,000 square metres. These facilities are equipped with state-of-the-art mesh welding machines as well as fully automated shear lines, benders and other ancillary equipment for the fabrication of a full range of steel reinforcement products designed to help builders construct Better, Faster, Cheaper. The Offeror is an ISO 9001:2015 certified and bizSAFE Level Star company.

Additional information on the Offeror can be found at its website at www.brc.com.sg.

3. SUMMARY OF FINANCIAL PERFORMANCE

*Certain financial information extracted from the audited consolidated statements of comprehensive income of the Offeror Group for FY2015, FY2016 and FY2017 as well as the unaudited consolidated statements of comprehensive income of the Offeror Group for 1Q2018 is set out in the table below. The financial information should be read in conjunction with, the audited consolidated financial statements of the Offeror Group for FY2015, FY2016 and FY2017 and the unaudited consolidated financial statements of the Offeror Group for 1Q2018 (copies of which are available for inspection as mentioned in **Paragraph 5** of **Appendix 6** to this Offer Document).*

	FY2015 (S$'000)	*FY2016 (S$'000)*	*FY2017 (S$'000)*	*1Q2018 (S$'000)*
Revenue	*384,927*	*346,752*	*311,626*	*100,895*
Exceptional items	*-*	*-*	*-*	*-*
Profit before tax	*18,486*	*10,143*	*3,625*	*3,235*
Profit after tax, attributable to				
- Owners of the Offeror	*15,461*	*8,343*	*2,118*	*2,587*
- Non-controlling interests	*(58)*	*(2)*	*355*	*246*
	15,403	*8,341*	*2,473*	*2,833*
Earnings per share (cents)				
- Basic	*8.27*	*4.47*	*1.14*	*1.39*
- Diluted	*8.06*	*4.46*	*1.14*	*1.39*

A summary of the net dividend per share of the Offeror declared for each of FY2015, FY2016, FY2017 and 1Q2018 is set out below:

	FY2015 (S$'000)	*FY2016 (S$'000)*	*FY2017 (S$'000)*	*1Q2018 (S$'000)*
Net dividend per share[(1)] (cents)	*4.5*	*2.4*	*-*	*-*

***Note**:*

(1) On 21 August 2015, the Offeror completed a share consolidation of every five existing issued ordinary shares of the Offeror into one ordinary share. Where applicable, the net dividend per share has been adjusted for the effects of the share consolidation.

4. SUMMARY OF FINANCIAL POSITION

*A summary of the audited consolidated statement of financial position of the Offeror Group as at 30 September 2017 and the unaudited consolidated statement of financial position of the Offeror Group as at 31 December 2017 is set out in the table below. The summary is extracted from, and should be read in conjunction with, the audited consolidated financial statements of the Offeror Group for FY2017 and the unaudited consolidated financial statements of the Offeror Group for 1Q2018 (copies of which are available for inspection as mentioned in **Paragraph 5** of **Appendix 6** to this Offer Document).*

	FY2017 (S$'000)	*1Q2018 (S$'000)*
Non-current assets	*110,614*	*115,497*
Current assets	*212,215*	*249,279*
Total assets	*322,829*	*364,776*
Non-current liabilities	*17,965*	*14,303*
Current liabilities	*136,687*	*174,946*

Total Liabilities	*154,652*	*189,249*
Net assets	***168,177***	***175,527***
Share Capital	*68,011*	*71,511*
Treasury shares	*(1,105)*	*(1,105)*
Other reserves	*(1,879)*	*(2,599)*
Retained earnings	*102,728*	*106,200*
Non-controlling interests	*422*	*1,520*
Total equity	***168,177***	***175,527***

5. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save for the financing of the Offer and as disclosed in this Offer Document and save for information on the Offeror Group, which is publicly available (including without limitation, the announcements released by the Offeror on the SGX-ST and the unaudited consolidated financial statements of the Offeror Group for 1Q2018) and as may be announced by the Offeror from time to time, there have not been, to the best knowledge of the Offeror, any material changes in the financial position of the Offeror since 30 September 2017, being the date of the last audited consolidated financial statements of the Offeror.

6. SIGNIFICANT ACCOUNTING POLICIES

*The audited consolidated financial statements of the Offeror Group for FY2017 have been prepared in accordance with the Companies Act and the Singapore Financial Reporting Standards. The significant accounting policies of the Offeror are set out in Note 2 to the audited consolidated financial statements of the Offeror for FY2017 (a copy of which is enclosed in **Appendix 8** to this Offer Document).*

7. CHANGES IN ACCOUNTING POLICIES

*As at the Latest Practicable Date, there has been no change in the accounting policies of the Offeror which will cause the figures set out in **Paragraphs 3 and 4** of this **Appendix 3** to be not comparable to a material extent.*

8. REGISTERED OFFICE

The registered office of the Offeror is at 350 Jalan Boon Lay, Singapore 619530."

APPENDIX D - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

The audited consolidated financial statements of the Group for FY2017 which are set out below have been reproduced from the Company's annual report for FY2017, and were not specifically prepared for inclusion in this Circular.

All capitalised terms used in Note 2 to the audited consolidated financial statements of the Group for FY2017 set out below shall have the same meanings given to them in the annual report of the Company for FY2017.

A copy of the annual report of the Company for FY2017 is available for inspection at the registered address of the Company at No. 7 Tuas Avenue 16 Singapore 638934, during normal business hours until the Extended Closing Date.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Lee Metal Group Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position, income statement, statement of comprehensive income and statement of changes in equity of the Company for the financial year ended 31 December 2017.

Opinion of the directors

In the opinion of the directors,

(a) the accompanying statements of financial position, income statements, statements 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 financial position of the Group and of the Company as at 31 December 2017 and of the financial performance, changes in equity and cash flows of the Group and the financial performance and changes in equity of the Company for the year ended on that date, and

(b) 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.

Directors

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

Lee Lin Poey	(Executive Chairman)
Lee Heng Thiam	(Managing Director)
Foo Meng Kee	
Lee Kim Lian, Juliana	
Kewee Kho	

Arrangements to enable directors to acquire shares and debentures

Except as described below, 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 objects 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' STATEMENT
(CONTINUED)

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest			Deemed interest		
	At 1 January 2017	At 31 December 2017	At 21 January 2018	At 1 January 2017	At 31 December 2017	At 21 January 2018
Lee Metal Group Ltd						
Ordinary shares						
Lee Lin Poey	83,888,608	83,888,608	83,888,608	–	–	–
Lee Heng Thiam	46,597,471	46,597,471	46,597,471	–	–	–
Foo Meng Kee	1,200,000	1,200,000	1,200,000	–	–	–

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning or at the end of the financial year.

Audit committee

The audit committee performed the functions specified in Section 201B(5) of the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Statement of Corporate Governance. The audit committee comprises three members, all of whom are non-executive and independent directors. The members of the audit committee are:

Foo Meng Kee	Chairman and Independent Director
Lee Kim Lian, Juliana	Independent Director
Kewee Kho	Independent Director

DIRECTORS' STATEMENT
(CONTINUED)

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors,

Lee Lin Poey
Director

Lee Heng Thiam
Director

Singapore
23 March 2018

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEE METAL GROUP LTD

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Lee Metal Group Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statement of financial position of the Group and the Company as at 31 December 2017, the statements of changes in equity, the consolidated income statements and consolidated statements of comprehensive income of the Group and the Company and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position, income statement, statement of comprehensive income and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and financial performance and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibility for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

Impairment of trade receivables

Trade receivable balances were significant to the Group as they represent 22% of the Group's current assets. The Group mainly sells to companies in the construction industry and as such, any unfavourable changes in the market condition of the construction industry could adversely affect the recoverability of trade receivables of the Group, which may then give rise to the need to provide for impairment of the amounts due. The impairment of trade receivables requires significant management judgment to assess customers' ability to pay. Consequently, we determined that this is a key audit matter.

Our procedures to address this audit matter include:

- Evaluated the Group's processes and controls for monitoring and identifying trade receivables with collection risks
- Reviewed aged and major receivable balances for collectability by obtaining evidence of subsequent receipts after year-end and reviewing customers' past payment history
- Reviewed management's justification on the adequacy of the amount of impairment made and assumptions used to calculate the trade receivables impairment amount, notably through analyses of trade receivables ageing trends, assessment of significant individual amounts that have been long overdue and reviewing correspondences with customers on expected settlement dates
- Assessed the adequacy of the Group's disclosures on the trade receivables and the related risks such as liquidity risk and credit risk in Notes 36 (b) and 36 (d) to the financial statements

Provision for onerous contracts

The Group enters into long-term supply contracts to secure the steels required to produce the products for its customers. Steel quantities, prices and delivery periods are committed under these contracts and as such, any adverse fluctuations in the market prices of steel may turn a favourable contract into an unfavourable onerous contract.

As at 31 December 2017, the Group recognised provisions for onerous contracts amounting to $13.4 million. Provisions for onerous contracts are influenced by the market prices for steel, the length of contracts period and volume which the Group has committed as at year end and the date when the Group's customers draw down the products under those contracts. The provision for onerous contracts required management to exercise significant judgment. Consequently, we determined that this is a key audit matter.

Our procedures to address this audit matter include:

- Evaluated the Group's process for identifying onerous contracts
- Tested the completeness of this identification against open sales order and current year sales as well as through analysis of the underlying contracts in place
- Evaluated management's assessment for the mismatches in contracted price and volume between the Group's committed supply contracts and sales contracts and the unavoidable costs in meeting the obligations under these contracts

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

Provision for onerous contracts (cont'd)

- Checked the mathematical accuracy of management computation of the provision for onerous contracts
- Assessed the adequacy of the Group's disclosures on provision for onerous contracts in Note 25 of the financial statements

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act and FRSs, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

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 subsidiary corporations incorporated in Singapore of which we are the auditor have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Philip Ng Weng Kwai.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

23 March 2018

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group		Company	
		2017	2016	2017	2016
		$	$	$	$
Turnover	4	338,996,358	318,596,788	–	–
Other operating income	5	2,059,995	675,687	16,147,149	10,029,403
Changes in inventories of finished goods and work-in-progress, raw materials and consumables used and finished goods purchased		(280,928,663)	(248,429,435)	–	–
Employee benefits expense	6	(19,565,529)	(21,718,838)	(301,122)	(271,257)
Depreciation and amortisation expense		(9,987,233)	(10,763,833)	(163,298)	(164,843)
Insurance, freight and transportation		(2,604,207)	(3,700,652)	–	–
Rental and utilities		(6,212,628)	(6,428,367)	(205,726)	(214,107)
Repair and maintenance		(2,661,392)	(3,316,316)	(15,813)	(18,763)
Other operating expenses	7	(10,313,669)	(8,845,684)	(530,750)	(573,170)
Finance expenses	8	(2,123,388)	(1,537,202)	–	–
Finance income	9	500,984	215,292	285,531	46,747
Share of results of associate		(41,306)	99,061	–	–
Profit before tax	10	7,119,322	14,846,501	15,215,971	8,834,010
Income tax credit/(expense)	11	386,306	(1,534,551)	(93,353)	(53,591)
Profit for the year attributable to owners of the Company		7,505,628	13,311,950	15,122,618	8,780,419
Earnings per share, basic and diluted	12	1.58 cents	2.81 cents		

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group		Company	
		2017 $	2016 $	2017 $	2016 $
Profit for the year		7,505,628	13,311,950	15,122,618	8,780,419
Other comprehensive income:					
Item that may be reclassified subsequently to profit or loss					
- Foreign currency translation	31	(1,038,685)	323,355	–	–
- Foreign currency translation reclassified to profit or loss upon liquidation of a subsidiary	31	758,982	–	–	–
Other comprehensive income for the year, net of tax		(279,703)	323,355	–	–
Total comprehensive income for the year		7,225,925	13,635,305	15,122,618	8,780,419
Total comprehensive income for the year attributable to owners of the Company		7,225,925	13,635,305	15,122,618	8,780,419

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	Group 2017 $	Group 2016 $	Company 2017 $	Company 2016 $
ASSETS					
Non-current assets					
Property, plant and equipment	13	50,836,096	53,749,722	3,821,463	3,975,670
Investment properties	14	2,530,250	1,918,105	–	–
Investment in subsidiaries	15	–	–	17,680,820	20,380,818
Investment in associate	16	1,704,048	1,745,354	–	–
Club memberships	17	379,256	440,489	117,434	126,525
Deferred tax assets	29	108,567	693,187	–	–
		55,558,217	58,546,857	21,619,717	24,483,013
Current assets					
Assets held for sale	18	42,027,675	14,424,017	–	–
Inventories	19	161,204,370	79,175,857	–	–
Trade receivables	20	71,869,721	57,128,988	–	–
Other receivables and deposits	20	3,275,599	250,385	12,710	8,010
Prepayments		201,867	635,038	4,722	4,079
Forward currency contracts	26	–	600,000	–	–
Due from subsidiaries (non-trade)	20	–	–	29,706,673	18,509,486
Cash and bank balances	21	28,811,174	69,081,274	498,241	1,271,588
Fixed deposits	21	23,220,667	28,758,329	6,506,559	8,500,032
		330,611,073	250,053,888	36,728,905	28,293,195
Total assets		386,169,290	308,600,745	58,348,622	52,776,208

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017
(CONTINUED)

	Note	Group		Company	
		2017	2016	2017	2016
		$	$	$	$
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	22	49,097,666	4,382,636	24,622	23,277
Bills payable to banks (secured)	23	121,742,867	77,310,718	–	–
Other payables and accruals	24	5,872,260	9,853,983	263,740	283,266
Advance payment from customers		2,307,800	354,150	–	–
Provision for onerous contracts	25	13,387,092	14,287,092	–	–
Forward exchange contracts	26	1,337,155	–	–	–
Hire purchase creditors	27	3,480,304	4,801,789	–	–
Bank term loans (secured)	28	–	2,708,333	–	–
Income tax payable		2,446,215	5,231,046	262,549	315,575
		199,671,359	118,929,747	550,911	622,118
Net current assets		130,939,714	131,124,141	36,177,994	27,671,077
Non-current liabilities					
Hire purchase creditors	27	3,593,738	4,513,733	–	–
Deferred tax liabilities	29	289,783	277,757	289,783	277,757
		3,883,521	4,791,490	289,783	277,757
Total liabilities		203,554,880	123,721,237	840,694	899,875
Net assets		182,614,410	184,879,508	57,507,928	51,876,333
Equity attributable to owners of the Company					
Share capital	30	46,472,892	46,472,892	46,472,892	46,472,892
Retained earnings		140,626,813	142,612,208	11,035,036	5,403,441
Foreign currency translation reserve	31	(4,485,295)	(4,205,592)	–	–
Total equity		182,614,410	184,879,508	57,507,928	51,876,333
Total equity and liabilities		386,169,290	308,600,745	58,348,622	52,776,208

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Attributable to owners of the Company			
	Note	Share capital (Note 30) $	Foreign currency translation reserve (Note 31) $	Retained earnings $	Total equity $
Group					
Balance at 1 January 2016		46,472,892	(4,528,947)	138,791,281	180,735,226
Profit for the year		–	–	13,311,950	13,311,950
Other comprehensive income for the year		–	323,355	–	323,355
Total comprehensive income for the year, net of tax		–	323,355	13,311,950	13,635,305
Distributions to owners:					
Dividends on ordinary shares	32	–	–	(9,491,023)	(9,491,023)
Balance at 31 December 2016 and 1 January 2017		46,472,892	(4,205,592)	142,612,208	184,879,508
Profit for the year		–	–	7,505,628	7,505,628
Other comprehensive income for the year		–	(279,703)	–	(279,703)
Total comprehensive income for the year, net of tax		–	(279,703)	7,505,628	7,225,925
Distributions to owners:					
Dividends on ordinary shares	32	–	–	(9,491,023)	(9,491,023)
Balance at 31 December 2017		46,472,892	(4,485,295)	140,626,813	182,614,410

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

	Note	Attributable to owners of the Company Share capital (Note 30) $	Retained earnings $	Total equity $
Company				
Balance at 1 January 2016		46,472,892	6,114,045	52,586,937
Profit for the year		–	8,780,419	8,780,419
Total comprehensive income for the year, net of tax		–	8,780,419	8,780,419
Distributions to owners:				
Dividends on ordinary shares	32	–	(9,491,023)	(9,491,023)
Balance at 31 December 2016 and 1 January 2017		46,472,892	5,403,441	51,876,333
Profit for the year		–	15,122,618	15,122,618
Total comprehensive income for the year, net of tax		–	15,122,618	15,122,618
Distributions to owners:				
Dividends on ordinary shares	32	–	(9,491,023)	(9,491,023)
Balance at 31 December 2017		46,472,892	11,035,036	57,507,928

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
		$	$
Operating activities			
Profit before tax		7,119,322	14,846,501
Adjustments for:			
Amortisation of club memberships	17	61,233	62,432
Depreciation of property, plant and equipment	13	9,882,896	10,658,297
Depreciation of investment property	14	43,104	43,104
Property, plant and equipment written off	7	–	222,960
(Gain)/loss on disposal of property, plant and equipment	5, 7	(102,197)	36,865
Gain on disposal of club memberships		–	(41,175)
Loss on disposal of subsidiary	7	758,981	–
Interest expense	8	2,123,388	1,537,202
Interest income	9	(500,984)	(215,292)
Fair value loss/(gain) on forward exchange contracts, net	10	1,937,155	(85,469)
Foreign currency translation adjustments		(785,689)	296,521
Share of results of associate		41,306	(99,061)
(Write-back of)/provision for onerous contracts	10	(900,000)	6,788,000
Bad debt written off	7	387,862	6,429
(Write-back of)/impairment loss of trade receivables	5, 7	(740,304)	1,142,765
Bad debt recovered	5	(7,168)	(19,958)
Operating cash flows before changes in working capital		19,318,905	35,180,121
Decrease/(Increase) in:			
Inventories		(82,028,513)	10,262,506
Trade receivables		(14,758,568)	10,603,813
Other receivables and deposits		(3,025,214)	255,635
Prepayments		433,171	498,303
(Decrease)/Increase in:			
Trade payables		44,715,030	(21,472,961)
Other payables and accruals		(2,081,496)	(52,234)
Cash flows (used in)/from operations		(37,426,685)	35,275,183
Interest paid		(2,123,388)	(1,537,202)
Interest received		276,604	215,292
Income taxes paid		(1,801,879)	(2,853,619)
Net cash flows (used in)/from operating activities		(41,075,348)	31,099,654

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

	Note	2017 $	2016 $
Investing activities			
Proceeds from disposal of property, plant and equipment		362,869	8,971
Purchase of asset held for sale		(27,603,658)	(1,581,208)
Purchase of property, plant and equipment	13	(4,319,846)	(2,812,486)
Proceeds from disposal of club memberships		–	150,000
Net cash flows used in investing activities		(31,560,635)	(4,234,723)
Financing activities			
Decrease in fixed deposits – pledged		–	450,227
Increase in bills payable to banks		44,432,149	3,543,356
Repayment of bank term loans		(2,708,333)	(14,150,000)
Repayment of hire purchase liabilities, net		(5,151,615)	(5,421,352)
Dividends paid on ordinary shares	32	(9,491,023)	(9,491,023)
Net cash flows provided by/(used in) financing activities		27,081,178	(25,068,792)
Net (decrease)/increase in cash and cash equivalents		(45,554,805)	1,796,139
Effect of exchange rate changes on cash and cash equivalents		(252,957)	36,203
Cash and cash equivalents at beginning of year		97,839,603	96,007,261
Cash and cash equivalents at end of year	21	52,031,841	97,839,603

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

1. Corporate information

Lee Metal Group Ltd (the "Company") is a limited liability company domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). The registered office and principal place of business of the Company is located at No. 7 Tuas Avenue 16, Singapore 638934.

The principal activities of the Company are those of steel merchandising (including international trading of steel and related products), fabrication, metal recycling, property development and investment. The principal activities of its subsidiaries are disclosed in Note 15 of the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the statement of financial position, income statement, statement of comprehensive income 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 $), except when otherwise indicated.

Convergence with International Financial Reporting Standards

The Accounting Standard Council announced on 29 May 2014 that Singapore incorporated companies listed on the SGX-ST will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the Singapore Financial Reporting Standards (International) ("SFRS(I)s") on 1 January 2018.

The Group has performed an assessment of the impact of adopting SFRS(I)s. Other than the adoption of the new standards that are effective on 1 January 2018, the Group expects that the adoption of SFRS(I)s will have no material impact on the financial statements in the year of initial application. The Group expects that the impact of adopting the new standards that are effective on 1 January 2018 will be similar to that disclosed in Note 2.3.

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 January 2017. 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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

2. Summary of significant accounting policies (cont'd)

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*
Amendments to FRS 102 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to FRS 40 Transfers of *Investment Property*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019
Improvement to FRSs (December 2016)	
- Amendments to FRS 28 *Investments in Associates and Joint Ventures*	1 January 2018
INT FRS 122: *Foreign Currency Transactions and Advance Consideration*	1 January 2018
INT FRS 123: *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to FRS 109 *Prepayment Features with Negative Compensation*	1 January 2019
Improvements to FRSs (March 2018)	
- Amendments to FRS 12 Income Taxes	1 January 2019
- Amendments to FRS 23 Borrowing Costs	1 January 2019
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*	Date to be determined

Except for FRS 115, FRS 109 and FRS 116, 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 115, FRS 109 and FRS 116 are described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract costs guidance. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has performed a preliminary impact assessment of adopting FRS 115 based on currently available information. The assessment may be subject to changes arising from ongoing analysis until the Group adopts FRS 115 in 2018.

The Group plans to apply the changes in accounting policies retrospectively to each reporting year presented, using the full retrospective approach. The Group also plans to apply the following practical expedients:

- For completed contracts, the Group plans not to restate completed contracts that begin and end within the same year or are completed contracts as at 1 January 2017, and
- For completed contracts that have variable consideration, the Group plans to use the transaction price at the date the contract was completed instead of estimating variable consideration amounts in the comparative year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

2. Summary of significant accounting policies (cont'd)

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

FRS 115 *Revenue from Contracts with Customers (cont'd)*

The Group is in a business of providing sale of manufactured reinforcing mesh, other manufactured mesh and fabricated reinforcing bars and trading of steel and metal materials and/or products. The Group expects the following impact upon adoption of FRS 115:

Variable consideration

The selling price for certain sales contracts with customers is not fixed at the point of contract. The selling price is adjusted to the published index for the month when the goods are delivered. Such provisions give rise to variable consideration under FRS 115. The Group currently recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowance, trade discounts and volume rebates. If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. Under FRS 115, variable consideration is estimated and constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty is subsequently resolved.

The Group is currently assessing the contracts to determine the estimated variable consideration and related constraint on adoption of FRS 115.

Timing of revenue recognition

The Group has certain sales contracts for which the Group has enforceable rights to payments based on selling price upon commencement of production and the Group has no alternative use for the products that are processed according to the customers' specification. Currently, the Group recognises sales upon delivery of goods to customers. Under FRS 115, the performance obligation for such sales are satisfied over time. Based on preliminary assessment performed, management does not expect material difference in revenue recognition due to the short production turnaround time. The Group is currently assessing the contracts to determine the potential increase in revenue and cost of sales on adoption of FRS 115.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

2. Summary of significant accounting policies (cont'd)

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

FRS 109 *Financial Instruments (cont'd)*

FRS 109 requires the Group and the Company to record expected credit losses on all of its trade and other receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Based on preliminary assessment, the Group does not expect material financial impact upon application of the expected credit loss model on its trade receivables.

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

2.4 ***Basis of consolidation***

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;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation (cont'd)***

- 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 retained earnings, as appropriate.

2.5 ***Foreign currency***

The 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 terms of 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.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

2. Summary of significant accounting policies (cont'd)

2.6 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold properties	Over the remaining period of lease ranging from 10 years to 27 years
Leasehold improvement	5 to 10 years
Plant and machinery	5 to 10 years
Furniture and fittings	5 years
Office equipment	5 to 10 years
Computers	3 to 5 years
Motor vehicles	5 to 10 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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 on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

Fully depreciated assets are retained in the accounts until they are no longer in use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

2. Summary of significant accounting policies (cont'd)

2.7 ***Investment property***

Investment property is a property that is either owned by the Group or leased under a finance lease that is held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment property is initially measured at cost, including transaction costs and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses.

Investment property held by the Group is a leasehold property with remaining lease term of 46 years. Depreciation on leasehold property is computed using the straight-line method to allocate their depreciable amount over the remaining lease term.

The carrying value of investment property is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. When cost model is adopted, transfers between properties do not change the carrying amount of the property transferred and the cost of the property remain unchanged for measurement or disclosure purposes.

2.8 ***Intangible assets – club memberships***

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed as finite.

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. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

2. Summary of significant accounting policies (cont'd)

2.8 ***Intangible assets – club memberships (cont'd)***

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.

Club memberships were acquired separately and is amortised on a straight-line basis over its finite useful life of between 22 to 25 years.

2.9 ***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 indication exists, or when an annual impairment testing for an asset 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 of disposal 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. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

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 increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.10 ***Subsidiaries***

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

2. Summary of significant accounting policies (cont'd)

2.11 ***Associates***

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investment in associate using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. The profit or loss reflects the share of results of the operations of the associate. Distributions received from associate reduces the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate, 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 associate.

When the Group's share of losses in associate 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 associate. 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 profit or loss.

The financial statements of the associate are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

2. Summary of significant accounting policies (cont'd)

2.12 ***Financial instruments***

(a) *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:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences.

(ii) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

2. Summary of significant accounting policies (cont'd)

2.12 ***Financial instruments (cont'd)***

(a) *Financial assets (cont'd)*

(ii) Loans and receivables (cont'd)

De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition 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 had 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.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities 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.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

2. Summary of significant accounting policies (cont'd)

2.12 ***Financial instruments (cont'd)***

(b) *Financial liabilities (cont'd)*

(ii) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss 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.

De-recognition

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 de-recognition 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.

2.13 ***Impairment of financial assets***

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

2. Summary of significant accounting policies (cont'd)

2.13 ***Impairment of financial assets (cont'd)***

Financial assets carried at amortised cost (cont'd)

If there is objective evidence that an impairment loss on financial assets 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 discounted at the financial asset's original effective interest rate. 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 impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset 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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.14 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand, margin deposits, and short-term deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.15 ***Asset held for sale***

Asset held for sale is property acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Asset held for sale is held as inventories and is measured at the lower of cost and net realisable value.

Net realisable value of asset held for sale is the estimated selling price in the ordinary course of business, based on market prices at the reporting date 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 asset held for sale recognised in profit or loss on disposal are 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

2. Summary of significant accounting policies (cont'd)

2.16 ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost includes materials, all direct expenditure and an attributable portion of overheads, determined on a weighted average basis. Certain items of inventories are accounted for using specific identification of costs.

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

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

2.17 ***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 resources embodying economic benefits 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 in the profit or loss as a finance cost.

2.18 ***Financial guarantee***

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.19 ***Borrowing costs***

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. 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 incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

2. Summary of significant accounting policies (cont'd)

2.20 ***Employee benefits***

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes 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 as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

(c) *Termination benefit*

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefits is recognised at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognises related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employment benefits, short-term employee benefits, or other long-term employee benefits.

2.21 ***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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

2. Summary of significant accounting policies (cont'd)

2.21 ***Leases (cont'd)***

(a) *As lessee (cont'd)*

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.

(b) *As lessor*

Leases in which the Group does not transfer 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 2.22(d).

2.22 ***Revenue***

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.

(a) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. 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) *Interest income*

Interest income is recognised using the effective interest method.

(c) *Dividend income*

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

(d) *Rental income*

Rental income arising on leasehold properties and investment property is accounted for on a straight-line basis over the lease terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

2. Summary of significant accounting policies (cont'd)

2.23 ***Taxes***

(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 taxation 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.

(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.

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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable 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 in 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

2. Summary of significant accounting policies (cont'd)

2.23 ***Taxes (cont'd)***

(c) *Sales tax*

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

– Where the sales tax incurred in 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.

2.24 ***Segment reporting***

For management purposes, the Group is organised into operating segments based on their products which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 ***Share capital and share issuance 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.

2.26 ***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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

2. Summary of significant accounting policies (cont'd)

2.26 ***Related parties (cont'd)***

(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).

(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).

2.27 ***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 balance sheet of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

3. Significant accounting judgments and estimates

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. 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.

3.1 *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:

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices. Management has assessed that prices are mainly denominated and settled in the respective local currency of the entities of the Group. In addition, most of the entities' cost base is mainly denominated in their respective local currency. Therefore, management concluded that the functional currency of the entities of the Group is their respective local currency.

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period 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) *Useful lives of property, plant and equipment*

The cost of property, plant and equipment is depreciated on a straight-line basis over its estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 30 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's and the Company's property, plant and equipment at the end of the reporting period is disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

3. Significant accounting judgments and estimates (cont'd)

3.2 ***Key sources of estimation uncertainty (cont'd)***

(b) *Impairment of loans and receivables*

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

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 amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 20 of the financial statements.

(c) *Provision for onerous contracts*

The Group recognises a provision for onerous contracts when the unavoidable costs of meeting the obligations under existing purchase and sales contracts exceed the economic benefits to be received under them. In determining the amount of the provision, assumptions and estimates are made in relation to selling price, costs of completion and costs necessary to make the sale. The carrying amount of the Group's provision for onerous contracts at the end of the reporting period is disclosed in Note 25.

(d) *Estimation of net realisable value for asset held for sale*

Asset held for sale is stated at the lower of cost and net realisable value (NRV).

NRV in respect of asset held for sale under development is assessed with reference to market prices at the reporting date for similar completed property less estimated costs to complete construction and less an estimate of the time value of money to the date of completion. The carrying amount of the asset held for sale stated at cost as at 31 December 2017 was $42,027,675 (2016: $14,424,017).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

3. Significant accounting judgments and estimates (cont'd)

3.2 ***Key sources of estimation uncertainty (cont'd)***

(e) *Income taxes*

The Group has exposure to income taxes in various jurisdictions. Significant judgment is required in determining the 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 year in which such determination is made. The carrying amounts of the Group's income tax payable, deferred tax liabilities and deferred tax assets at the end of the reporting period were $2,446,215 (2016: $5,231,046), $289,783 (2016: $277,757) and $108,567 (2016: $693,187) respectively. The carrying amounts of the Company's income tax payable and deferred tax liabilities at the end of the reporting period were $262,549 (2016: $315,575) and $289,783 (2016: $277,757) respectively.

4. Turnover

	Group	
	2017	**2016**
	$	**$**
Fabrication and manufacturing	338,996,358	315,364,258
Steel merchandising	–	3,232,530
	338,996,358	318,596,788

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

5. Other operating income

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Rental income	140,515	140,515	1,836,000	1,836,000
Write-back of allowance for impairment of trade receivables	740,304	–	–	–
Bad debts recovered	7,168	19,958	–	–
Dividend income from subsidiaries	–	–	14,000,000	8,000,000
Gain on disposal of property, plant and equipment, net	102,197	–	–	–
Gain on liquidation of a subsidiary	–	–	311,149	–
Proceeds from insurance claim	–	152,229	–	152,229
Write-back of provision for cargo handling costs	972,597	–	–	–
Other miscellaneous income	97,214	362,985	–	41,174
	2,059,995	675,687	16,147,149	10,029,403

6. Employee benefits expense

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Salaries, wages and bonuses	13,577,403	15,617,171	–	–
Central Provident Fund contributions	803,731	929,187	–	–
Directors' fees	300,000	270,000	300,000	270,000
Foreign workers levy	3,630,251	3,529,359	–	–
Others	1,254,144	1,373,121	1,122	1,257
	19,565,529	21,718,838	301,122	271,257

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

7. Other operating expenses

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Bank charges	98,484	91,213	585	275
Commission	367,943	468,099	–	–
Donations	158,100	74,250	–	200
Entertainment	162,815	134,502	1,205	1,445
Bad debt written off	387,862	6,429	–	–
Net loss/(gain) in foreign exchange	2,092,317	18,553	88,491	(693)
Insurance	1,300,426	1,277,389	23,205	17,180
Printing and stationery	345,984	341,624	25,209	22,064
Professional fees	388,042	397,937	176,070	153,784
Property, plant and equipment written off	–	222,960	–	–
Property tax	424,521	372,931	131,990	147,059
Tools and consumables	1,697,579	1,497,367	–	–
Workers' dormitories and related costs	609,641	1,329,881	–	–
Telephone and fax	134,132	149,554	3,270	3,496
Travelling	509,564	588,064	537	480
Impairment loss of trade receivables	–	1,142,765	–	–
Loss on disposal of property, plant and equipment, net	–	36,865	–	–
Impairment loss of investment in subsidiaries (Note 15)	–	–	–	109,306
Loss on liquidation of a subsidiary	758,981	–	–	–
Other miscellaneous expenses	877,278	695,301	80,188	118,574
	10,313,669	8,845,684	530,750	573,170

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

8. Finance expenses

	Group	
	2017	2016
	$	$
Interest expense on:		
- hire purchase creditors	174,469	257,990
- bills payable to banks	1,918,160	1,160,158
- bank term loans	30,759	207,485
	2,123,388	1,625,633
Less: interest expense capitalised in:		
- asset held for sale (Note 18)	–	(88,431)
Total finance expenses	2,123,388	1,537,202

9. Finance income

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Interest income from:				
- fixed deposits	276,348	135,603	22,484	46,747
- due from subsidiaries (non-trade)	–	–	263,047	–
- due from third parties^	224,636	79,689	–	–
	500,984	215,292	285,531	46,747

^ Included in the finance income due from third parties are $224,380 (2016: Nil) interest income recovered from a customer in the form of investment property (Note 14).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

10. Profit before tax

The following items have been included in arriving at profit before tax:

	Group		Company	
	2017 $	2016 $	2017 $	2016 $
Amortisation of club memberships (Note 17)	61,233	62,432	9,091	10,289
Audit fees:				
- Auditors of the Company	195,414	215,000	90,000	100,000
Non-audit fees:				
- Auditors of the Company	32,886	70,011	10,500	43,000
Depreciation of property, plant and equipment (Note 13)	9,882,896	10,658,297	154,207	154,554
Depreciation of investment properties (Note 14)	43,104	43,104	–	–
Fair value loss/(gain) on forward exchange contracts, net	1,937,155	(85,469)	–	–
Operating lease expenses	4,949,359	5,214,904	187,726	196,107
Professional fee paid to a firm in which a director is a member	33,099	3,234	–	–
(Write-back of)/provision for onerous contracts (Note 25)	(900,000)	6,788,000	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

11. Income tax expense

	Group		Company	
	2017 $	2016 $	2017 $	2016 $
Current income tax				
- current income taxation	553,583	3,151,419	165,331	167,156
- over provision in respect of previous years^	(1,536,535)	(1,025,088)	(84,004)	(141,800)
Deferred tax (Note 29)				
- origination and reversal of temporary differences	596,646	(591,780)	12,026	28,235
Income tax (credit)/ expense recognised in profit or loss	(386,306)	1,534,551	93,353	53,591

The Singapore entities within the Group are entitled to the Productivity and Innovation Credit ("PIC") Scheme introduced by the Singapore Government in 2010 and enjoys 250% tax deduction for spending on automation equipment. In 2011, the PIC tax deduction was increased to 400% by the Government. The PIC scheme is effective from year of assessment 2011 to year of assessment 2018.

In addition, the Singapore subsidiary is entitled investment allowances at a support level of 50% on the approved fixed capital expenditure incurred under the Investment Allowance Scheme ("IAS") administered by the Building and Construction Authority ("BCA") of Singapore.

^ The over provision of current income tax in respect of previous years relates to tax refunds from the tax authority for over payment of tax for a subsidiary and write back of tax provisions which are time-barred. The tax refunds were attributable to investment allowance claims made by the subsidiary on approved capital expenditure.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

11. Income tax expense (cont'd)

The reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2017 and 2016 are as follows:

	Group		Company	
	2017 $	2016 $	2017 $	2016 $
Profit before tax	7,119,322	14,846,501	15,215,971	8,834,010
Tax at statutory rate of 17%	1,210,285	2,523,905	2,586,715	1,501,782
Adjustments:				
Non-deductible expenses	740,295	548,359	54,680	101,365
Income not subject to taxation	(3,109)	(46,067)	(2,380,000)	(1,360,000)
Effect of partial tax exemption	(87,787)	(66,118)	(25,925)	(25,925)
Effect of tax relief	(152,856)	(119,411)	(10,000)	(20,000)
Over provision in respect of previous years	(1,536,535)	(1,025,088)	(84,004)	(141,800)
Deferred tax assets not recognised	–	211,237	–	–
Benefits from previously unrecognised tax losses and investment allowances	(501,720)	(481,318)	–	–
Share of results of associate	7,022	(16,840)	–	–
Others	(61,901)	5,892	(48,113)	(1,831)
Income tax (credit)/ expense recognised in profit or loss	(386,306)	1,534,551	93,353	53,591

12. Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company of $7,505,628 (2016: $13,311,950) by the weighted average number of ordinary shares outstanding during the financial year of 474,551,093 shares (2016: 474,551,093 shares).

Diluted earnings per share are the same as basic earnings per share as there are no dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

13. Property, plant and equipment

Group	Leasehold properties and improvement $	Plant and machinery $	Furniture and fittings $	Office equipment and computers $	Motor vehicles $	Construction in progress $	Total $
Cost:							
At 1 January 2016	29,093,333	61,285,638	1,863,034	2,332,971	7,938,381	5,252,685	107,766,042
Additions	49,249	833,376	–	413,807	64,511	1,520,684	2,881,627
Disposals	–	–	–	–	(319,175)	–	(319,175)
Written off	–	(545,347)	(812)	(223,606)	(513,497)	–	(1,283,262)
Transfer	6,464,677	124,527	–	–	–	(6,589,204)	–
Exchange differences	–	–	4,589	26,365	111,052	–	142,006
At 31 December 2016 and 1 January 2017	35,607,259	61,698,194	1,866,811	2,549,537	7,281,272	184,165	109,187,238
Additions	92,532	5,300	–	45,994	3,895,036	3,191,119	7,229,981
Disposals	–	–	–	(2,599)	(933,461)	–	(936,060)
Written off	–	–	(24,828)	(68,118)	–	–	(92,946)
Transfer	–	–	–	184,165	–	(184,165)	–
Exchange differences	–	–	(1,874)	(4,488)	–	–	(6,362)
At 31 December 2017	35,699,791	61,703,494	1,840,109	2,704,491	10,242,847	3,191,119	115,381,851
Accumulated depreciation:							
At 1 January 2016	10,169,157	29,518,662	1,210,770	1,733,120	3,283,135	–	45,914,844
Depreciation charge for the year	2,167,954	7,184,987	188,867	396,940	719,549	–	10,658,297
Disposals	–	–	–	–	(226,667)	–	(226,667)
Written off	–	(542,120)	(812)	(222,500)	(294,870)	–	(1,060,302)
Exchange differences	–	–	5,682	30,095	115,567	–	151,344
At 31 December 2016 and 1 January 2017	12,337,111	36,161,529	1,404,507	1,937,655	3,596,714	–	55,437,516
Depreciation charge for the year	2,702,091	5,814,828	188,493	350,361	827,123	–	9,882,896
Disposals	–	–	–	(1,906)	(673,482)	–	(675,388)
Written off	–	–	(24,828)	(68,118)	–	–	(92,946)
Exchange differences	–	–	(1,006)	(5,317)	–	–	(6,323)
At 31 December 2017	15,039,202	41,976,357	1,567,166	2,212,675	3,750,355	–	64,545,755
Net carrying amount:							
At 31 December 2016	23,270,148	25,536,665	462,304	611,882	3,684,558	184,165	53,749,722
At 31 December 2017	20,660,589	19,727,137	272,943	491,816	6,492,492	3,191,119	50,836,096

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

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

	Leasehold properties and improvement $	Furniture and fittings $	Office equipment and computers $	Total $
Company				
Cost:				
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	10,153,029	382,860	74,046	10,609,935
Accumulated depreciation:				
At 1 January 2016	6,027,295	382,860	69,556	6,479,711
Depreciation charge for the year	152,335	–	2,219	154,554
At 31 December 2016 and 1 January 2017	6,179,630	382,860	71,775	6,634,265
Depreciation charge for the year	152,335	–	1,872	154,207
At 31 December 2017	6,331,965	382,860	73,647	6,788,472
Net carrying amount:				
At 31 December 2016	3,973,399	–	2,271	3,975,670
At 31 December 2017	3,821,064	–	399	3,821,463

Construction in progress

The Group's construction in progress relate to expenditure for plant and machinery of $3,191,119 (2016: office equipment and computers of $184,165) incurred in the course of construction.

Assets held under finance leases

During the financial year, the Group acquired motor vehicles of $2,910,135 (2016: Nil) and plant and machinery of $Nil (2016: $22,470) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to $4,319,846 (2016: $2,812,486).

The carrying amount of motor vehicles and plant and machinery held under finance leases at the end of the reporting period were $3,141,950 and $9,262,726 (2016: $833,609 and $13,151,800) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

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

Assets pledged as security

As at 31 December 2016, leasehold properties with carrying amounts of $17,044,695 were mortgaged to secure bank loans (Note 28). The mortgage was discharged in 2017 as the bank loans were fully repaid.

14. Investment properties

	Group $
Statement of financial position:	
Cost:	
At 1 January 2016, 31 December 2016, 1 January 2017	2,054,600
Addition	655,249^
At 31 December 2017	2,709,849
Accumulated depreciation:	
At 1 January 2016	93,391
Depreciation charge for the year	43,104
At 31 December 2016 and 1 January 2017	136,495
Depreciation charge for the year	43,104
At 31 December 2017	179,599
Net carrying amount:	
At 31 December 2016	1,918,105
At 31 December 2017	2,530,250

Non-cash acquisition of investment property

^ Additions during the year relates to an apartment unit transferred from a customer of the Group's subsidiary to enable recovery of certain outstanding trade receivables and interest due amounting to $377,445 and $224,380 respectively. The interest recovered is recognised as finance income (Note 9) during the current financial year. The excess of consideration for the investment property and customer balances settled of $53,424 is recorded as payables to the customer as at 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

14. Investment properties (cont'd)

	Group	
	2017	2016
	$	$
Income statement:		
Rental income from investment properties:		
- Minimum lease payments	140,515	140,515
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	64,519	70,571

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements.

The investment properties held by the Group as at 31 December 2017 are as follow:

Description and location	Existing use	Tenure	Unexpired lease term
Factory unit, 3791 Jalan Bukit Merah^	Industrial	Leasehold	46 years
Apartment unit, 2909 A'Beckett Street Melbourne VIC 3000#	Residential	Freehold	N/A

^ Independently valued by Knight Frank Pte Ltd at $1,920,000 in December 2017 (2016: $2,000,000). The valuation was carried out based on direct comparison approach in which current market conditions and other relevant factors were considered.

The fair value of the property approximates the carrying value as at 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

15. Investment in subsidiaries

	Company	
	2017	2016
	$	$
Unquoted equity shares, at cost	17,790,126	21,990,124
Less: Allowance for impairment losses	(109,306)	(1,609,306)
Carrying value at 31 December	17,680,820	20,380,818
Movement in allowance accounts:		
At 1 January	1,609,306	1,500,000
Charge for the year	–	109,306
Liquidation of a subsidiary	(1,500,000)	–
At 31 December	109,306	1,609,306

During the previous financial year ended 31 December 2016, management performed an impairment assessment for the investment in Steel Park Malaysia Sdn. Bhd as the cost of investment of this subsidiary exceeds the carrying amounts of the investee's assets. An impairment loss of $109,306 was recognised for the year ended 31 December 2016 to write down this subsidiary to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

15. Investment in subsidiaries (cont'd)

Composition of the Company

The Company held the following subsidiaries as at 31 December:

	Name	Principal place of business	Principal activities	Proportion of ownership interest 2017 %	2016 %
	Held by the Company				
	Steel Park Resources Pte Ltd	Singapore	Liquidated	–	100
(1)	Lee Welded Mesh Singapore Pte Ltd	Singapore	Manufacture of reinforcing mesh and any other manufactured mesh and the processing of fabricated reinforcing bars	100	100
(1)	Steel Park International Pte Ltd	Singapore	Inactive	100	100
(3)	Steel Park Malaysia Sdn. Bhd.	Malaysia	Trading business of steel, metal and related materials	100	100
(2)	LMG Realty Pte. Ltd.	Singapore	Property development and investment	100	100
(2)# (4)	Listeel Hong Kong Limited	Hong Kong	Inactive	100	100
(1)	Lee Metal Investment Pte Ltd	Singapore	Investment holding	100	–

(1) Audited by Ernst & Young LLP, Singapore.
(2) Not material to the Group and not required to be disclosed under SGX Listing Rule 717.
(3) Audited by member firm of EY Global in the respective country.
(4) Investment in Listeel Hong Kong Limited was previously held under Steel Park Resources Pte Ltd and was transferred to the Company during the year.
Not required to be audited under the laws of incorporation of Hong Kong.

The Group does not have subsidiaries with material non-controlling interest.

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16. Investment in associate

The Group's material investment in associate are summarised below:

	Group	
	2017	2016
	$	$
MaxLee Development Pte. Ltd.	1,704,048	1,745,354

	Name	Country of incorporation	Principal activities	Proportion of ownership interest	
				2017	2016
				%	%
	Held through subsidiary				
(1)	MaxLee Development Pte. Ltd.	Singapore	Property development	35	35

(1) Audited by Ernst & Young LLP, Singapore.

The summarised financial information in respect of the associate, MaxLee Development Pte. Ltd., based on its FRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	Group	
	2017	2016
	$'000	$'000
Current assets	4,977	5,078
Total assets	4,977	5,078
Current liabilities	(109)	(92)
Total liabilities	(109)	(92)
Net assets	4,868	4,986
Proportion of the Group's ownership	35%	35%
Group's share of net assets	1,704	1,745
Carrying amount of the investment	1,704	1,745

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

16. Investment in associate (cont'd)

Summarised statement of comprehensive income

	Group	
	2017 $'000	2016 $'000
Revenue	808	2,259
(Loss)/profits, net of tax, representing total comprehensive income for the year	(118)	283
Proportion of the Group's ownership	35%	35%
Group's share of (loss)/profits	(41)	99

The associate's total comprehensive income is represented by its profit.

17. Club memberships

	Group		Company	
	2017 $	2016 $	2017 $	2016 $
Cost:				
At 1 January	742,585	886,385	242,150	385,950
Disposals	–	(143,800)	–	(143,800)
At 31 December	742,585	742,585	242,150	242,150
Accumulated amortisation:				
At 1 January	302,096	274,639	115,625	140,311
Amortisation	61,233	62,432	9,091	10,289
Disposals	–	(34,975)	–	(34,975)
At 31 December	363,329	302,096	124,716	115,625
Net carrying amount:				
At 31 December	379,256	440,489	117,434	126,525

Club memberships with finite useful lives have remaining amortisation periods of 9 to 13 years (2016: 10 to 14 years).

Amortisation of club memberships is included in "Depreciation and amortisation expense" in profit or loss.

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18. Assets held for sale under development

	Group	
	2017	2016
	$	$
Cost of land	35,889,700	12,200,000
Development costs	6,137,975	2,224,017
Carrying cost at 31 December	42,027,675	14,424,017

During the previous financial year ended 31 December 2016, borrowing costs of $88,431, arising from borrowings obtained specifically for the asset held for sale were capitalised under "Development costs". The rate used to determine the amount of borrowing costs eligible for capitalisation was 2.46%, which was the effective interest rate of the specific borrowing.

As at 31 December 2017, the land under development is no longer pledged as security for a bank loan (Note 28).

List of development properties

Description and location	% owned	Site area (square metre)	Gross floor area (square metre)	Stage of completion as at date of annual report (expected year of completion)
Two-storey detached house along Maryland, Singapore	100	1,064	669	100% (2017)
Detached house along Nassim Road, Singapore	100	1,235	#	Planning stage

Gross floor area is not available as the design for the development is not finalised.

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19. Inventories

	Group	
	2017	2016
	$	$
Statement of financial position:		
Finished goods (at cost)	277,186	715,884
Work-in-progress (at cost)	2,818,726	369,904
Raw materials (at cost)	122,623,675	78,068,463
Goods-in-transit (at cost)	35,484,783	21,606
Total inventories at lower of cost and net realisable value	161,204,370	79,175,857
Income statement:		
Inventories recognised as an expense in changes in inventories of finished goods and work-in-progress, raw materials and consumables used and finished goods purchased	280,928,663	248,429,435

Inventories amounting to $161,204,370 (2016: $79,175,857) have been pledged as security for trade financing facilities granted to the Group as disclosed in Note 23.

20. Trade and other receivables

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Trade receivables	71,869,721	57,128,988	–	–
Deposits	1,525,516	161,615	12,710	8,010
Other receivables	1,750,083	88,770	–	–
Other receivables and deposits	3,275,599	250,385	12,710	8,010
Due from subsidiaries (non-trade)	–	–	29,706,673	18,509,486
Add:				
Cash and bank balances (Note 21)	28,811,174	69,081,274	498,241	1,271,588
Fixed deposits (Note 21)	23,220,667	28,758,329	6,506,559	8,500,032
Total loans and receivables	127,177,161	155,218,976	36,724,183	28,289,116

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(CONTINUED)

20. Trade and other receivables (cont'd)

Trade receivables

Trade receivables are non-interest bearing and generally on 7 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables amounting to $31,264,863 (2016: $8,350,287) have been pledged as securities for trade financing facilities granted to the Group (Note 23).

Related party balances

The amounts due from subsidiaries are non-interest bearing, repayable upon demand and are to be settled in cash except for $29,663,047 (2016: Nil) due from a subsidiary which is interest-bearing at 2.00% per annum.

Receivables that are past due but not impaired

The Group has trade receivables amounting to $22,803,624 (2016: $20,415,901) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

	Group	
	2017	2016
	$	$
Trade receivables past due but not impaired:		
Lesser than 30 days	16,554,036	12,800,432
30 to 60 days	4,775,402	3,753,474
61 to 90 days	902,185	3,249,441
More than 90 days	572,001	612,554
	22,803,624	20,415,901

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

20. Trade and other receivables (cont'd)

Receivables that are impaired

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

	Group	
	2017	2016
	$	$
Trade receivables – nominal amounts	14,155	1,142,765
Less: Allowance for impairment	(14,155)	(1,142,765)
	–	–
Movement in allowance accounts:		
At 1 January	1,142,765	–
Utilised	(394,239)	–
Written back	(740,304)	–
Charge for the year	–	1,142,765
Exchange difference	5,933	–
At 31 December	14,155	1,142,765

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are due from creditworthy debtors with good payment record with the Group.

Trade receivables denominated in foreign currencies as at 31 December are as follows:

	Group	
	2017	2016
	$	$
United States Dollars	–	442
Malaysian Ringgit	75	127,106
Euro	4,925	2,223

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

21. Cash and cash equivalents

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Cash at banks and on hand	28,811,174	69,081,274	498,241	1,271,588
Fixed deposits	23,220,667	28,758,329	6,506,559	8,500,032
	52,031,841	97,839,603	7,004,800	9,771,620

Fixed deposits at the end of the reporting period have maturity ranging from 7 - 30 days (2016: 7 - 30 days) from the end of the financial year and earn an average interest rate of 0.887% (2016: 0.521%) per annum. Fixed deposits amounting to $2,006,304 (2016: Nil) are pledged as securities for trade financing facilities granted to the Group (Note 23). However, there is no restriction on withdrawal of the fixed deposits by the Group.

Cash and cash equivalents denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Cash at bank and on hand:				
United States Dollars	20,419,032	23,449,414	2,025,858	30,664
Malaysian Ringgit	82,815	312,185	–	–
Australian Dollars	8,409	8,430	2,577	2,583

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(CONTINUED)

22. Trade payables

	Group		Company	
	2017 $	2016 $	2017 $	2016 $
Trade payables	49,097,666	4,382,636	24,622	23,277
Add:				
Bills payable to banks (secured) (Note 23)	121,742,867	77,310,718	–	–
Other payables and accruals (Note 24)	5,872,260	9,853,983	263,740	283,266
Hire purchase creditors (current and non-current) (Note 27)	7,074,042	9,315,522	–	–
Bank term loans (secured) (current and non-current) (Note 28)	–	2,708,333	–	–
	183,786,835	103,571,192	288,362	306,543
Less: Sales tax payables	(1,089,641)	(865,328)	(24,622)	(23,277)
Total financial liabilities carried at amortised cost	182,697,194	102,705,864	263,740	283,266

Trade payables are non-interest bearing and are normally settled on 30 day terms.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

22. Trade payables (cont'd)

Trade payables denominated in foreign currencies as at 31 December are as follows:

	Group	
	2017	2016
	$	$
Malaysian Ringgit	–	16,728
United States Dollars	12,176,864	–

23. Bills payable to banks (secured)

Bills payable to banks are secured by the following:

(a) corporate guarantees given by Company and certain subsidiaries to the banks;

(b) letters of negative pledges on the assets of the Company and certain subsidiaries, with the exception of property, plant and equipment under hire purchase arrangements as disclosed in Note 27; and

(c) a deed of charge and assignment of inventories and floating charge over trade receivables and fixed deposits placed with a bank.

The effective interest rates for the bills payable ranged from 1.92% to 3.00% (2016: 1.67% to 2.12%) per annum.

24. Other payables and accruals

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Other payables	2,166,587	4,242,264	10,490	11,016
Accrued operating expenses	3,705,673	5,611,719	253,250	272,250
	5,872,260	9,853,983	263,740	283,266

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

25. Provision for onerous contracts

Movement in provision for onerous contracts is as follows:

	Group	
	2017	2016
	$	$
At 1 January	14,287,092	7,499,092
Arose during the financial year (Note 10)	–	6,788,000
Written-back (Note 10)	(900,000)	–
At 31 December	13,387,092	14,287,092

Provision for onerous contracts is made when the unavoidable costs of meeting the obligations under existing purchase and sales contracts exceed the economic benefits expected to be received under them.

Movement in provision for onerous contracts is included in "changes in inventories of finished goods and work-in-progress, raw materials and consumables used and finished goods purchased" in profit or loss.

26. Forward currency contracts

Forward currency contracts included in the statements of financial position as at 31 December are as follows:

	Group	
	2017	2016
	$	$
Forward currency contracts – (liabilities)/assets	(1,337,155)	600,000
Total financial (liabilities)/assets at fair value through profit or loss classified as held for trading	(1,337,155)	600,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

26. Forward currency contracts (cont'd)

As at 31 December, the Group has the following outstanding forward currency contracts to hedge foreign currency risk arising from the Group's purchases denominated in foreign currencies for which firm commitments existed at the end of the reporting period, extending to June 2018 (2016: April 2017):

	2017		2016	
	Contract/ Notional amount	Assets/ (Liabilities)	Contract/ notional amount	Assets/ (Liabilities)
	$	$	$	$
Forward currency contracts	107,844,850	(1,337,155)	66,948,915	600,000

27. Hire purchase creditors

	Minimum lease payments	Interest	Present value of payments
	$	$	$
Group			
2017			
Within one year	3,589,886	(109,582)	3,480,304
After one year but not more than five years	3,731,157	(137,419)	3,593,738
	7,321,043	(247,001)	7,074,042
2016			
Within one year	4,952,681	(150,892)	4,801,789
After one year but not more than five years	4,627,879	(114,146)	4,513,733
	9,580,560	(265,038)	9,315,522

Lease terms range from 1 to 5 years with options to purchase the assets at the end of the lease term. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. The effective interest rate for the leases ranged from 1.75% to 5.13% (2016: 1.75% to 5.10%) per annum.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

28. Bank term loans (secured)

Details of secured bank term loans are as follows:

	Group	
	2017	2016
	$	$
Due within one year	–	2,708,333

The above term loan bore interests at 2.37% per annum and was fully repaid in November 2017. This loan was secured by mortgage over certain leasehold properties.

29. Deferred tax

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Balance at beginning of year	(415,430)	176,350	277,757	249,522
Movement in temporary differences during the year	596,646	(592,927)	12,026	28,235
Exchange difference	–	1,147	–	–
Balance at end of year	181,216	(415,430)	289,783	277,757

Deferred income tax as at 31 December relates to the following:

Deferred tax liabilities				
Excess of net book value over tax written down value of property, plant and equipment	2,615,524	1,965,807	289,783	277,757
Deferred tax assets				
Provisions	(2,341,238)	(2,381,237)	–	–
Unutilised tax credits	(93,070)	–	–	–
Presented as:				
Deferred tax liabilities	289,783	277,757	289,783	277,757
Deferred tax assets	(108,567)	(693,187)	–	–

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

29. Deferred tax (cont'd)

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $1,100,000 (2016: $1,813,000) that are available for offset against future taxable profits of a subsidiary in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authority and compliance with certain provisions of the tax legislation of the country in which the subsidiary operates.

30. Share capital

	Group	
	2017	2016
	$	$
Issued and fully paid ordinary shares		
At 1 January and 31 December 474,551,093 (2016: 474,551,093) ordinary shares	46,472,892	46,472,892

The holders of ordinary 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.

31. Foreign currency 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.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

32. Dividends

	Group and Company	
	2017	2016
	$	$
Declared and paid during the financial year:		
Dividends on ordinary shares:		
Final exempt (one-tier) dividend for 2016 and 2015		
- 1.0 cent per share	4,745,511	4,745,511
Interim exempt (one-tier) dividend for 2017 and 2016		
- 1.0 cent per share	4,745,512	4,745,512
	9,491,023	9,491,023
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at Annual General Meeting:		
- Final exempt (one-tier) dividend for 2017: 1.0 cent (2016: 1.0 cent) per ordinary share	4,745,511	4,745,511

33. Related party transactions

(a) ***Sale and purchase of goods and services***

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Other operating expenses				
Professional fee paid to a firm in which a director is a member	35,114	3,234	2,015	–
Rental income received from a subsidiary	–	–	1,836,000	1,836,000
Financial income				
Interest income from:				
- Subsidiaries	–	–	263,047	–

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

33. Related party transactions (cont'd)

(b) ***Compensation of key management personnel***

	Group	
	2017	**2016**
	$	**$**
Short-term employee benefits	3,614,810	4,185,839
Central Provident Fund contributions	117,833	151,911
Directors' fees	300,000	270,000
Total compensation paid to key management personnel	4,032,643	4,607,750
Comprise amounts paid/payable to:		
- Directors of the Company	2,738,360	2,910,753
- Other key management personnel	1,294,283	1,696,997
	4,032,643	4,607,750

(c) ***Compensation of close family members of key management personnel***

	Group	
	2017	**2016**
	$	**$**
Remuneration paid to close family members of key management personnel	14,081	146,155

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

34. Commitments and contingencies

(a) ***Corporate guarantees***

The Company has provided corporate guarantees amounting to $457,715,000 (2016: $395,000,000) to certain banks for bank facilities granted to subsidiaries. As at 31 December 2017, $237,157,078 (2016: $151,472,096) of the bank facilities have been utilised.

(b) ***Operating lease commitments - as lessee***

The Group and the Company have entered into non-cancellable operating lease agreements for office, factory and warehousing facilities. These leases have an average tenure of between one month and thirteen years. Lease terms do not contain restrictions on the Group's and the Company's activities concerning dividends, additional debt or further leasing.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Future minimum lease payments				
- not later than 1 year	1,725,664	3,863,561	186,075	201,051
- 1 year to 5 years	2,263,585	3,454,062	852,428	921,031
- after 5 years	2,659,613	3,968,442	911,436	1,302,304
	6,648,862	11,286,065	1,949,939	2,424,386

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(CONTINUED)

34. Commitments and contingencies (cont'd)

(c) ***Operating lease commitments - as lessor***

The Group has entered into commercial property lease for its investment properties. These leases have remaining lease terms of 1 to 2 years (2016: 3 years).

Future minimum rental receivable under operating leases at the end of the reporting period are as follows:

	Group	
	2017	**2016**
	$	**$**
Future minimum lease payments	167,222	140,515
- not later than 1 year	35,129	175,644
- 1 year to 5 years		
	202,351	316,159

(d) ***Capital commitments***

Capital expenditure contracted for as at the end of the reporting period as are follows:

Capital commitments in respect of property, plant and equipment	1,408,262	214,577

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35. Fair value of assets and liabilities

A. ***Fair value hierarchy***

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

B. ***Assets and liabilities measured at fair value***

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Note	Quoted prices in active markets for identical instruments (Level 1) $	Significant observable inputs other than quoted prices (Level 2) $	Significant unobservable inputs (Level 3) $	Total $
Group					
2017					
Assets measured at fair value					
Financial (liabilities):					
Forward currency contracts	26	–	(1,337,155)	–	–
2016					
Assets measured at fair value					
Financial assets:					
Forward currency contracts	26	–	600,000	–	600,000

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

35. Fair value of assets and liabilities (cont'd)

C. ***Level 2 fair value measurements***

Forward currency contracts

The fair value of forward currency contracts is determined by reference to current forward currency contracts with similar maturity profile.

D. ***Assets and liabilities not carried at fair value but for which fair value is disclosed***

The following table shows an analysis of the Group's assets and liabilities not measured at fair value but for which fair value is disclosed:

		Fair value measurements at the end of the reporting period using			
	Note	Quoted prices in active markets for identical instruments (Level 1) $	Significant observable inputs other than quoted prices (Level 2) $	Significant unobservable inputs (Level 3) $	Total $
Group					
2017					
Assets:					
Investment properties	14	–	–	2,530,250	2,530,250
2016					
Assets:					
Investment properties	14	–	–	1,918,105	1,918,105

Fair values of investment properties are based on independent valuations performed. Details are disclosed in Note 14.

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(CONTINUED)

35. Fair value of assets and liabilities (cont'd)

E. ***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***

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
2017				
Financial liabilities				
Hire purchase creditors (non-current)	(3,593,738)	(3,420,653)	–	–
2016				
Financial liabilities				
Hire purchase creditors (non-current)	(4,513,733)	(4,300,022)	–	–

Methods and assumptions used to determine fair value

There has been no change to the methods and assumptions used to determine fair value of financial instruments other than those whose carrying amounts reasonably approximate their fair values as mentioned earlier. The methods and assumptions are as follows:

Financial assets and liabilities	Methods and assumptions
• Hire purchase creditors (non-current)	Fair value has been determined using discounted estimated cash flows. Where repayment terms are not fixed, future cash flows are projected based on management's best estimates. The discount rates used are the current market instrumental lending rates for similar types of lending, borrowing and leasing arrangements.

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(CONTINUED)

35. Fair value of assets and liabilities (cont'd)

F. ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value***

Management has determined that the carrying amounts of trade receivables, other receivables and deposits, due from subsidiaries (non-trade), cash and bank balances, fixed deposits, trade payables, bills payable to banks (secured), other payables and accruals, bank term loans (secured) and current hire purchase creditors based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or they are repriced frequently.

36. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The risk management function is assessed and evaluated by an Executive Committee.

The following sections provide details regarding the Group's and the Company'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.

(a) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which the net interest expense could be affected by adverse movements in interest rates. The Group's policy is to obtain the most favourable interest rates available.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 50 (2016: 50) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $527,981 (2016: $302,881) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

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36. Financial risk management objectives and policies (cont'd)

(b) ***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's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and have an adequate amount of committed credit facilities.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted payments.

	1 year or less $'000	1 to 5 years $'000	Total $'000
Group			
2017			
Financial liabilities:			
Trade payables	(48,008)	–	(48,008)
Bills payable to bank (secured)	(121,946)	–	(121,946)
Other payables and accruals	(5,872)	–	(5,872)
Hire purchase creditors	(3,590)	(3,731)	(7,321)
Total undiscounted financial liabilities	(179,416)	(3,731)	(183,147)
2016			
Financial liabilities:			
Trade payables	(3,518)	–	(3,518)
Bills payable to bank (secured)	(77,388)	–	(77,388)
Other payables and accruals	(9,854)	–	(9,854)
Hire purchase creditors	(4,952)	(4,628)	(9,580)
Bank term loans (secured)	(2,732)	–	(2,732)
Total undiscounted financial liabilities	(98,444)	(4,628)	(103,072)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

36. Financial risk management objectives and policies (cont'd)

(b) ***Liquidity risk (cont'd)***

	1 year or less	
	2017	2016
	$'000	$'000
Company		
Financial liabilities:		
Other payables and accruals	(264)	(283)
Total undiscounted financial liabilities	(264)	(283)

The contractual expiry of the Group's and Company's financial guarantee matures within one year. This is based on the earliest period in which the guarantee could be called. The maximum amount of the guarantee contracts are disclosed in Note 34(a).

The table below shows the contractual expiry by maturity of the Company's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	1 year or less	1 to 5 years	Total
	$'000	$'000	$'000
Company:			
2017			
Financial guarantee	233,263	3,894	237,157
2016			
Financial guarantee	146,958	4,514	151,472

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

36. Financial risk management objectives and policies (cont'd)

(c) ***Foreign currency risk***

The Group has transactional currency exposures arising mainly from the purchases that are denominated in a currency other than respective functional currencies of the Group's entities. The foreign currencies in which these transactions are denominated are mainly United States Dollars (USD) and Malaysian Ringgit (MYR).

Exposure to foreign currency risk is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

The Group uses forward exchange contracts to manage its foreign exchange risk resulting from cash flows from anticipated purchase transactions, primarily in USD.

In addition to transaction exposure, the Group is also exposed to translation exposure arising from the consolidation of foreign currency denominated financial statements of the Group's subsidiaries.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and the Company's profit before tax to a reasonably possible change in the USD exchange rates (against SGD), with all other variables held constant.

		Group		Company	
		2017	2016	2017	2016
		$	$	$	$
USD	- strengthened 3% (2016: 3%)	139,896	17,520	60,776	920
	- weakened 3% (2016: 3%)	(139,896)	(17,520)	(60,776)	(920)

(d) ***Credit risk***

Credit risk is the risk that entities and individuals will be unable to meet their obligations to the Group resulting in financial loss to the Group. It is the Group's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales of products are made to customers with appropriate credit history and has internal mechanisms to monitor the granting of credit and management of credit exposures. The Group makes provisions, where necessary, for potential losses on credits extended.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

36. Financial risk management objectives and policies (cont'd)

(d) ***Credit risk (cont'd)***

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk are represented by:

- the carrying amount of each class of financial assets recognised in the statements of financial position
- a nominal amount of $457,715,000 (2016: $395,000,000) relating to corporate guarantees provided by the Company for bank facilities granted to subsidiaries

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2017		2016	
	$	% of total	$	% of total
By country:				
Singapore	71,869,646	96.0	54,933,216	96.2
Malaysia	75	4.0	2,195,772	3.8
	71,869,721	100.0	57,128,988	100.0

At the end of the reporting period, there is no significant concentration of credit risk apart for the amounts due from a major customer amounting to approximately 7.8% (2016: 7.9%) of total trade receivables. However, the Group undertakes credit risk insurance for the majority of its Singapore-based customers relating to the steel fabrication business to reduce the risk to the Group to an acceptable level.

Financial assets that are neither past due nor impaired

Trade receivables, other receivables and deposits that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and bank balances and fixed deposits are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20 (Trade receivables).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

37. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2016 and 2017.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade payables, bills payable to banks (secured), other payables and accruals, hire purchase creditors, bank term loan (secured) less cash and bank balances and fixed deposits.

		Group	
	Note	2017	2016
		$	$
Trade payables	22	49,097,666	4,382,636
Bills payable to banks (secured)	23	121,742,867	77,310,718
Other payables and accruals	24	5,872,260	9,853,983
Hire purchase creditors	27	7,074,042	9,315,522
Bank term loan (secured)	28	–	2,708,333
		183,786,835	103,571,192
Less:			
Cash and bank balances	21	(28,811,174)	(69,081,274)
Fixed deposits	21	(23,220,667)	(28,758,329)
Net debt		131,754,994	5,731,589
Equity attributable to owners of the Company		182,614,410	184,879,508
Capital and net debt		314,369,404	190,611,097
Gearing ratio		42%	3%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

38. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

(i) The Steel Merchandising segment is involved in the international trading of steel and metal materials and/or products.

(ii) The Fabrication and Manufacturing segment is involved in the manufacture of reinforcing mesh and other manufactured mesh and the processing of fabricated reinforcing bars.

(iii) The Property Development and Investment segment is involved in the development of residential properties for sale and management of the Group's property investments.

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 respects, 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.

	Property Development and Investment		Steel Merchandising		Fabrication and Manufacturing		Adjustments and eliminations		Note	Per consolidated financial statements	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000		2017 $'000	2016 $'000
Revenue:											
External customers	–	–	–	3,233	338,996	315,364	–	–		338,996	318,597
Total revenue	–	–	–	3,233	338,996	315,364	–	–		338,996	318,597
Results:											
Depreciation and amortisation	207	208	–	74	9,780	10,482	–	–		9,987	10,764
Share of results of associate	(41)	99	–	–	–	–	–	–		(41)	99
Other non-cash income/ (expense)	(759)	–	740	(901)	519	(7,239)	–	–	A	500	(8,140)
Segment profit/(loss)	(121)	1,055	1,890	(1,374)	6,972	16,488	(1,236)	(2,857)	B	7,505	13,312
Assets:											
Investment in associate	1,704	1,745	–	–	–	–	–	–		1,704	1,745
Additions to non-current assets	655	–	–	–	7,230	2,882	–	–	C	7,885	2,882
Segment assets	51,059	28,048	1,466	1,512	310,315	249,589	23,329	29,451	D	386,169	308,600
Segment liabilities	2,697	574	20	4,423	198,102	110,507	2,736	8,217	E	203,555	123,721

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

38. Segment information (cont'd)

Note Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

A The following items are attributable to other non-cash expenses presented in the respective notes to the financial statements.

	Note	2017 $'000	2016 $'000
Loss on liquidation of a subsidiary	7	(759)	–
Property, plant and equipment written off	7	–	(223)
Write-back of/(impairment loss) of trade receivables	5,7	740	(1,143)
Bad debt written off	7	(388)	(6)
Bad debts recovered	5	7	20
Write-back of/(provision for) onerous contracts	10	900	(6,788)
		500	(8,140)

B The following items are (deducted from)/added to segment profit to arrive at "Profit attributable to equity holders of the Company" presented in the consolidated income statements:

	Note	2017 $'000	2016 $'000
Financial expenses	8	(2,123)	(1,537)
Financial income	9	501	215
Income tax expense	11	386	(1,535)
		(1,236)	(2,857)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

38. Segment information (cont'd)

C Additions to non-current assets consist of additions to property, plant and equipment, investment property and club memberships.

D The following items are added to segment assets to arrive at total assets reported in the statements of financial position:

	Note	2017 $'000	2016 $'000
Fixed deposits	21	23,221	28,758
Deferred tax assets	29	108	693
		23,329	29,451

E The following items are added to segment liabilities to arrive at total liabilities reported in the statements of financial position:

	Note	2017 $'000	2016 $'000
Total bank term loans (secured)	28	–	2,708
Income tax payable		2,446	5,231
Deferred tax liabilities	29	290	278
		2,736	8,217

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONTINUED)

38. Segment information (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Singapore	338,550	313,006	55,450	57,853
Malaysia	–	5,591	–	–
Indonesia	446	–	–	–
	338,996	318,597	55,450	57,853

Non-current assets information presented above consist of property, plant and equipment, investment properties, investment in associate and club memberships, as presented in the statements of financial position.

39. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 23 March 2018.

LEE METAL GROUP LTD

REG. No. 198205439C

First Quarter Financial Statements And Dividend Announcement

1(a)(i) The Board of Directors of Lee Metal Group Ltd is pleased to announce the unaudited results of the Group for the First Quarter ended 31 March 2018.

INCOME STATEMENT FOR FIRST QUARTER ENDED 31 MARCH 2018

		1st Quarter ended 31 March		
		2018	2017	+/(-)
	Notes	**$'000**	$'000	%
Turnover		**100,447**	81,373	23.4%
Other operating income	A	**1,281**	90	1323.3%
Changes in inventories of finished goods and work-in-progress, raw materials and consumables used and finished goods purchased		**(85,981)**	(65,439)	31.4%
Employee benefits expense	B	**(5,017)**	(5,088)	(1.4%)
Depreciation and amortisation	C	**(2,291)**	(2,568)	(10.8%)
Insurance, freight and transportation	D	**(443)**	(930)	(52.4%)
Rental and utilities	E	**(1,616)**	(1,483)	9.0%
Repair and maintenance	F	**(654)**	(722)	(9.4%)
Other operating expenses	G	**(1,501)**	(2,223)	(32.5%)
Financial expense	H	**(743)**	(364)	104.1%
Financial income	I	**60**	41	46.3%
Share of results of associate	J	**(6)**	(16)	(62.5%)
Profit before tax		**3,536**	2,671	32.4%
Income tax expense		**(665)**	(496)	34.1%
Profit attributable to owners of the Company		**2,871**	2,175	32.0%

STATEMENTS OF COMPREHENSIVE INCOME FOR FIRST QUARTER ENDED 31 MARCH 2018

	1st Quarter ended 31 March		
	2018	2017	+/(-)
	$'000	$'000	%
Profit attributable to owners of the Company	**2,871**	2,175	32.0%
Other comprehensive income (Item that may be reclassified subsequently to profit or loss):-			
- Foreign currency translation reserve	**(280)**	(424)	(34.0%)
Total comprehensive income attributable to equity holders of the Company	**2,591**	1,751	48.0%

1(a)(ii) **Notes to the Income Statement**

	1st Quarter ended 31 March		
	2018	2017	+/(-)
A) Other operating income comprises the following:	**$'000**	$'000	%
- Net gain in foreign exchange	**1,167**	-	n.m
- Gain on disposal of property, plant and equipment,net	**15**	-	n.m
- Rental income	**50**	35	42.9%
- Sundry income	**49**	55	(10.9%)
	1,281	90	1323.3%

B) Employee benefits expense decreased marginally by 1.4% in 1st Quarter 2018 mainly due to lower levy incurred in the Fabrication & Manufacturing business as the Group progressively upgrades its workers to higher-skilled status.

C) Depreciation and amortisation expense decreased by 10.8% in 1st Quarter 2018 mainly due to some of the plant & equipment being fully depreciated in comparison to the corresponding period last year.

D) Insurance, freight and transportation decreased by 52.4% in 1st Quarter 2018 mainly due to decrease in transportation cost in line with lower tonnage delivered.

E) Rental and utilities increased by 9.0% in 1st Quarter 2018 mainly due to higher inventory level in the Fabrication & Manufacturing business.

F) Repair and maintenance decreased by 9.4% in 1st Quarter 2018 due to lower costs incurred for upkeeping and servicing machineries and motor vehicles in the Fabrication & Manufacturing business.

	1st Quarter ended 31 March		
	2018	2017	+/(-)
	$'000	$'000	%
G) Other operating expenses include:			
- Worker's dormitories and related costs	**151**	148	2.0%
- Tools and consumables	**271**	746	(63.7%)
- Insurance	**181**	204	(11.3%)
- Bank charges	**31**	32	(3.1%)
- Trade commission	**43**	54	(20.4%)
- Professional fees	**64**	56	14.3%
- Travelling	**123**	116	6.0%
- Printing and stationery	**66**	54	22.2%
- Net loss in foreign exchange	**-**	221	(100.0%)
- Property, plant and equipment written off	**1**	-	n.m
- Loss on disposal of property, plant and equipment, net	**-**	41	(100.0%)
- Impairment loss of trade receivables	**-**	42	(100.0%)
- Impairment loss of investment properties	**160**	-	n.m
- Other miscellaneous expenses	**410**	509	(19.4%)
	1,501	2,223	(32.5%)

H) Financial expense increased by 104.1% in 1st Quarter 2018 mainly to finance higher inventory level compared to the corresponding period last year.

I) Financial income increased by 46.3% in 1st Quarter 2018 mainly due to increase in interest income from banks.

J) Share of loss of associate decreased by 62.5% in 1st Quarter 2018 mainly due to lower overheads incurred.

K) n.m means not meaningful

1(b)(i) STATEMENTS OF FINANCIAL POSITION

		Group		Company	
		31.03.2018	31.12.2017	**31.03.2018**	31.12.2017
ASSETS	**Notes**	**$'000**	$'000	**$'000**	$'000
Non-current assets					
Properties, plant and equipment		**48,605**	50,836	**3,783**	3,821
Investment properties		**2,411**	2,530	**-**	-
Investment in subsidiaries		**-**	-	**17,681**	17,681
Investment in associate		**1,698**	1,704	**-**	-
Club memberships		**372**	379	**115**	117
Deferred tax assets		**109**	109	**-**	-
		53,195	55,558	**21,579**	21,619
Current assets					
Inventories	1	**166,206**	161,204	**-**	-
Trade receivables		**73,079**	71,870	**-**	-
Other receivables and deposits	2	**14,984**	3,275	**13**	13
Prepayments		**710**	202	**32**	5
Assets held for sale	3	**24,292**	42,028	**-**	-
Due from subsidiaries (non-trade)		**-**	-	**24,454**	29,707
Fixed deposits		**22,081**	23,221	**11,473**	6,507
Cash and bank balances		**36,276**	28,811	**1,046**	498
		337,628	330,611	**37,018**	36,730
Total assets		**390,823**	386,169	**58,597**	58,349

		Group		Company	
		31.03.2018	31.12.2017	**31.03.2018**	31.12.2017
	Notes	**$'000**	$'000	**$'000**	$'000
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	1	**24,061**	49,098	**20**	25
Bills payable to banks (secured)	1	**153,274**	121,743	**-**	-
Other payables and accruals		**5,858**	5,872	**367**	262
Advance payment from customers	4	**-**	2,308	**-**	-
Provision for onerous contracts	5	**12,737**	13,387	**-**	-
Forward exchange contracts		**314**	1,337	**-**	-
Hire purchase creditors		**2,908**	3,480	**-**	-
Income tax payable		**3,042**	2,446	**278**	263
		202,194	199,671	**665**	550
Net current assets		**135,434**	130,940	**36,353**	36,180
Non-current liabilities					
Hire purchase creditors		**3,134**	3,594	**-**	-
Deferred tax liabilities		**290**	290	**290**	290
		3,424	3,884	**290**	290
Total liabilities		**205,618**	203,555	**955**	840
Net assets		**185,205**	182,614	**57,642**	57,509
Equity attributable to owners of the Company					
Share capital		**46,473**	46,473	**46,473**	46,473
Retained earnings		**143,497**	140,626	**11,169**	11,036
Foreign currency translation reserve		**(4,765)**	(4,485)	**-**	-
		185,205	182,614	**57,642**	57,509

1(b)(ii) Notes to the Statements of Financial Position

1) Inventories increased by $5.0m mainly due to higher stock position in Fabrication & Manufacturing business. Correspondingly, total for trade payables and bills payable to banks also increased.

2) Other receivables and deposits increased by $11.7m mainly due to deposits paid to steel supplier.

3) Assets held for sale decreased by $17.7m mainly due to sale of a newly redeveloped bungalow.

4) Advance payment from customers decreased by $2.3m due to the completion of sale for a newly redeveloped bungalow.

5) Provision for onerous contracts decreased by $0.7m due to write-back of prior year's provision.

1(b)(iii) Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31.03.2018		As at 31.12.2017	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
156,182	-	125,223	-

Amount repayable after one year

As at 31.03.2018		As at 31.12.2017	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
3,134	-	3,594	-

Details of collateral

The Group's bills payable to banks are secured by the following:

(a) corporate guarantees given by the Company and certain subsidiaries to the banks;

(b) letters of negative pledges on the assets of the Company and certain subsidiaries, with the exception of property, plant and equipment under hire purchase arrangements; and

(c) a deed of charge and assignment of inventories and floating charge over trade receivables.

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS FOR FIRST QUARTER ENDED 31 MARCH 2018

	Notes	1st Quarter ended 31 March	
		2018	2017
		$'000	$'000
Operating activities			
Profit before tax		**3,536**	2,671
Adjustments for:			
Amortisation of club memberships		**7**	15
Depreciation of property, plant and equipment		**2,267**	2,542
Depreciation of investment properties		**17**	11
Property, plant and equipment written off		**1**	-
(Gain)/loss on disposal of property, plant and equipment, net		**(15)**	41
Impairment loss of investment properties		**160**	-
Interest expense		**743**	364
Interest income		**(60)**	(41)
Unrealised gain on forward exchange contracts		**(1,023)**	-
Foreign currency translation adjustments		**82**	(308)
Share of results of associate		**6**	16
Impairment loss of trade receivables		**-**	42
Write-back of provision for onerous contracts		**(650)**	-
Operating cash flows before changes in working capital		**5,071**	5,353
(Increase)/decrease in:			
Inventories		**(5,003)**	(45,768)
Trade receivables		**(1,210)**	(8,840)
Other receivables, deposits and prepayments		**(12,216)**	(766)
Assets held for sale		**17,736**	(654)
Increase/(decrease) in:			
Trade payables		**(25,037)**	(552)
Other payables and accruals		**(2,318)**	3,115
Cash flows used in operations		**(22,977)**	(48,112)
Interest paid		**(743)**	(364)
Interest received		**60**	41
Income taxes paid		**(69)**	(22)
Net cash flows used in operating activities	6	**(23,729)**	(48,457)
Investing activities			
Purchase of property, plant and equipment		**(37)**	(136)
Subsequent expenditure on investment properties		**(58)**	-
Proceeds from disposal of property, plant and equipment		**15**	148
Net cash flows from/(used in) investing activities	7	**(80)**	12
Financing activities			
Increase in bills payable to banks (secured)		**31,531**	34,582
Repayment of bank term loans		**-**	(812)
Repayment of hire purchase		**(1,032)**	(1,347)
Net cash flows from financing activities	8	**30,499**	32,423
Net increase/(decrease) in cash and cash equivalents		**6,690**	(16,022)
Effect of exchange rate changes on cash and cash equivalents		**(365)**	(119)
Cash & cash equivalents at beginning of the year		**52,032**	97,840
Cash & cash equivalents at end of the period	9	**58,357**	81,699

1(c)(i) Notes to the Consolidated Statement of Cash Flows

6) Net cash flow used in operating activities in 1st Quarter 2018 decreased by $24.8m, from $48.5m to $23.7m. This was mainly due to decrease in assets held for sale.

7) Net cash flows used in investing activities in 1st Quarter 2018 was $0.08m compared to net cash flows from investing activities in 1st Quarter 2017 of $0.01m. This was mainly due to reduction in proceeds from disposal of property, plant and equipment.

8) Net cash flows from financing activities in 1st Quarter 2018 decreased by $1.9m, from $32.4m to $30.5m. This was mainly due to bills payable to banks.

9) Cash and cash equivalents as at 1st Quarter comprised the following:-

	2018	2017
	$'000	$'000
Cash and bank balances	**36,276**	53,229
Fixed deposits	**22,081**	28,470
	58,357	81,699

1(d)(i) STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company			
GROUP	**Share Capital**	**Translation Reserve**	**Revenue Reserve**	**Total Equity**
	$'000	**$'000**	**$'000**	**$'000**
Balance as at 01.01.2018	**46,473**	**(4,485)**	**140,626**	**182,614**
Changes in equity for the period:				
Total comprehensive income for the period	**-**	**(280)**	**2,871**	**2,591**
Balance as at 31.03.2018	**46,473**	**(4,765)**	**143,497**	**185,205**
Balance as at 01.01.2017	46,473	(4,206)	142,612	184,879
Changes in equity for the period:				
Total comprehensive income for the period	-	(424)	2,175	1,751
Balance as at 31.03.2017	46,473	(4,630)	144,787	186,630

COMPANY	**Share Capital**	**Revenue Reserve**	**Total Equity**
	$'000	**$'000**	**$'000**
Balance as at 01.01.2018	**46,473**	**11,036**	**57,509**
Changes in equity for the period:			
Total comprehensive income for the period	**-**	**133**	**133**
Balance as at 31.03.2018	**46,473**	**11,169**	**57,642**
Balance as at 01.01.2017	46,473	5,403	51,876
Changes in equity for the period:			
Total comprehensive income for the period	-	176	176
Balance as at 31.03.2017	46,473	5,579	52,052

1(d)(ii) Changes in Share Capital

Share Capital	Number of shares	$'000
Ordinary share issued & fully paid		
Balance as at 01.01.2018 & 31.03.2018	**474,551,093**	**46,473**

There was no movement in the issued and paid-up capital of the Company since 31 December 2017.

There were no outstanding convertibles as at 31.03.2018 (31.03.2017: Nil).

The Company has no treasury shares as at 31.03.2018 (31.03.2017: Nil).

2 Audit

Pursuant to the requirements of Rule 25 of the Singapore Code on Take-overs and Mergers, the financial information of the Group relating to the three months ended 31 March 2018 and as at that date set out in sections 1(a)(i), 1(b)(i), 1(c), 1(d) and 6 of this announcement has been extracted from the interim financial report prepared in accordance with Singapore Financial Reporting Standard (International) 34 *Interim Financial Reporting*. This financial information has been reviewed by our auditors in accordance with Singapore Standard on Review Engagements 2410 *Review of Interm Financial Information Performed by the Independent Auditor of the Entity*.

The comparative figures for the three months ended 31 March 2017 have not been reviewed by the auditor.

3 Auditor's Report

Please refer to the independent auditors' review report dated 14 May 2018 appended to this announcement.

4 Accounting Policies

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the current financial year as with those in the most recently audited financial statements as at 31 December 2017.

5 Changes in Accounting Policies

The Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), on 1 January 2018 and has prepared its first set of financial information under SFRS(I)s for the three months ended 31 March 2018. In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International).

The Group has not elected any optional exemption on the first-time adoption of SFRS(I)s. There is no significant impact to the Group's opening balance sheet as at 1 January 2017 on the date of transition to SFRS(I)s.

In addition, during the current financial period, the Group and the Company have adopted the new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from financial year beginning 1 January 2018.

The adoption of these SFRS(I)s, amendments and interpretations of SFRS(I)s did not have any significant impact on the financial statements of the Group.

6 Earnings per ordinary share of the group

	1st Quarter ended 31 March	
	2018	2017
Earnings per ordinary share for the period based on net profit attributable to owners:-		
(a) On weighted average number of ordinary shares in issue	**0.60cents**	0.46cents
(b) On a fully diluted basis	**0.60cents**	0.46cents

Earnings per ordinary share on existing issued share capital is computed based on the weighted average number of ordinary shares issued during 1Q18 of 474,551,093 shares (1Q17: 474,551,093 shares).

There is no difference between the basic and diluted earnings per share.

7 Net asset value per ordinary share

	Group as at:		Company as at:	
	31.03.2018	31.12.2017	**31.03.2018**	31.12.2017
Net asset value per share based on existing issued share capital as at end of the respective dates	**39.03cents**	38.48cents	**12.15cents**	12.12cents

Net asset value is computed based on the number of shares in issue as at 31 March 2018 & 31 December 2017 of 474,551,093 shares.

8 Performance Review

For 1st Quarter 2018, the Group's turnover increased by 23.4% to $100.4m from $81.4m in the corresponding quarter last year. The higher turnover was attributable to Property Development and Investment business which contributed $21.0m, but partially offset by Fabrication & Manufacturing business which decreased by $2.0m.

The Group completed its sale of a newly redeveloped bungalow in January 2018 for its Property Development and Investment business. While the decrease in turnover for its Fabrication and Manufacturing business was attributable to lower tonnage delivered, but this was partially offset by higher steel prices.

The Group's gross profit margins as a percentage of turnover in 1st Quarter 2018 was 14.4%, lower than the corresponding period last year of 19.6%. This was mainly due to lower margins derived from most of the products in the Fabrication & Manufacturing business.

In line with the decrease in tonnages delivered in the Fabrication & Manufacturing business, lower costs were incurred for insurance, freight and transportation, repair and maintenance and other operating expenses. However, higher costs were incurred for rental and financial expenses due to higher stockholding.

Share of loss of associate decreased by 62.5% in 1st Quarter 2018 due to lower overheads incurred.

The Group's profit attributable to owners of the Company was $2.9m in 1st Quarter 2018, an increase of 32.0% from the corresponding quarter last year of $2.2m.

Cashflow

For the 1st Quarter 2018, net cash flows used in operating activities decreased by $24.8m, from $48.5m to $23.7m. This was mainly due to proceeds from disposal of asset held for sale. Net cash flows used in investing activities was $0.08m compared to net cash flows from investing activities of $0.01m. This was mainly due to reduction in proceeds from disposal of property, plant and equipment. With net cash flows from financing activities of $30.5m, cash and cash equivalents as at 31 March 2018 was $58.4m, up from $52.0m as at 1 January 2018.

Balance Sheet
The Balance Sheet remained strong. The net asset value per share for the Group as at 31 March 2018 was 39.03 cents, slightly higher than 38.48 cents as at 31 December 2017.

9 Variance from Prospect Statement

No variance from previous statement.

10 Prospect Statement

Based on advance gross domestic product (GDP) estimates released by the Ministry of Trade and Industry on 13 April 2018, construction sector contracted by 4.4 per cent on a year-on-year basis in the first quarter of 2018, extending the 5.0 per cent decline in the previous quarter. The weak performance of the sector was due to a fall in both private sector and public sector construction activities. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector grew by 4.1 per cent, a reversal from the 0.2 per cent decline in the preceding quarter.

Although the rate of contraction in the construction sector has eased, margins are expected to remain under pressure due to excess capacity and continuous intense competition amongst the industry players.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No
Nil.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim (one-tier) tax exempt
Dividend Type	Cash
Dividend Rate	0.20 cent per ordinary share
Date paid / payable	23 June 2017

(c) Date
Not Applicable.

(d) Books closure date
Not Applicable.

12 If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for the quarter ended 31 March 2018.

13 Interested Person Transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

14 Confirmation pursuant to Rule 705(5) of the SGX Listing Manual

We, Lee Lin Poey and Lee Heng Thiam, being two directors of Lee Metal Group Ltd, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the 1st Quarter ended 31 March 2018 to be false or misleading in any material aspects.

15 Confirmation pursuant to Rule 720(1) of the SGX Listing Manual

The Group confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the listing manual.

BY ORDER OF THE BOARD

Foo Soon Soo
Company Secretary
14 May 2018

Lee Metal Group Ltd and its Subsidiaries

Independent Auditor's Review Report on the Interim Condensed Consolidated Financial Statements for the three-month period ended 31 March 2018

To the Board of Directors

Introduction

We have reviewed the accompanying unaudited interim condensed consolidated financial statements of Lee Metal Group Ltd (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the interim condensed consolidated statement of financial position as at 31 March 2018, and the related interim condensed consolidated income statement, statement of comprehensive income, changes in equity and cash flows of the Group and the interim condensed statement of position and statement of changes in equity of the Company for the period from 1 January 2018 to 31 March 2018, and selected explanatory notes, as set out on pages 4 to 37.

Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with Singapore Financial Reporting Standard (International) 34 *Interim Financial Reporting* (SFRS(I) 1-34). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.* A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with SFRS(I) 1-34.

Restriction on use

Our report is provided on the basis that it is solely for the information of the directors of the Company to enable the directors of the Company to fulfill their responsibilities under Rule 25 of the Singapore Code on the Take-overs and Mergers and the requirements of the Listing Rules of the Singapore Exchange Securities Trading Limited. Our report should not be quoted or referred to, in whole or in part, without our prior written permission, for any other purpose. We do not assume any responsibility to anyone other than to the Company for our work, for our report or for the conclusions we have reached in our report.

Ernst & Young LLP

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
Partner in charge: Ng Boon Heng

14 May 2018

SAC Capital Private Limited
1 Robinson Road #21-02 AIA Tower Singapore 048542
Tel: (65) 6221 5590 Fax: (65) 6221 5597
Business Registration No.: 200401542N

24 May 2018

The Board of Directors

Lee Metal Group Ltd
No. 7 Tuas Avenue 16
Singapore 638934

Dear Sir/Madam

VOLUNTARY CONDITIONAL CASH OFFER BY UNITED OVERSEAS BANK LIMITED, FOR AND ON BEHALF OF BRC ASIA LIMITED, FOR ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF LEE METAL GROUP LTD

This letter has been prepared in connection with the voluntary conditional cash offer by United Overseas Bank Limited, for and on behalf of BRC Asia Limited (the "**Offeror**"), for all the issued and paid-up ordinary shares in the capital of Lee Metal Group Ltd (the "**Company**") other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers (the "**Code**").

We have examined the unaudited profit figures of the Company and its subsidiaries (collectively, the "**Group**") for the 3-month financial period ended 31 March 2018 (the "**3M2018 Results**") and have held discussions with the management of the Company who are responsible for the preparation of the 3M2018 Results. We have also considered and relied on the independent auditors' report dated 14 May 2018 prepared by Ernst & Young LLP, the independent auditors of the Company, to the board of directors of the Company (the "**Directors**"), in relation to their review of the 3M2018 Results.

In rendering our opinion, we have relied on the accuracy and completeness of all financial and other information and representations, whether written or verbal, provided to us by the management of the Company and have not independently verified the accuracy and completeness of such information or representation. Save as provided in this report, we do not express any other opinion on the 3M2018 Results.

Based on the above, we are of the opinion that the 3M2018 Results (for which the Directors of the Company are solely responsible) have been prepared and made by the Directors after due and careful enquiry.

We have provided this report solely to the Directors of the Company in compliance with Rule 25 of the Code and for no other purposes. We do not accept responsibility to any other person(s), other than the Directors of the Company, in respect of, arising out of, or in connection with this report.

Yours faithfully
For and on behalf of
SAC CAPITAL PRIVATE LIMITED

Bernard Lim
Director

Chow You Yah
Partner

The provisions in the Constitution 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 Constitution and/or the Companies Act, a copy of which is available for inspection at the registered office of the Company at No. 7 Tuas Avenue 16 Singapore 638934, during normal business hours until the Extended Closing Date.

(A) RIGHTS IN RESPECT OF CAPITAL

PUBLIC COMPANY

Company's shares as security

6. 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) and 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).

Issue of new Shares

7. Subject to these Articles, 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(1), and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over shares or otherwise dispose of the same to such persons on such terms and conditions and for such consideration 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 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:-

(a) the total number of issued preference shares shall not at any time exceed the total number of the issued ordinary shares of the Company;

(b) (subject to any direction to the contrary that may be given by the Company in General Meeting) 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 provisions of the second sentence of Article 52(1) with such adaptations as are necessary shall apply; and

(c) any other issue of shares, the aggregate of which would exceed the limits referred to in Article 52(2), shall be subject to the approval of the Company in General Meeting.

Share Buyback

8(1) Subject to and in accordance with the provisions of the Act, the Company may purchase or otherwise acquire shares issued by it on such terms as the Company may think fit and in the manner prescribed by the Act. Directors may hold all such repurchased shares as Treasury Shares.

(2) All shares purchased by the Company shall (unless held as Treasury Shares in accordance with the provisions of the Act) be deemed to be cancelled. 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 authorized by or prescribed pursuant to the Act.

Rights attached to certain shares

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.

Variation of rights

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 and that where all the issued shares of the class are held by one person, the necessary quorum shall be one person.

Rights of Preference Shares

(2) The repayment of preference capital other than redeemable preference capital 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.

Creation or issue of further shares with special rights

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.

Power to pay commission and brokerage

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 commission 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.

Power to charge interest on capital

13. If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period, the Company may, subject to the conditions and restrictions mentioned in the Act, pay

interest on so much of the share capital as is for the time being paid up (except Treasury Shares) and may charge the same to capital as part of the cost of the construction or provision.

No trust recognised

14. Except as required by law, no person other than the Depository 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.

Joint holders

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.

Fractional part of a share

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.

Payment of instalments

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.

Share certificates

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 number and class of shares to which it relates and the amounts paid on the shares, the amount (if any) unpaid on the shares and the extent to which the shares are paid up. 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.

Entitlement to certificate

19(1) Subject to the payment of all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Directors in their absolute discretion may require, every person whose name is entered as a member in the Register of Members shall be entitled to receive within 10 market days of the closing date of any application for shares (or such other period as may be approved by any Stock Exchange upon which the Company may be listed) or within 10 market days after the date of lodgment of a registrable transfer (or such other period as may be approved by any Stock Exchange upon which the shares of the Company may be listed) one certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred. Where such a member transfers part only of the shares comprised in a certificate or where such a member requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and such member shall pay all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Directors in their absolute discretion may require and a maximum fee of $2 for each new certificate or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by any Stock Exchange upon which the shares in the Company may be listed. For the purposes of this Article 19, "market day" shall mean a day on which the Exchange is open for trading in securities.

Retention of certificate

(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.

New certificates may be issued

20(1) Subject to the provisions of the Statutes, 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 any Stock Exchange upon which the Company is listed 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 $2 as the Directors may from time to time require together with the amount of the proper duty with which such share certificate is chargeable under any law for the time being in force relating to stamps. 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.

New certificate in place of one not surrendered

(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

Form of transfer of shares

21. Subject to these Articles and to the Act, 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.

Execution

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.

Person under disability

23. No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind but nothing herein contained shall be construed as imposing on the Company any liability in respect of the registration of transfers to such persons if the Company has no knowledge of the same.

Directors' power to decline to register

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 or the rules, bye-laws or listing rules of the Exchange) 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. If the Directors shall decline to register any transfer of any shares, they shall within 10 Market Days after the date on which the transfer was lodged with the Company (or such period of time as may be prescribed by the rules, bye-laws or listing rules of the Exchange), send to the transferor and to the transferee a written notice of the refusal stating the facts which are considered to justify the refusal as required by the Act.

Terms of registration of transfers

(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.

Retention of transfers

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.

Closing of Register

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.

Renunciation of allotment

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.

Indemnity against wrongful transfer

(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, a lone 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

Transmission on death

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.

Persons becoming entitled on death or bankruptcy of Member may be registered

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 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.

Rights of unregistered executors and trustees

(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.

Persons entitled to shares by transmission

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.

Fee for registration of probate, etc.

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

Calls on shares

32. The Directors may from time to time make such calls as they think fit 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.

Time when made

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.

Interest on calls

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, and shall also pay all costs, charges and expenses which the Company may have incurred or become liable for, in procuring the payment of or in consequence of the non-payment of such call, but the Directors shall be at liberty to waive payment of such interest, costs, charges and expenses wholly or in part.

Sum due to allotment

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, costs, charges and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Power to differentiate

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.

Payment in advance of calls

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

Notice requiring payment of calls

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.

Notice to state time and place

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.

Forfeiture on non-compliance with notice

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.

Notice of forfeiture to be given and entered

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.

Directors may allow forfeited share to be redeemed

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.

Sale of shares forfeited

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.

Rights and liabilities of Members whose shares have been forfeited or surrendered

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.

Company's lien

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 but such lien shall only be upon the specific shares in respect of which such calls or instalments are due and unpaid and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. The Directors may however waive any lien which has arisen and may resolve that any share shall for any limited period be exempt wholly or partially from the provisions of this Article 45.

Member not entitled to privileges until all calls paid

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).

Sale of shares subject to lien

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.

Applications of proceeds of such sale

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.

Title to shares forfeited or surrendered or sold to satisfy a lien

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

Power to increase capital

50. The Company in General Meeting may from time to time by Ordinary Resolution, whether all the shares for the time being issued shall have been fully paid up or not, increase its capital by the creation of new shares, such aggregate increase to be of such amount and to be divided into such number of shares as the Company by the resolution authorising such increase shall direct.

Rights and privileges of new shares

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.

Issue of new shares to Members

52(1) Subject to any direction to the contrary that may be given by the Company in General Meeting, all new shares shall before issue be offered to such persons 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. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of 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 dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio

which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 52.

(2) Notwithstanding Article 7 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) (i) issue shares in the capital of the Company (referred to in this Article as "shares") whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,

provided that :-

(A) the aggregate number of shares 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) shall be subject to such limits and manner of calculation as may be prescribed by Exchange;

(B) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the rules, bye-laws or listing rules of the Exchange for the time being in force (unless such compliance is waived by the Exchange) and these Articles; and

(C) unless previously revoked or varied by the Company in General Meeting, such authority to issue shares does not continue 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 is required to be held, or the expiration of such other period as may be prescribed by the Statutes (whichever is the earliest).

New shares otherwise subject to provisions of Articles

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.

Power to consolidate, cancel and subdivide

54(1) The Company may by Ordinary Resolution:-

(i) consolidate and divide all or any of its share capital;

shares

(ii) cancel any shares which, at the date of the passing of the Resolution, have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled;

(iii) 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

(iv) subject to the provisions of these Articles and the Act, convert any class of shares into any other class of shares.

Power to purchase or acquire its issued shares

(2) Subject to and in accordance with the provisions of the Act, the listing rules of the Exchange and any applicable legislation or regulation, the Company may authorise the Directors in General Meeting to purchase or otherwise acquire any shares issued by the Company including ordinary shares, stocks and preference shares issued by it on such terms as the Company may think fit and in the manner prescribed by the Act. All shares purchased by the Company shall (unless held as Treasury Shares in accordance with the provisions of the Act and these Articles) be deemed to be cancelled.

Treasury Shares

(3) The Company may, upon purchase or acquisition of its ordinary shares, hold any or all such repurchased shares as Treasury Shares. 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 authorized by or prescribed pursuant to the Act.

Power to reduce capital

55(1) The Company may by Special Resolution reduce its share capital in any manner in accordance with, and subject to, any requirement required by law and the rules, bye-laws or listing rules of the Exchange.

(2) Where a company's share capital is reduced under Division 3A of Part IV of the Act, a Member of the company (past or present) will not be liable in respect of the issue price of any share or to any call or contribution greater in amount than the difference (if any) between —

the issue price of the share; and

the aggregate of the amount paid up on the share (if any) and the amount reduced on the share.

(3) Notwithstanding Article 55(1), the Company may cancel shares purchased and held pursuant to Articles 54(2) and 54(3) and the Act in the manner prescribed by the Act.

STOCK

Power to convert into stock

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.

Transfer of stock

57. The holders of stock may transfer the same or any part thereof in the same manner and subject to these 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 no stock shall be transferable except in such units as the Directors may from time to time determine.

Rights of stockholders

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.

Interpretation

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".

CAPITALISATION OF PROFITS AND RESERVES

Power to capitalise profits

142. Subject to the approval of the Company in General Meeting (whether such approval is pursuant to an authorisation to the Directors to exercise the power of the Company to issue shares generally pursuant to Article 8 or otherwise), the Directors may resolve that it is desirable to capitalise any sum for the time being standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution; provided that such sum be not required for paying the dividends on any shares carrying a fixed cumulative preferential dividend and accordingly that the Directors be authorised and directed to appropriate the sum resolved to be capitalised to the Members holding shares in the Company in the proportions in which such sum would have been divisible among them had the same been applied or have been applicable in paying dividends and to apply such sum on their behalf either in or towards paying up the amounts (if any) for the time being unpaid on any shares held by such Members respectively, or in paying up in full unissued shares or debentures of the Company, such shares or debentures to be allotted and distributed and credited as fully paid up to and among such Members in the proportion aforesaid or partly in one way and partly in the other. Where any difficulty arises in respect of any such distribution the Directors may settle the same as they think expedient and in particular they may fix the value for distribution of any fully paid-up shares or debentures, make cash payments to any Members on the footing of the value so fixed in order to adjust rights, and vest and such shares or debentures in trustees upon such trusts for the persons entitled to share in appropriation and distribution as may seem just and expedient to the Directors. When deemed requisite a proper contract for the allotment and acceptance of any shares to be distributed as aforesaid shall be delivered to the Registrar of Companies for registration in accordance with the Act and the Directors may appoint any person to sign such contract on behalf of the persons entitled to share in the appropriation and such distribution and appointment shall be effective.

142A. In addition and without prejudice to the powers provided for by Article 142, the Directors shall have the power to issue shares for which no consideration is payable and / or 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 new shares, 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 in such manner and on such terms as the Directors shall think fit.

Directors to do all acts and things to

143. Whenever such a resolution as aforesaid shall have been passed the Directors shall make all appropriations and applications of the sum resolved to be capitalised thereby, all allotments and issues of fully paid shares or debentures (if

give effect

any), and generally shall do all acts and things required to give effect thereto and also to authorise any person to enter on behalf of all the Members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalisation or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the sum resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares and any agreement made under such authority shall be effective and binding on all such Members.

(B) RIGHTS IN RESPECT OF VOTING

GENERAL MEETINGS

Annual General Meeting

60(1) Subject to the provisions of the Act, the Company shall in each year hold a General Meeting in addition to any other meetings in that year to be called the Annual General Meeting before the expiry of four (4) months from the close of the financial year of the Company, or such other period as may be prescribed under the Act or by the Exchange from time to time and not more than fifteen months shall elapse between the date of one Annual General Meeting of the Company and that of the next. The Annual General Meeting shall be held at such time and place as the Directors shall appoint.

Extraordinary General Meetings

(2) All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.

Calling of Extraordinary General Meetings

61. The Directors may, whenever they think fit, convene an Extraordinary General Meeting and Extraordinary General Meetings shall also be convened on such requisition or, in default, may be convened by such requisitionists as provided by Section 176 of the Act. If at any time there are not within Singapore sufficient Directors capable of acting to form a quorum at a meeting of Directors, any Director may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

NOTICE OF GENERAL MEETINGS

Notice of meetings

62(1) Subject to the provisions of the Act and these Articles as to Special Resolutions and special notice and the calling of meetings at short notice, at least fourteen days' notice in writing (exclusive both of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every General Meeting shall be given in the manner hereinafter mentioned to such persons (including the Auditors) as are under the provisions herein contained entitled to receive notice from the Company and at least fourteen days' notice of such Meeting shall be given by advertisement in the daily press and in writing to the Exchange.

(2) Any general meeting at which it is proposed to pass Special Resolutions or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by at least 21 clear days' notice in writing and any other general meeting by at least 14 clear days' notice in writing.

Provided That a general meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:

(a) in the case of an annual general meeting, by all the Members entitled to attend and vote thereat; and

(b) in the case of an extraordinary general meeting, by a majority in number of the Members having a right to attend and vote thereat being a majority which together holds not less than 95% of the total voting rights of all the Members having a right to vote at that meeting.

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

Contents of notice

63(1) Every notice calling a General Meeting shall specify the place and the day and hour of the Meeting and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him and that a proxy need not be a Member of the Company.

Notice of Annual General Meeting

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

Nature of special business to be specified

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

Special business

64. All business shall be deemed special that is transacted at any Extraordinary General Meeting, and all that is transacted at an Annual General Meeting shall also be deemed special, with the exception of sanctioning a dividend, the consideration of the accounts and balance sheet and the reports of the Directors and Auditors, and any other documents required to be annexed to the balance sheet, electing Directors in place of those retiring by rotation or otherwise and the fixing of the Directors' remuneration and the appointment and fixing of the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business.

PROCEEDINGS AT GENERAL MEETINGS

Quorum

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.

Adjournment if quorum not present

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.

Resolutions in writing

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.

Chairman

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.

Adjournment

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.

Method of voting

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 shares in the Company conferring a right to vote at the Meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

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.

Taking a poll

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.

Votes counted in error

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.

Chairman's casting vote

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.

Time for taking a poll

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.

Continuance of business after demand for a poll

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

Voting rights 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.

Voting rights of joint holders

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.

Voting rights of Members of unsound mind

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.

Right to vote

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.

Objections

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.

Votes on a poll

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.

Alternative voting methods

81A. Subject to these Articles and the provisions of the Act, the Directors may, at their sole discretion approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow Members who are unable to vote in person at any general meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.

Appointment of proxies

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.

Proxy need not be a Member

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.

Instrument appointing proxy

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.

To be left at Company's office

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.

Intervening death or insanity of principal not to revoke proxy

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.

Corporations acting by representatives

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. 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.

NOTICES

Services of notices

155. Any notice or document (including a share certificate) may be served by the Company on any Member either personally or by sending it through the post in a prepaid letter or wrapper addressed to such Member at his registered address in the Register of Members or the Depository Register (as the case may be) or in any other manner permitted by the Act. Without prejudice to the provisions of these Articles, a notice of a meeting or other document required or permitted to be given, sent or served under the Act or the Memorandum of Association and these Articles to any person (including but not limited to a Member, an officer or the Auditors of the Company) may also be given, sent or served by the Company using electronic communications to the current address of that person in accordance with the Act and/or any other applicable regulations, law or procedure. The signature to any such notice or document (if any) may be written or printed or in electronic form which includes electronic and/or digital signatures.

Service of notices in respect of joint holders

156. All notices with respect to any shares to which persons are jointly entitled shall be given to whichever of such persons is named first on the Register of Members or the Depository Register (as the case may be) and notice so given shall be sufficient notice to all the holders of such shares.

Members shall be served at registered address

157. Any Member with a registered address shall be entitled to have served upon him at such address any notice or document to which he is entitled to be served with under these Articles.

Service of notice on Members abroad

158. Notwithstanding Article 157, a Member who has no registered address in Singapore shall not be entitled to be served with any notice or document to which he would otherwise be entitled to be served with under the Articles, unless and until he has notified in writing the Company or the Depository (as the case may be) an address in Singapore which shall be deemed his registered address for the purpose of service of any notice or document.

Notices in cases of death or bankruptcy

159. A person entitled to a share in consequence of the death or bankruptcy of a Member or otherwise upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, and upon supplying also an address in Singapore for the service of notice, shall be entitled to have served upon him (subject to Article 158) at such address any notice or document to which the Member but for his death or bankruptcy or otherwise would be entitled and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share. Save as aforesaid, any notice or document delivered or sent by post to or left at the registered address of any Member in pursuance of these Articles shall (notwithstanding that such Member be then dead or bankrupt or otherwise not entitled to such share and whether or

not the Company have notice of the same) be deemed to have been duly served in respect of any share registered in the name of such Member as sole or joint holder.

When service effected

160. Any notice or other document if sent by post, and whether by airmail or not, shall be deemed to have been served on the day following that on which the envelope or wrapper containing the same is posted, and in proving such service by post it shall be sufficient to prove that the letter or wrapper containing the same was properly addressed and put into the post office as a prepaid letter or wrapper.

Signature on notice

161. Any notice on behalf of the Company or of the Directors shall be deemed effectual if it purports to bear the signature of the Secretary or other duly authorised officer of the Company, whether such signature is printed or written.

Day of service not counted

162. When a given number of days notice or notice extending over any other period is required to be given the day of service shall, unless it is otherwise provided or required by these Articles or by the Act, not be counted in such number of days or period.

Notice of General Meeting

163. Notice of every General Meeting shall be given in the manner hereinbefore authorised to:-

(i) every Member;

(ii) every Person entitled to a share in consequence of the death or bankruptcy or otherwise of a Member who but for the same would be entitled to receive notice of the Meeting;

(iii) the Auditor for the time being of the Company; and

(iv) the Exchange.

(C) RIGHTS IN RESPECT OF DIVIDENDS

DIVIDENDS AND RESERVES

Payment of dividends

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 save that any profits of the Company applied towards the purchase or acquisition of the Company's own shares in accordance with the provisions of the Act shall not be payable as dividends but any proceeds received by the Company as consideration for the sale or disposal of Treasury Shares which the Company has applied towards the profits of the Company may be payable as dividends. Any gains derived by the Company from the sale or disposal of Treasury Shares shall not be payable as dividends.

Apportionment of dividends

130. Subject to the rights of holders of shares with special rights as to dividend (if any), all dividends shall be declared and paid according to the amounts paid on the shares in respect whereof the dividend is paid, but (for the purposes of this Article only) no amount paid on a share in advance of calls shall be treated as paid on the share. All dividends shall be apportioned and paid pro rata according to the amount paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such shares shall rank for dividend accordingly.

Payment of

131. Notwithstanding Article 130, if, and so far as in the opinion of the Directors,

preference and interim dividends

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.

132. (deleted)

Dividends not to bear interest

133. No dividend or other moneys payable on or in respect of a share shall bear interest against the Company.

Deduction from dividend

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.

Retention of dividends on shares subject to lien

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.

Retention of dividends on shares pending transmission

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.

Unclaimed dividends

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.

Payment of dividend in specie

138(1) 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.

(2) Subject to the rules, bye-laws or listing rules of the Exchange, as may be amended from time to time, whenever the Directors or the Company in general meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary shares of the Company, the Directors may further resolve that Members entitled to receive such dividends be entitled to elect to receive an allotment of ordinary shares credited

as fully paid in lieu of cash in respect of the whole or such part of the dividend, as the Directors may think fit in accordance with any scrip dividend scheme which may have been approved by the Company at a general meeting. In such case, the following provisions shall apply:-

(a) the basis of any such allotment shall be determined by the Directors;

(b) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Article;

(c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and

(d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the "elected ordinary shares") and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid for such purpose and (notwithstanding any provision of the Articles to the contrary) the Directors shall be empowered to do all things necessary and convenient for the purpose of implementing the aforesaid including, without limitation, the making of each necessary allotment of shares and of each necessary appropriation, capitalization, application, payment and distribution of funds which may be lawfully appropriated, capitalized, applied, paid or distributed for the purpose of the allotment and without prejudice to the generality of the foregoing the Directors may (a) capitalize and apply the amount standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and amongst the holders of the elected ordinary shares on such basis, or (b) apply the sum which would otherwise have been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.

(3) The ordinary shares allotted pursuant to the provisions of paragraph (2) of

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

(4) The Directors may do all acts and things considered necessary or expedient to give effect to any appropriation, capitalization application, payment and distribution of funds pursuant to this Article, with full power to make such provisions as they think fit in the case of fractional entitlements to shares (including, notwithstanding any provision to the contrary in these Articles, provisions whereby in whole or in part, fractional entitlements are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to the Company rather than the Members) and to authorize any person to enter on behalf of all the Members interested into an agreement with the Company providing for any such appropriation, capitalization, application, payment and distribution of funds and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

Dividends payable by cheque

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.

Effect of transfer

140. A transfer of shares shall not pass the right to any dividend declared on such shares before the registration of the transfer.

RESERVES

Power to carry profit to reserve

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.

Valuation of 32G Nassim Road, Singapore 258414

CUSHMAN & WAKEFIELD

VALUATION CERTIFICATE



Client:	Lee Metal Group Ltd
Date of Valuation:	9 May 2018
Property:	**32G Nassim Road, Singapore 258414**
Valuation Purpose:	To determine the Market Value of the Property in connection with the voluntary conditional general offer by or on behalf of BRC Asia Limited to acquire all the issued and paid-up ordinary shares in the capital of Lee Metal Group Ltd. (the "**Offer**") and for inclusion in Lee Metal Group Ltd's circular in connection with the Offer.
Valuation Standards:	The valuation and report has been prepared in accordance with the Singapore Institute of Surveyors and Valuers' Valuation Standards and Practice Guidelines, 2015 Edition.
Valuation Basis:	Market Value on an 'As-Is' basis and the Gross Development Value assuming satisfactory completion of the Property. The term "Market Value" as used in the context of this valuation is defined as "the estimated amount for which a property should exchange on the date of valuation, between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."
Brief Description of Property:	Presently on site is a 2-storey detached house with a basement car porch, an attic and a swimming pool, built circa 1980s.
Registered Proprietors:	LMG Realty Pte. Ltd.
Existing Floor Area:	Approximately 648 sq m, including approximately 146 sq m of car porch, covered terraces and balcony (as measured on site, subject to survey)
Condition:	Average
Occupancy Details:	Presently vacant.
Town Planning:	Zoned "Residential" use (Master Plan 2014 Edition), within Nassim Road Good Class Bungalow Area
Proposed Development	A 2-storey detached house with a basement and a swimming pool. We understand that Written Permission for the proposed redevelopment has been granted on 9 April 2018.
Proposed Gross Floor Area (GFA):	Approximately 953.52 sq m (according to information provided by the architect M/s RT+Q Architects Pte Ltd, subject to survey)

Valuation of 32G Nassim Road, Singapore 258414

CUSHMAN & WAKEFIELD

Expected TOP Date:	Circa December 2019
Method of Valuation:	Comparison Sales Method
Market Value as at 9 May 2018 on an 'as-is' basis:	**SGD26,500,000/- (Singapore Dollars Twenty-Six Million and Five Hundred Thousand only)**
Gross Development Value as at 9 May 2018, assuming satisfactory completion of Property:	**SGD37,500,000/- (Singapore Dollars Thirty-Seven Million and Five Hundred Thousand only)**
Remarks:	(i) This Valuation Certificate is a summary of the full report dated 14 May 2018 that Cushman & Wakefield have carried out and it does not contain all the necessary information, assumptions and limiting conditions that are included in the report. Further reference may be made to the report, copy of which is held by Lee Metal Group Ltd. (ii) We confirm that we do not have a percuniary interest that would conflict with a proper valuation of the properties and the valuers undertaking the valuation are authorised to practise as valuers and have the necessary expertise and experience in valuation of such type of properties.

Yours faithfully
For and on behalf of
CUSHMAN & WAKEFIELD VHS PTE. LTD.

Chew May Yenk
Executive Director - Valuation & Advisory,
MSISV
Licensed Appraiser No AD41-2004419H

CUSHMAN & WAKEFIELD

Valuation of 1 & 3 Tuas Avenue 8 Singapore 639215 & 639217

VALUATION CERTIFICATE



Client:	Lee Metal Group Ltd
Date of Valuation:	9 May 2018
Property:	**1 & 3 Tuas Avenue 8 Singapore 639215 & 639217**
Valuation Purpose:	To determine the Market Value of the Property in connection with the voluntary conditional general offer by or on behalf of BRC Asia Limited to acquire all the issued and paid-up ordinary shares in the capital of Lee Metal Group Ltd. (the "**Offer**") and for inclusion in Lee Metal Group Ltd's circular in connection with the Offer.
Valuation Standards:	The valuation and report has been prepared in accordance with the Singapore Institute of Surveyors and Valuers' Valuation Standards and Practice Guidelines, 2015 Edition.
Valuation Basis:	Market Value on an 'As-Is' basis. The term "Market Value" as used in the context of this valuation is defined as "the estimated amount for which a property should exchange on the date of valuation, between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."
Legal Description:	Lot Nos. 4455T and 1065N of Mukim 7
Interest Valued:	Leasehold 30 years from 1 January 1997 with a further term of 20 years. However we were advised that the further term of 20 years has not been granted and we have valued the Property based on the expiry of the lease on 31 December 2027.
Brief Description of Property:	Two adjoining units of single-storey JTC standard factories with a 2-storey ancillary workers' dormitory each. We understand that planning permission has been granted for the continued use of the temporary ancillary workers' dormitory till 27 Mar 2023 and it accommodates a total of 240 workers.
Town Planning:	B2 zone with a plot ratio 1.4 in the Master Plan (2014 Edition)
Total Land Area:	18,158.10 sq m or approximately 195,452 sq ft
Total Gross Floor Area (GFA):	Approximately 13,004.97 sq m (139,984 sq ft) – according to floor plans furnished to us by the client.
Registered Lessee:	Lee Welded Mesh Singapore Pte Ltd
Year of Completion:	Circa 1990s with addition and alteration works completed in 2016.
Condition:	Average

CUSHMAN & WAKEFIELD

Valuation of 1 & 3 Tuas Avenue 8 Singapore 639215 & 639217

Occupancy Details:	The property was owner-occupied at the time of inspection.
Method of Valuation:	Comparison Method
Market Value as at 9 May 2018:	**SGD15,190,000/- (Singapore Dollars Fifteen Million One Hundred and Ninety Thousand only)**
Value per GFA:	SGD109 per square foot
Remarks:	(i) This Valuation Certificate is a summary of the full report dated 14 May 2018 that Cushman & Wakefield have carried out and it does not contain all the necessary information, assumptions and limiting conditions that are included in the report. Further reference may be made to the report, copy of which is held by Lee Metal Group Ltd. (ii) We confirm that we do not have a percuniary interest that would conflict with a proper valuation of the properties and the valuers undertaking the valuation are authorised to practise as valuers and have the necessary expertise and experience in valuation of such type of properties.

Yours faithfully
For and on behalf of
CUSHMAN & WAKEFIELD VHS PTE. LTD.

Chew May Yenk
Executive Director - Valuation & Advisory,
MSISV
Licensed Appraiser No AD41-2004419H

Valuation of 7 Tuas Avenue 16 Singapore 638934

CUSHMAN & WAKEFIELD

VALUATION CERTIFICATE



Client:	Lee Metal Group Ltd
Date of Valuation:	10 May 2018
Property:	**7 Tuas Avenue 16 Singapore 638934**
Valuation Purpose:	To determine the Market Value of the Property in connection with the voluntary conditional general offer by or on behalf of BRC Asia Limited to acquire all the issued and paid-up ordinary shares in the capital of Lee Metal Group Ltd. (the "**Offer**") and for inclusion in Lee Metal Group Ltd's circular in connection with the Offer.
Valuation Standards:	The valuation and report has been prepared in accordance with the Singapore Institute of Surveyors and Valuers' Valuation Standards and Practice Guidelines, 2015 Edition.
Valuation Basis:	Market Value on an 'As-Is' basis. The term "Market Value" as used in the context of this valuation is defined as "the estimated amount for which a property should exchange on the date of valuation, between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."
Legal Description:	Lot No. 3173A of Mukim 7
Interest Valued:	Leasehold 30 years from 16 July 1996 with a further term of 16 years and 6 months. We understand that the further term has been granted by JTC. Therefore, we have valued the Property based on the expiry of the lease on 15 January 2043.
Brief Description of Property:	A JTC part single/ part 3 storey purpose-built detached factory with ancillary office. The Property was completed circa late 1990s with addition and alteration works carried out in mid 2010s.
Town Planning:	B2 zone with a plot ratio 1.4 in the Master Plan (2014 Edition)
Total Land Area:	11,641.5 sq m or approximately 125,308 sq ft
Total Gross Floor Area (GFA):	Approximately 11,163.29 sq m (120,161 sq ft) – according to floor plans furnished to us by the client.
Registered Lessee:	Lee Metal Group Ltd
Year of Completion:	Circa late 1990s with addition and alteration works carried out in mid 2010s.
Condition:	Average
Occupancy Details:	The property was owner-occupied at the time of inspection.
Method of Valuation:	Comparison Method

Valuation of 7 Tuas Avenue 16 Singapore 638934

Market Value as at 10 May 2018:	**SGD22,800,000/- (Singapore Dollars Twenty-Two Million and Eight Hundred Thousand only)**
Value per GFA:	SGD190 per square foot
Remarks:	(i) This Valuation Certificate is a summary of the full report dated 14 May 2018 that Cushman & Wakefield have carried out and it does not contain all the necessary information, assumptions and limiting conditions that are included in the report. Further reference may be made to the report, copy of which is held by Lee Metal Group Ltd. (ii) We confirm that we do not have a percuniary interest that would conflict with a proper valuation of the properties and the valuers undertaking the valuation are authorised to practise as valuers and have the necessary expertise and experience in valuation of such type of properties.

Yours faithfully
For and on behalf of
CUSHMAN & WAKEFIELD VHS PTE. LTD.

Chew May Yenk
Executive Director - Valuation & Advisory,
MSISV
Licensed Appraiser No AD41-2004419H

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