

**CIRCULAR DATED 22 APRIL 2016**

**THIS CIRCULAR IS ISSUED BY SELECT GROUP LIMITED. THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE RECOMMENDING DIRECTORS (AS DEFINED HEREIN) AND THE IFA (AS DEFINED HEREIN). THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.**

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

If you have sold or transferred all your ordinary shares in the capital of Select Group Limited, you should immediately forward this Circular to the purchaser or to the bank, stockbroker or agent through whom you effected the sale for onward transmission to the purchaser.

This Circular has not been examined or approved by the SGX-ST (as defined herein) and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.



**SELECT GROUP LIMITED**

(Company Registration No.: 199500697Z)  
(Incorporated in the Republic of Singapore)

**CIRCULAR TO SHAREHOLDERS**

in relation to the

**VOLUNTARY CONDITIONAL CASH OFFER**

by

**DBS BANK LTD.**

(Company Registration No.: 196800306E)  
(Incorporated in the Republic of Singapore)

for and on behalf of

**INTERNATIONAL CULINARY MANAGEMENT LTD**

(Company Registration No.: MC – 308071)  
(Incorporated in the Cayman Islands)

to acquire all the issued and paid-up ordinary shares in the capital of Select Group Limited, other than those shares held, directly or indirectly, by International Culinary Management Ltd as at the date of the Offer (as defined herein)

Independent Financial Adviser to the Recommending Directors of Select Group Limited

**CANACCORD** Genuity

**CANACCORD GENUITY SINGAPORE PTE. LTD.**

(Company Registration No.: 200713620D)  
(Incorporated in the Republic of Singapore)

**SHAREHOLDERS SHOULD NOTE THAT THE OFFER WILL CLOSE AT 5.30 P.M. (SINGAPORE TIME) ON 20 MAY 2016 OR SUCH LATER DATE(S), IF ANY, AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR.**

**ACCORDINGLY, SHAREHOLDERS WHO WISH TO ACCEPT THE OFFER MUST DO SO BY SUCH TIME AND DATE.**



# CONTENTS

	Page
<b>DEFINITIONS</b> .....	2
<b>LETTER TO SHAREHOLDERS</b>	
1. Introduction .....	6
2. The Offer .....	6
3. Rationale for the Offer and the Offeror's Intentions Relating to the Company .....	8
4. Listing Status and Compulsory Acquisition .....	10
5. Exemption Relating to Directors' Recommendation .....	11
6. Advice of the IFA .....	11
7. Recommendation of the Recommending Directors .....	14
8. Overseas Shareholders .....	16
9. Information Pertaining to CPFIS Investors and SRS Investors .....	17
10. Action to be taken by Shareholders .....	18
11. Responsibility Statement .....	18
<b>LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS</b> .....	19
<b>APPENDICES</b>	
1. General Information .....	51
2. Information on the Offeror, the Consortium and Dymon Asia Private Equity .....	77
3. Balance Sheets of the Group as at 31 December 2014 and 31 December 2015 ..	86
4. Significant Accounting Policies of the Group for FY2015 .....	87
5. Extract of Valuation Report .....	99

## DEFINITIONS

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

“ACRA”	:	The Accounting and Corporate Regulatory Authority of Singapore
“Acceptance Condition”	:	Has the meaning ascribed to it in <b>Section 2.3</b> of this Circular
“Books Closure Date”	:	Has the meaning ascribed to it in <b>Section 2.5</b> of this Circular
“Catalist Rules”	:	SGX-ST Listing Manual Section B: Rules of Catalist in force as at the Latest Practicable Date
“CDP”	:	The Central Depository (Pte) Limited
“CGS” or “IFA”	:	Canaccord Genuity Singapore Pte. Ltd., being the independent financial adviser to the Recommending Directors in connection with the Offer
“Circular”	:	This circular to Shareholders dated 22 April 2016 in relation to the Offer
“Closing Date”	:	20 May 2016, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances for the Offer
“Code”	:	The Singapore Code on Take-overs and Mergers
“Companies Act”	:	The Companies Act (Chapter 50 of Singapore)
“Company”	:	Select Group Limited
“CPFIS Investors”	:	Investors who have purchased Shares using their Central Provident Fund contributions pursuant to the Central Provident Fund Investment Scheme
“DBS”	:	DBS Bank Ltd., being the financial adviser to the Offeror in connection with the Offer
“Distribution”	:	Has the meaning ascribed to it in <b>Section 2.4</b> of this Circular
“Directors”	:	The directors of the Company (including the Recommending Directors) as at the Latest Practicable Date
“Encumbrances”	:	Has the meaning ascribed to it in <b>Section 2.4</b> of this Circular
“EV/EBITDA”	:	Has the meaning ascribed to it in <b>Section 7.2(iii)</b> of this Circular

<b>“FAA”</b>	:	Form of Acceptance and Authorisation for Offer Shares which forms part of the Offer Document and which is issued to Shareholders whose Shares are deposited with CDP
<b>“FAT”</b>	:	Form of Acceptance and Transfer for Offer Shares which forms part of the Offer Document and which is issued to Shareholders whose Shares are not deposited with CDP
<b>“FY”</b>	:	Financial year ended or ending (as the case may be) 31 December of a particular year as stated
<b>“FY2015 Dividend”</b>	:	Has the meaning ascribed to it in <b>Section 2.5</b> of this Circular
<b>“F&amp;B”</b>	:	Has the meaning ascribed to it in <b>Section 7.2(i)</b> of this Circular
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“IFA Letter”</b>	:	Has the meaning ascribed to it in <b>Section 6.1</b> of this Circular
<b>“Last Trading Day”</b>	:	18 March 2016, being the last full Market Date immediately prior to the Offer Announcement Date
<b>“Latest Practicable Date”</b>	:	15 April 2016, being the latest practicable date prior to the printing of this Circular
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading of securities
<b>“New Service Agreement”</b>	:	Has the meaning ascribed to it in <b>paragraph 5.1</b> of <b>Appendix 1</b> of this Circular
<b>“Offer”</b>	:	The voluntary conditional cash offer by DBS, for and on behalf of the Offeror, to acquire all the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT
<b>“Offer Announcement”</b>	:	Announcement issued by DBS on the Offer Announcement Date, for and on behalf of the Offeror, in respect of the Offer
<b>“Offer Announcement Date”</b>	:	23 March 2016
<b>“Offer Document”</b>	:	The document (including the FAA and the FAT) dated 8 April 2016 issued by DBS, for and on behalf of the Offeror, in respect of the Offer, and any other document(s) which may be issued for and on behalf of the Offeror to amend, revise, supplement or update the document(s) from time to time
<b>“Offer Price”</b>	:	S\$0.525 in cash for each Offer Share
<b>“Offer Shares”</b>	:	The Shares, other than those Shares held, directly or indirectly, by the Offeror as at the date of the Offer

<b>“Offeror”</b>	:	International Culinary Management Ltd
<b>“Offeror Shares”</b>	:	Issued and paid-up ordinary shares in the capital of the Offeror
<b>“Overseas Shareholders”</b>	:	The Shareholders whose addresses are outside Singapore as shown in the register of members of the Company or, as the case may be, in the records of CDP
<b>“PER”</b>	:	Has the meaning ascribed to it in <b>Section 7.2(iii)</b> of this Circular
<b>“Premas”</b>	:	Has the meaning ascribed to it in <b>Section 7.2(ii)</b> of this Circular
<b>“Property”</b>	:	Has the meaning ascribed to it in <b>Section 7.2(ii)</b> of this Circular
<b>“Recommending Directors”</b>	:	The Directors who are considered to be independent for the purpose of making recommendations to the Shareholders in respect of the Offer, namely Kwah Thiam Hock, Ho Geok Choo, Michael Lai Kai Jin and Adrian Lee Chye Cheng
<b>“S\$” and “cents”</b>	:	Singapore dollars and cents, respectively
<b>“Scheme”</b>	:	Has the meaning ascribed to it in <b>paragraph 2</b> of <b>Appendix 1</b> of this Circular
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	Holders of Shares (including persons whose Shares are deposited with CDP or who have purchased Shares on the SGX-ST)
<b>“Shares”</b>	:	Issued and paid-up ordinary shares in the capital of the Company
<b>“SIC”</b>	:	Securities Industry Council of Singapore
<b>“SRS Investors”</b>	:	Investors who have purchased Shares pursuant to the Supplementary Retirement Scheme
<b>“Unconditional and Extension Announcement”</b>	:	Has the meaning ascribed to it in <b>Section 2.3</b> of this Circular
<b>“Valuation Comparative Study”</b>	:	Has the meaning ascribed to it in <b>Section 7.2(i)</b> of this Circular
<b>“Valuation Report”</b>	:	Has the meaning ascribed to it in <b>paragraph 12</b> of <b>Appendix 1</b> of this Circular
<b>“%”</b>	:	Per centum or percentage

**Acting in Concert, Associates.** Unless otherwise defined, the expressions “**acting in concert**” and “**associates**” shall have the meanings ascribed to them respectively in the Code.

**Genders.** Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. 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.

**Subsidiary.** The expression “**subsidiary**” shall have the meaning ascribed to it in the Companies Act.

**Rounding.** Any discrepancies in the figures in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Offer Document 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 (including persons whose Offer Shares are deposited with CDP or who have purchased Offer Shares on the SGX-ST).

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

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

**Total Number of Issued Shares.** Any reference in this Circular to the total number of issued Shares is a reference to a total of 142,380,400 Shares in issue as at the Latest Practicable Date (based on the results of the instant information search of the Company dated the Latest Practicable Date conducted with ACRA)<sup>1</sup>.

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<sup>1</sup> As at the date hereof, based on the results of the instant information search on the Company dated the Latest Practicable Date conducted with ACRA, the Company does not hold any treasury shares.

# LETTER TO SHAREHOLDERS

## SELECT GROUP LIMITED

(Company Registration No.: 199500697Z)  
(Incorporated in the Republic of Singapore)

### Directors:

Tan Chor Khoon  
Tan Choh Peng  
Kwah Thiam Hock  
Ho Geok Choo  
Michael Lai Kai Jin  
Adrian Lee Chye Cheng

### Registered Office:

24A Senoko South Road  
Select Group Building  
Singapore 758099

22 April 2016

To: The Shareholders of Select Group Limited

Dear Sir/Madam

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

### 1. INTRODUCTION

- 1.1 Offer Announcement.** On 23 March 2016, DBS announced, for and on behalf of the Offeror, that the Offeror intends to make the Offer for the Offer Shares in accordance with Rule 15 of the Code.
- 1.2 Offer Document.** Shareholders should by now have received a copy of the Offer Document issued by DBS, for and on behalf of the Offeror, setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out on pages 8 to 11 of the Offer Document. Shareholders are advised to read the terms and conditions contained therein carefully.
- 1.3 Circular.** The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Company and to set out the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors with regard to the Offer.

### 2. THE OFFER

- 2.1 Offer Price.** As set out in the Offer Document, the Offer Price is:

**For each Offer Share : S\$0.525 in cash.**

- 2.2 Offer Shares.** The Offer will be extended, on the same terms and conditions, to all Offer Shares.

### 2.3 Conditional Offer.

- (i) As set out in paragraph 2.3 of the Offer Document, the Offer is conditional upon the Offeror having received, by the Closing Date, 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 parties acting in concert with it (either before or during the Offer and pursuant to the Offer or otherwise), will result in the



Offeror and parties acting in concert with it holding such number of Shares carrying more than 50% of the voting rights attributable to the issued share capital of the Company as at the Closing Date (the “**Acceptance Condition**”).

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the Closing Date, unless at any time prior to the Closing Date, the Offeror has received valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which, when taken together with Shares owned, controlled or agreed to be acquired by or on behalf of the Offeror and parties acting in concert with it (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and parties acting in concert with it holding such number of Shares carrying more than 50% of the voting rights attributable to the issued share capital of the Company.

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

- (ii) On 8 April 2016, DBS announced, for and on behalf of the Offeror, that the Offeror has as at 5.00 p.m. (Singapore time) on 8 April 2016 received 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 parties acting in concert with it (either before or during the Offer and pursuant to the Offer or otherwise), result in the Offeror and parties acting in concert with it holding such number of Shares carrying more than 50% of the voting rights attributable to the issued share capital of the Company (the “**Unconditional and Extension Announcement**”).

**Accordingly, the Offer had become unconditional as to acceptances and had been declared unconditional in all respects on the date of the Unconditional and Extension Announcement, being 8 April 2016.**

**2.4 No Encumbrances.** The Offer Shares will be acquired (a) fully paid, (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever (“**Encumbrances**”), and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, other distributions and return of capital (“**Distributions**”) which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date).

**2.5 FY2015 Dividend.** Without prejudice to the foregoing, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distribution that may be declared, paid or made by the Company on or after the Offer Announcement Date.

In the event any Distribution is or has been declared, paid or made by the Company on or after the Offer Announcement Date to a Shareholder who validly accepts or has validly accepted the Offer, the Offer Price payable to such accepting Shareholder shall be reduced by an amount which is equal to the amount of such Distribution depending on when the settlement date in respect of the Offer Shares tendered in acceptance by Shareholders pursuant to the Offer falls, as follows:

- (i) if such settlement date falls on or before the books closure date for the determination of entitlements to the Distribution (the “**Books Closure Date**”), the Offeror shall pay the relevant accepting Shareholders the unadjusted Offer Price for each Offer Share, as the Offeror will receive the Distribution in respect of such Offer Shares from the Company; or

- (ii) if such settlement date falls after the Books Closure Date, the Offer Price shall be reduced by an amount which is equal to the amount of the Distribution in respect of each Offer Share, as the Offeror will not receive the Distribution in respect of such Offer Shares from the Company.

As stated in the announcement by the Company dated 29 February 2016, the Directors have proposed that a final one-tier tax exempt dividend (the “**FY2015 Dividend**”) of S\$0.01 per Share be paid for the financial year ended 31 December 2015. The proposed FY2015 Dividend is subject to the approval of the Shareholders at the forthcoming Annual General Meeting of the Company. The Transfer Books and Register of Members of the Company will be closed on 11 May 2016 for the purposes of determining Shareholders’ entitlements to the proposed FY2015 Dividend.

- 2.6 Details of the Offer.** Further details of the Offer are set out in pages 10 to 11 and appendices IV and V to the Offer Document in relation to (a) the duration of the Offer, (b) the settlement of the consideration for the Offer, (c) the requirements relating to the announcement of the level of acceptances of the Offer, (d) the right of withdrawal of acceptances and (e) the procedures for acceptance of the Offer.

A copy of each of the Offer Announcement, the Offer Document and the Unconditional and Extension Announcement is available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

- 2.7 Closing Date.** As the Offer had turned unconditional as to acceptances, DBS, for and on behalf of the Offeror, had announced in the Unconditional and Extension Announcement that the Offer would remain open for an extended period.

Accordingly, Shareholders should note that the Offer will close at 5.30 p.m. on 20 May 2016 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

### **3. 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 relating to the Company have been extracted from the Offer Document and set out in italics below. Unless otherwise defined, all terms and expressions used in the extract below and in the extract in **Sections 4, 8 and 9** below shall have the same meanings as those defined in the Offer Document. **Shareholders are advised to read the extract below carefully.**

#### **“7. RATIONALE FOR THE OFFER**

##### **7.1 *Low Trading Liquidity of Shares***

*The trading volume of the Shares has been low, with an average daily trading volume<sup>(3)</sup> of approximately 25,071 Shares, 32,648 Shares, 30,028 Shares and 32,896 Shares during the respective one (1)-month period, three (3)-month period, six (6)-month period and 12-month period up to and including the Last Trading Day. Each of these represents less than 0.024% of the total number of issued Shares for any of the aforementioned relevant periods.*

*The Offer therefore provides Shareholders who find it difficult to exit the Company as a result of the low trading volume in Shares with an opportunity to liquidate and realise their investment in the Shares at a premium to the historical market prices which would otherwise not be available given the low trading liquidity.*

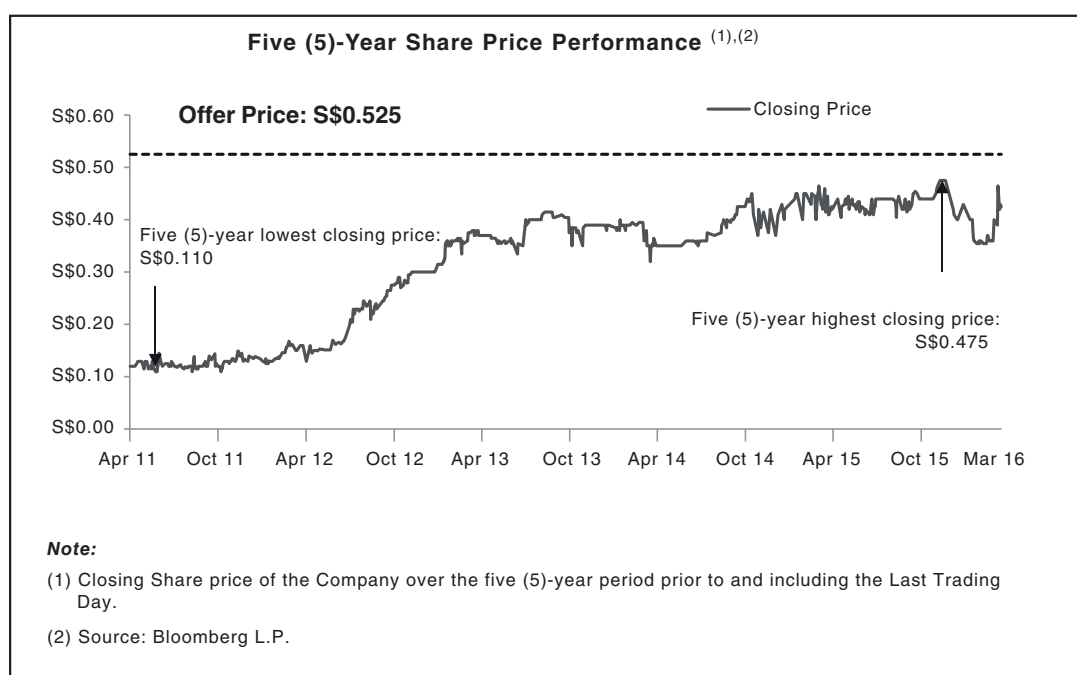
Note:

- (3) *Calculated by using the total volume of Shares traded as extracted from Bloomberg L.P. divided by the number of Market Days with respect to the one (1)-month period, three (3)-month period, six (6)-month period and 12-month period respectively up to and including 18 March 2016.*

## 7.2 Offer Price at Premia to Historical Prices

The Offer Price represents a premium of approximately 23.53% over the last transacted price per Share of S\$0.425 on 18 March 2016, being the last Market Day on which the Shares were transacted prior to the Offer Announcement Date.

When compared to the benchmark prices of the Shares up to and including the Last Trading Day, the Offer Price also represents a premium of approximately 38.16%, 43.44%, 31.25% and 26.81% over the VWAP per Share for the one (1)-month, three (3)-month, six (6)-month and 12-month periods, respectively.



In addition, the Offer Price exceeds the highest closing price of S\$0.475 per Share over the five (5)-year period prior to and including the Last Trading Day. Accordingly, the Offer presents Shareholders with a clean cash exit opportunity to realise their entire investment in Shares at a premium over the historical trading prices of the Shares without incurring brokerage and other trading costs. This opportunity may not be readily available in the absence of the Offer, given the historical Share price performance and low trading liquidity of the Shares.

## 7.3 Greater Management Flexibility

The Offeror is making the Offer with a view to delisting the Company from the SGX-ST and exercising any rights of compulsory acquisition that may arise under Section 215(1) of the Companies Act. The Offeror believes that privatising the Company will give the Offeror and the management of the Company more flexibility to manage the business of the Company, optimise the use of its management and capital resources and facilitate the implementation of any operational change.

## 7.4 Compliance Costs of Maintaining Listing

In maintaining its listed status, the Company incurs compliance and associated costs. In the event that the Company is delisted from the SGX-ST, the Company will be able to save on expenses relating to the maintenance of a listed status and focus its resources on its business operations.”

#### **4. LISTING STATUS AND COMPULSORY ACQUISITION**

The Offer Document also sets out the intentions of the Offeror relating to the listing status of the Company and compulsory acquisition, as follows:

##### **“9. LISTING STATUS AND COMPULSORY ACQUISITION**

###### **9.1 Listing Status**

*Pursuant to Rule 1104 of the Catalist Rules, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued Shares (excluding any Shares held in treasury), the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued Shares (excluding any Shares held in treasury) are held by at least 200 Shareholders who are members of the public. Rule 1303(1) of the Catalist Rules provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding any Shares held in treasury), thus causing the percentage of the total number of issued Shares (excluding any Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.*

*Under Rule 724(1) of the Catalist Rules, if the percentage of the Shares held in public hands falls below 10%, the Company must, as soon as practicable, notify its sponsor of that fact and announce that fact, and the SGX-ST may suspend trading of all the Shares. Rule 724(2) of the Catalist Rules states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of the Shares held in public hands to at least 10%, failing which the Company may be removed from the Official List.*

###### **9.2 Compulsory Acquisition**

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

*In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations and their respective nominees, comprise 90% or more of the total number of issued Shares, the Shareholders who have not accepted the Offer have a right to require the Offeror to acquire their Shares at the Offer Price. Such Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.*

###### **9.3 Offeror’s Intentions**

***The Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take any step for the public float to be restored and/or 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 issued Shares (excluding any Shares held in treasury) are held in***

**public hands.** In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1308 of the Catalist Rules.

*Subject to normal business conditions, the Offeror does not intend to (i) make major changes to the business of the Company or its management team, (ii) re-deploy the fixed assets of the Company or (iii) discontinue the employment of the employees of the Company and of its subsidiaries, other than in the normal course of business. Nonetheless, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves and which the Offeror may regard to be in the interest of the Company.”*

## **5. EXEMPTION RELATING TO DIRECTORS’ RECOMMENDATION**

**5.1 SIC.** In its letter dated 16 March 2016, the SIC ruled that the following Directors, namely Tan Chor Khoon and Tan Choh Peng, are not considered independent for the purposes of the Offer under Rule 8.3 of the Code as they face irreconcilable conflicts of interest if they were required to make a recommendation on the Offer to the Shareholders for the following reasons:

- (i) Tan Chor Khoon is a director and shareholder of the Offeror; and
- (ii) Tan Choh Peng is a director and shareholder of the Offeror.

**5.2 Scope of Responsibility.** In light of their interests in the shares of, and appointments on the board of, the Offeror as set out in **Section 5.1** above and the potential conflict of interests arising therefrom, Tan Chor Khoon and Tan Choh Peng have been exempted by the SIC from the requirement to make a recommendation to the Shareholders on the Offer. However, they remain responsible for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Offer.

## **6. ADVICE OF THE IFA**

**6.1 IFA.** CGS 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 CGS to the Recommending Directors before deciding whether to accept or reject the Offer. CGS’ advice is set out in its letter dated 22 April 2016, which is set out in pages 19 to 50 of this Circular (the “**IFA Letter**”).

**6.2 Factors Taken into Consideration by CGS.** In arriving at its recommendation, CGS has taken into consideration certain factors (an extract of which is set out below). Shareholders should read the following extract in conjunction with, and in the context of, the full text of the IFA Letter.

*“In arriving at our recommendations in respect of the Offer, we have taken into consideration, inter alia, the following factors summarised below. The factors set out herein should be considered in the context of the entirety of this IFA Letter and the Circular:*

- (a) *market quotation and trading liquidity of the Shares;*
- (b) *financial performance and financial position of the Group;*
- (c) *asset-based valuation of the Group;*

- (d) *comparison with the valuation statistics of selected listed companies broadly comparable to the Group;*
- (e) *comparison with precedent privatisation and delisting of companies listed on the SGX-ST;*
- (f) *dividend record of the Group; and*
- (g) *other considerations.*

*We wish to highlight that while we note that the PER of the Company implied by the Offer Price is 10.4 times and is below the range of the PERs of the Comparable Companies and is at a substantial discount to the mean and median PERs of the Comparable Companies, we have also considered the following factors in arriving at our opinion:*

- (i) *The Shares have not traded at or above the Offer Price for the 5-year period preceding and up to the Offer Announcement Date;*
- (ii) *The Offer Price represents a premium of 23.5% to the VWAP of the Shares of S\$0.425 on the last traded day prior to the Offer Announcement Date;*
- (iii) *The Offer Price represents a premium of 37.9%, 43.4%, 31.6% and 27.0% to the VWAP of the Shares for the 1-month, 3-month, 6-month and 12-month periods preceding and up to the Offer Announcement Date respectively;*
- (iv) *After the Offer Announcement Date and up to the Latest Practicable Date, the VWAP of the Shares was the same as the Offer Price. The Offer Price is equal to the VWAP of the Shares of S\$0.525 as at the Latest Practicable Date;*
- (v) *It is likely that the market prices of the Shares after the Offer Announcement Date is highly influenced by the Offer and may not be maintained at such levels after the close of the Offer;*
- (vi) *The trading liquidity of the Shares had been low prior to the Offer Announcement Date;*
- (vii) *After the Offer Announcement Date and up to the Latest Practicable Date, the Shares had traded on 87.5% of the total number of Market Days. The average daily traded volume was 2.03% of the Company's free float;*
- (viii) *the Shares have generally outperformed the STI since end April 2015 and the FSTICA Index since end June 2015 up to the Latest Practicable Date;*
- (ix) *The Offer Price represents a premium of 200.2% and 290.6% to the NAV per Share and the NTA per Share respectively as at 31 December 2015;*
- (x) *the EV/EBITDA ratio of the Company implied by the Offer Price is 5.8 times and is within the range of the EV/EBITDA ratios of the Comparable Companies and is at a discount to the mean and median EV/EBITDA ratios of the Comparable Companies;*
- (xi) *the P/NTA ratio of the Company implied by the Offer Price is 3.9 times and is within the range of the P/NTA ratios of the Comparable Companies and is at a substantial premium to the mean and median P/NTA ratios of the Comparable Companies;*



- (xii) *The premium of 23.5% implied by the Offer Price against the last transacted price of the Shares prior to the Offer Announcement Date is (i) within the range; and (ii) lower than the mean and median of the corresponding premia of the Selected Comparable Transactions;*
- (xiii) *The premium of 37.9% implied by the Offer Price against the 1-month VWAP of the Shares prior to the Offer Announcement is (i) within the range; and (ii) higher than the median but lower than the mean of the corresponding premia of the Selected Comparable Transactions;*
- (xiv) *The premium of 43.4% implied by the Offer Price against the 3-month VWAP of the Shares prior to the Offer Announcement is (i) within the range of 1.6% and 174.7%; and (ii) higher than the median but lower than the mean of the corresponding premia of the Selected Comparable Transactions;*
- (xv) *The premium of 31.6% implied by the Offer Price against the 6-month VWAP of the Shares prior to the Offer Announcement is (i) within the range; and (ii) lower than the mean and median of the corresponding premia of the Selected Comparable Transactions;*
- (xvi) *The premium of 27.0% implied by the Offer Price against the 12-month VWAP of the Shares prior to the Offer Announcement is (i) within the range; and (ii) lower than the mean and median of the corresponding premia of the Selected Comparable Transactions;*
- (xvii) *The P/NTA ratio as implied by the Offer Price of 3.9 times is at the higher end of the range of P/NTA ratios of the Selected Comparable Transactions, and is at a 228.4% and 358.8% premium to the mean and median P/NTA ratios of the Selected Comparables respectively; and*
- (xviii) *Other relevant considerations as set out in section 8 of this letter.”*

**6.3 Advice of CGS.** After having regard to the considerations set out in the IFA Letter, and based on the circumstances of the Company and the information as at the Latest Practicable Date, CGS has made certain recommendations to the Recommending Directors, an extract of which is set out below. Shareholders should read the extract in conjunction with, and in the context of, the full text of the IFA Letter.

*“Based on our analysis, and after having considered carefully the information available to us as at the Latest Practicable Date, 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 Shareholders to ACCEPT the Offer or sell their Shares in the open market if they can obtain a price higher than the Offer Price after deducting expenses. Shareholders should note that according to the provisions of the Code, the Offeror remains entitled to increase the Offer Price and if Shareholders choose to sell their Shares in the open market, they would not have the potential to benefit from any increase in Offer Price. We are not aware of any indication that the Offeror will increase the Offer Price.”*

## 7. RECOMMENDATION OF THE RECOMMENDING DIRECTORS

**7.1 Recommendation.** The Recommending Directors, having considered carefully the terms of the Offer and the advice given by CGS in the IFA Letter, do NOT concur with the recommendation of CGS in respect of the Offer for the reasons set out in **Section 7.2** and recommend that Shareholders DO NOT ACCEPT the Offer.

**7.2 Reasons for Recommendation.** The reasons for the recommendation of the Recommending Directors set out above are as follows:

### (i) Parameters for Comparative Study not Within Expectation

The parameters used by the IFA for the comparative study on the valuation statistics of selected listed companies, as set out in paragraph 7.4 of the IFA Letter, (the “**Valuation Comparative Study**”) are not within the expectation of the Recommending Directors.

The sample food and beverage (“**F&B**”) companies used in the Valuation Comparative Study, while selected from companies that operate in the F&B industry, do not accurately represent the F&B business segment in which the Group operates. The Group is an operator of Straits Food Village and Singapore Food Street at the Changi Airport and restaurants and also runs a catering business. This is a different F&B profile from certain of the F&B companies used in the IFA’s analysis, which for example, focus primarily on operating retail outlets (as in the case of Old Chang Kee Ltd.). In this regard, the Recommending Directors had, from the sample F&B companies used in the Valuation Comparative Study, identified certain F&B companies whose business profiles are more similar to that of the Group and would therefore provide a more accurate comparison for purposes of conducting a comparative study on the valuation statistics. Please refer to **Section 7.2(iii)** for further details.

### (ii) Potential of Property Not Factored into Consideration

In coming to its conclusion, the IFA had taken into account the valuation of the leasehold property located at 24A Senoko South Road, Singapore 758099 (the “**Property**”) dated 10 March 2016 issued by Premas Valuers & Property Consultants Pte Ltd (“**Premas**”). Such valuation was prepared for financing purpose and utilised the direct comparison method (where sale transactions of comparable properties were taken into consideration with regards to their location, tenure, age, size, condition, layout and design amongst other factors) and the investment (income) method of valuation (which examines the present worth of the future income stream in the form of net profit rental value capitalised at an appropriate investment yield).

Given the scope of the valuation, the valuation of the Property by Premas does not reflect the full business potential which the Property is capable of achieving. As stated in the annual report of the Company for FY2015:

- (a) the Property enables the Group to expand its operational space by more than three times, from 50,000 square feet to 165,000 square feet;
- (b) the Property enables the Group to double its capacity for catering;
- (c) the Group has introduced automation equipment at its central kitchen which is housed in the Property. Examples of such automation include (1) automatic vegetable washer; (2) autowok; and (3) a 40m food delivery conveyor from the central hot kitchen to the packing operation side of things; and



- (d) the Property provides the Group with a huge storage space, which enables the Group to import in bulk from the region and helps the Group to save on food costs and open up a new avenue for business by allowing the Group to expand its existing business into the distribution of food through an e-commerce platform, by enabling the Group to sell fresh products and the Group's own proprietary creations such as ready meals.

In view of the above, the Recommending Directors expect the Property, which should be fully operational in May 2016, to be a key competitive advantage for the Group's operations and business in the future and are of the view that the intrinsic value of the Property to the Group is not fully reflected in the valuation by Premas.

Even on a replacement cost basis, it is likely that the cost of purchasing an equivalent plot of property and rebuilding the Property to similar specifications would at this time be more than the amount of the S\$45 million open market value at which Premas had valued the Property.

**(iii) Trailing PER and EV/EBITDA implied by Offer Price Lower than Medium of Comparable F&B Companies**

The Recommending Directors note that based on the valuation statistics of the companies selected by the IFA for the purposes of the Valuation Comparative Study set out in paragraph 7.4 of the IFA Letter, the Price-to-Earnings ratio ("**PER**") and Enterprise Value-to-Earnings before Interests, Taxes, Depreciation and Amortisation ("**EV/EBITDA**") of the Company implied by the Offer Price is 10.4 and 5.8 respectively, which is lower than both the mean (being 21.7 and 8.5 respectively) and median (being 17.8 and 6.3 respectively) of such companies.

Further, if only certain F&B companies whose business profiles are more similar to that of the Group as identified by the Recommending Directors from the sample F&B companies used in the Valuation Comparative Study are evaluated, based on the Recommending Directors' assessment, the PER and EV/EBITDA of the Company implied by the Offer Price compared to the median of such F&B companies would be even lower than that set out in the Valuation Comparative Study:

<b>Selected Comparable Companies</b>	<b>Market cap as at LPD (\$ million)</b>	<b>EV as at LPD (\$ million)</b>	<b>Debt/Shareholders' Equity (X)</b>	<b>PER<sup>(2)</sup> (X)</b>	<b>P/NTA (X)</b>	<b>EV/EBITDA<sup>(2)</sup> (X)</b>
BreadTalk Group Limited	292.8	400.3	1.6	38.5	2.4	5.2
Soup Restaurant Group Limited	58.0	49.7	–	60.0	5.7	17.6
Jumbo Group Limited	285.4	238.9	nm <sup>(3)</sup>	25.9	5.5	13.1
Neo Group Limited <sup>(1)</sup>	95.6	109.1	0.9	15.1	4.0	9.5
Mean				34.9	4.4	11.3
Median				32.2	4.7	11.3
The Company (Implied by the Offer Price)	74.8	100.8	1.9	10.4	3.9	5.8

**Note:**

- (1) As stated in the IFA Letter, Neo Group Limited announced the change of its financial year end from 31 January to 31 March on 16 May 2014. As a result, FY2015 covers a period of 14 months from 1 February 2014 to 31 March 2015. The financials for Neo Group Limited have been annualised to 12 months to derive the ratios above.
- (2) Based on the trailing 12-month profit attributable to owners of the company and the trailing 12-month EBITDA.
- (3) Jumbo Group Limited had total debt of S\$797,000 and hence debts/shareholders' equity ratio is negligible.

**SHAREHOLDERS ARE ADVISED TO READ THE RECOMMENDATION OF THE RECOMMENDING DIRECTORS ABOVE AND THE IFA LETTER SET OUT ON PAGES 19 TO 50 OF THIS CIRCULAR CAREFULLY.**

**7.3 No Regard to Specific Objectives.** In making their recommendation, the Recommending Directors have not had regard to the specific objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. Accordingly, 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.

## **8. OVERSEAS SHAREHOLDERS**

**Overseas Shareholders.** The Offer Document sets out information in relation to Overseas Shareholders, as follows:

### **“10. OVERSEAS SHAREHOLDERS**

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

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

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

*Overseas Shareholders may, nonetheless, obtain copies of this Offer Document, the FAAs and/or the FATs and any related documents, during normal business hours and up to the Closing Date, from the Offeror through its receiving agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, or The Central Depository (Pte) Limited at 9 North Buona Vista Drive, #01-19/20, The Metropolis, Singapore 138588.*

Alternatively, an Overseas Shareholder may write to the Offeror through Boardroom Corporate & Advisory Services Pte. Ltd. at the address listed above or The Central Depository (Pte) Limited at Robinson Road Post Office, P.O. Box 1984, Singapore 903934, to request for this Offer Document, the FAAs and/or the FATs and any related documents to be sent to an address in Singapore by ordinary post at the Overseas Shareholder's own risk, up to three (3) Market Days prior to the Closing Date.

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

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

## 9. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

The Offer Document sets out information pertaining to CPFIS Investors and SRS Investors, as follows:

### “13. GENERAL

...

CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks. 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, which may be earlier than the Closing Date. CPFIS Investors and SRS Investors will receive the Offer Price payable in respect of their Offer Shares validly tendered in acceptance of the Offer through appropriate intermediaries in the respective CPF investment accounts and SRS investment accounts.”

## **10. ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders who wish to accept the Offer must do so not later than 5.30 p.m. on 20 May 2016 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 V to the Offer Document, the FAA and/or the FAT.

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received, on behalf of the Offeror, by CDP (in respect of the FAA) or the Offeror's receiving agent, Boardroom Corporate & Advisory Services Pte. Ltd., (in respect of the FAT), as the case may be, not later than 5.30 p.m. on 20 May 2016 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

The 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.

## **11. RESPONSIBILITY STATEMENT**

The Directors (including any who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular are fair and accurate and that no material facts have been omitted from this Circular, and the Directors jointly and severally accept full responsibility accordingly.

Where any information in this Circular has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the Offer Announcement, the Offer Document and the Unconditional and Extension Announcement), the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, accurately reflected or reproduced in this Circular.

In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Group are fair and accurate.

Yours faithfully  
For and on behalf of  
the Board of Directors

Kwah Thiam Hock  
Non-executive and  
Lead Independent Director

Michael Lai Kai Jin  
Non-executive and  
Independent Director

# LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS

22 April 2016

## **The Recommending Directors (as defined below)**

**Select Group Limited**  
24A Senoko South Road  
Select Group Building  
Singapore 758099

**VOLUNTARY CONDITIONAL CASH OFFER (THE “OFFER”) BY DBS BANK LTD. (“DBS”) FOR AND ON BEHALF OF INTERNATIONAL CULINARY MANAGEMENT LTD (THE “OFFEROR”) TO ACQUIRE ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF SELECT GROUP LIMITED (THE “COMPANY”) OTHER THAN THOSE SHARES HELD, DIRECTLY OR INDIRECTLY, BY THE OFFEROR AS AT THE DATE OF OFFER (THE “OFFER SHARES”)**

*Unless otherwise defined or the context otherwise requires, all capitalised terms used in this IFA Letter (as defined herein) shall have the same meanings as defined in the circular issued by the Company to Shareholders dated 22 April 2016 (the “Circular”).*

*Details contained in the Circular and the offer document dated 8 April 2016 (the “Offer Document”) issued by DBS, for and on behalf of the Offeror, in respect of the Offer, as the case may be, where necessary or relevant in supporting or elaborating our advice, are not wholly reproduced, but instead, are made reference to or summarised throughout the sections of this IFA Letter. We recommend that the Recommending Directors advise the Shareholders to read these contextual references and summaries with due care.*

## **1. INTRODUCTION**

On 23 March 2016 (“**Offer Announcement Date**”), DBS announced, for and on behalf of the Offeror, that the Offeror intends to make the Offer for the Offer Shares in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers (the “**Code**”).

The Offer Document in respect of the Offer has been despatched on 8 April 2016.

As announced by the Company in an announcement dated 14 April 2016, Canaccord Genuity Singapore Pte. Ltd. (“**Canaccord Genuity**”) has been appointed by the Company as the independent financial adviser (the “**IFA**”) to advise the directors of the Company who are considered independent in respect of the Offer (the “**Recommending Directors**”), for the purposes of making their recommendation to the Shareholders in respect of the Offer. Mr. Kwah Thiam Hock, Mdm. Ho Geok Choo, Mr. Michael Lai Kai Jin and Mr. Adrian Lee Chye Cheng will be considered Recommending Directors for the purpose of the Offer. This letter (“**IFA Letter**”) is addressed to the Recommending Directors, sets out, *inter alia*, our evaluation and advice on the financial terms of the Offer and our opinion thereon. This IFA Letter forms part of the Circular to be despatched to Shareholders.

## **2. TERMS OF REFERENCE**

Canaccord Genuity has been appointed as the IFA 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 in relation to the Offer, in compliance with the provisions of the Code. We have confined our evaluation to the financial terms of the Offer and have not taken into account the commercial risks or commercial merits of the Offer.

Our terms of reference do not require us to evaluate or comment on the rationale, legal and commercial risks and/or merits (if any) of the Offer or on the future financial performance or prospects of the Company and its subsidiaries (collectively, the “**Group**”) and we have not made such evaluations or comments. Such evaluations or comments shall remain the sole responsibility of the Directors and the management of the Group (the “**Management**”) although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our recommendations as set out in this IFA Letter.

We were also not requested, instructed or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to any other proposals for transactions similar to or in lieu of the Offer. In this regard, we are not addressing the relative merits of the Offer as compared to any alternative transaction previously considered by the Company or which otherwise may have been available to the Company currently or in the future, and such comparison and consideration remains the responsibility of the Directors.

In the course of our evaluation of the financial terms of the Offer, we have held discussions with the Directors and the Management. We have also examined publicly available information collated by us as well as information, both written and verbal, provided to us by aforesaid parties. We have relied on, and assumed without independent verification, the accuracy and completeness of such information, whether written or verbal, and accordingly cannot and do not make any warranty or representation, expressed or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of, such information.

We have relied upon the assurances from the Directors and the Management (including those who may have delegated supervision of the Circular), who have accepted full responsibility for the accuracy and completeness of the information provided to us, that, to the best of their knowledge and belief, they have taken reasonable care to ensure that the facts stated and opinions expressed by them or the Company in the Circular in respect of the Offer are fair and accurate in all material respects. The Directors confirmed to us that, to the best of their knowledge and belief, there is no other information or fact, the omission of which would cause any statement in the Circular in respect of the Offer to be inaccurate, incomplete or misleading in any material respect. Whilst care has been exercised in reviewing the information upon which we have relied, we have not independently verified such information but nevertheless have made reasonable enquiries and exercised our judgement as we have deemed necessary and have found no reason to doubt the accuracy or reliability of the information which we have relied upon.

For the purposes of assessing the financial terms of the Offer and reaching our conclusions thereon, we have not been furnished with, nor relied upon any financial projections or forecasts in respect of the Company or the Group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company or the Group in connection with our opinion in this IFA Letter.

We have been furnished with the independent valuation report on the leasehold property located at 24A Senoko South Road, Singapore 758099 (“**24A Senoko South Property**”) dated 10 March 2016 (the “**Valuation Report**”) issued by Premas Valuers & Property Consultants Pte Ltd (the “**Valuer**”). The Valuation Report was prepared for financing purpose and not for the Offer. We have not made an independent evaluation or appraisal of the assets and liabilities of the Company or the Group, and we have not been furnished with any such independent evaluation or appraisal except for the Valuation Report. In respect of the Valuation Report, we are not experts in the evaluation or appraisal of the assets concerned and we have placed sole reliance thereon for the information and/or



valuation contained therein. We are not involved and assume no responsibility for the Valuation Report. We have not made any independent verification of the contents, matters or bases set out in the Valuation Report.

Our recommendations are based upon market, economic, industry, monetary and other conditions prevailing as at the Latest Practicable Date, and information made available to us as at the Latest Practicable Date. Such conditions and information may change significantly over a short period of time. We assume no responsibility to update, revise or reaffirm our recommendations in light of any subsequent developments after the Latest Practicable Date that may affect our recommendations contained therein. Shareholders should further take note of any announcements relevant to their consideration of the Offer, which may be released by the Company and/or the Offeror after the Latest Practicable Date.

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

The Company has been advised by its own advisers in the preparation of the Circular (other than this IFA Letter). We have had no role or involvement and have not provided any advice (financial or otherwise) whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter) and our responsibility is as set out above in relation to this IFA Letter. Accordingly, we take no responsibility for, and express no views, whether expressed or implied, on the contents of the Circular (except for this IFA Letter).

We have prepared this IFA Letter for the use by the Recommending Directors in connection with their consideration of the Offer and their advice and recommendation to the Shareholders in respect thereof. The recommendation made to the Shareholders in relation to the Offer remains the responsibility of the Recommending Directors.

Other than for this intended purpose, this IFA Letter should not be used for any other purposes and/or by other persons, save for the use of the Recommending Directors in connection with their consideration of the Offer, without the prior consent of Canaccord Genuity. **Therefore our recommendation in relation to the Offer should be considered in the context of the entirety of our advice as set out in this IFA Letter and the Circular.**

### **3. THE OFFER**

The Offer is made in accordance with Rule 15 of the Code and subject to the terms and conditions set out in the Offer Document.

#### **3.1 Offer Price**

As set out in the Offer Document, the Offer Price is:

**For each Offer Share: S\$0.525 in cash (the “Offer Price”)**

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

For avoidance of doubt, the Company has not made any Distributions (as defined below) since the date of Offer Document up to the Latest Practicable Date. Hence, we have not made any adjustment to the Offer Price for the purpose of our analysis.

### 3.2 Offer Shares

The Offer is extended, on the same terms and conditions, to all the Offer Shares.

### 3.3 Conditional Offer

As set out in paragraph 2.3 of the Offer Document, the Offer is conditional upon the Offeror having received, by the Closing Date (as defined below), 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 parties acting in concert with it (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and parties acting in concert with it holding such number of Shares carrying more than 50% of the voting rights attributable to the issued share capital of the Company as at the Closing Date (the “**Acceptance Condition**”).

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the Closing Date, unless at any time prior to the Closing Date, the Offeror has received valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which, when taken together with Shares owned, controlled or agreed to be acquired by or on behalf of the Offeror and parties acting in concert with it (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and parties acting in concert with it holding such number of Shares carrying more than 50% of the voting rights attributable to the issued share capital of the Company.

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

On 8 April 2016, DBS announced, for and on behalf of the Offeror, that the Offeror has as at 5.00 p.m. (Singapore time) on 8 April 2016 received 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 parties acting in concert with it (either before or during the Offer and pursuant to the Offer or otherwise), result in the Offeror and parties acting in concert with it holding such number of Shares carrying more than 50% of the voting rights attributable to the issued share capital of the Company (the “**Unconditional and Extension Announcement**”). **Accordingly, the Offer had become unconditional as to acceptances and had been declared unconditional in all respects on the date of the Unconditional and Extension Announcement, being 8 April 2016.**

### 3.4 No Encumbrances

The Offer Shares will be acquired (a) fully paid, (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever (“**Encumbrances**”), and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching



thereto (including the right to receive and retain all dividends, other distributions and return of capital (“**Distributions**”) which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date).

### **3.5 FY2015 Dividend**

Without prejudice to the foregoing, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distribution that may be declared, paid or made by the Company on or after the Offer Announcement Date.

In the event any Distribution is or has been declared, paid or made by the Company on or after the Offer Announcement Date to a Shareholder who validly accepts or has validly accepted the Offer, the Offer Price payable to such accepting Shareholder shall be reduced by an amount which is equal to the amount of such Distribution depending on when the settlement date in respect of the Offer Shares tendered in acceptance by Shareholders pursuant to the Offer falls, as follows:

- (a) if such settlement date falls on or before the books closure date for the determination of entitlements to the Distribution (the “**Books Closure Date**”), the Offeror shall pay the relevant accepting Shareholders the unadjusted Offer Price for each Offer Share, as the Offeror will receive the Distribution in respect of such Offer Shares from the Company; or
- (b) if such settlement date falls after the Books Closure Date, the Offer Price shall be reduced by an amount which is equal to the amount of the Distribution in respect of each Offer Share, as the Offeror will not receive the Distribution in respect of such Offer Shares from the Company.

As stated in the announcements by the Company dated 29 February 2016 and 15 April 2016, the directors of the Company have proposed that a final one-tier tax exempt dividend (the “**FY2015 Dividend**”) of S\$0.01 per Share be paid for the financial year ended 31 December 2015. The proposed FY2015 Dividend is subject to the approval of the Shareholders at the forthcoming Annual General Meeting of the Company to be held on 29 April 2016 at 5.00 p.m.. The Transfer Books and Register of Members of the Company will be closed on 11 May 2016 for the purposes of determining Shareholders’ entitlements to the proposed FY2015 Dividend.

### **3.6 Warranty**

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

### **3.7 Details of the Offer**

Further details of the Offer are set out in pages 10 to 11 and appendices IV and V to the Offer Document in relation to (a) the duration of the Offer, (b) the settlement of the consideration for the Offer, (c) the requirements relating to the announcement of the level of acceptances of the Offer, (d) the right of withdrawal of acceptances and (e) the procedures for acceptance of the Offer.

### 3.8 Closing Date

As the Offer had turned unconditional as to acceptances, DBS, for and on behalf of the Offeror, had announced in the Unconditional and Extension Announcement that the Offer would remain open for an extended period.

Accordingly, Shareholders should note that the Offer will close at 5.30 p.m. on 20 May 2016 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

### 3.9 Offer Document

Shareholders should by now have received a copy of the Offer Document issued by DBS, for and on behalf of the Offeror, setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out on pages 8 to 11 of the Offer Document. Shareholders are advised to read the terms and conditions contained therein carefully.

### 3.10 Aggregate shareholding of the Offeror

As at the Latest Practicable Date, the total number of (a) Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it; and (b) valid acceptances to the Offer, amount to an aggregate of 91,175,800 Shares, representing approximately 64.04% of the total number of issued Shares of the Company.

### 3.11 Irrevocable Undertaking

As at 4 April 2016, Mr. Tan Chor Khoo, Mr. Tan Choh Peng, Mdm. Pek Poh Cheng, Mr. Chua Chye Teck and Mdm. Tay Bock Hiang (each a “**Promoter**”, and collectively, the “**Promoters**”) own or control an aggregate of 49,720,700 Shares, representing approximately 34.92% of the total number of issued Shares. Each of the Promoters has provided an irrevocable undertaking (collectively, the “**Promoters’ Irrevocable Undertakings**”) in favour of the Offeror to, *inter alia*, (i) accept, or procure the acceptance of, the Offer in respect of all the Shares held by him/her; (ii) waive his/her right under the Code to receive any cash settlement or payment for acceptance of the Offer; and (iii) subscribe for additional Offeror Shares in accordance with the terms of a shareholders’ agreement (the “**SHA**”) to, amongst others, regulate the relationship of the Offeror Shareholders *inter se* as shareholders of the Offeror and in the conduct of the business and affairs of the Offeror (including the Offer) and pay for the subscription amount in respect of such Offeror Shares (the “**Set-Off Amount**”) by setting off in full the Set-Off Amount against the proceeds that would otherwise be payable by the Offeror as consideration pursuant to acceptance of the Offer by each Promoter.

As at 4 April 2016, besides the Promoters, certain other Shareholders, including Mdm. Go Mei Lin, Dr. Low Boon Yong, Mdm. Tan Sok Huang, Mr. Low Wei Min James, Mr. Low Yee Min (Liu Yuming) and Mr. Low Hsien Min, have provided irrevocable undertakings (the “**Additional Irrevocable Undertakings**”) to the Offeror to, *inter alia*, accept the Offer in respect of an aggregate of 26,554,400 Shares, representing approximately 18.65% of the total number of issued Shares.

Pursuant to the Promoters’ Irrevocable Undertakings and the Additional Irrevocable Undertakings (collectively, the “**Irrevocable Undertakings**”), as at 4 April 2016, the Offeror has received irrevocable undertakings to accept the Offer in respect of an aggregate of 76,275,100 Shares, representing approximately 53.57% of the total number of issued Shares.

#### **4. INFORMATION ON THE COMPANY**

The Company was incorporated under the laws of Singapore on 27 January 1995 and was listed on the Stock Exchange of Singapore Dealing and Automated Quotation System on 15 December 2004 and subsequently on the Catalist board of the SGX-ST on 17 November 2008. The Company is an integrated food catering and management services provider in Singapore. The principal activities of the Company are those of investment holding and providing management services.

As at the Latest Practicable Date:

- (a) the Company has an issued and paid-up capital of approximately S\$16,642,570 consisting of 142,380,400 Shares; and
- (b) the Company has not made any grants of employee share options under the Select Employee Share Option Scheme (the “**Scheme**”) since the commencement of the Scheme.

The Shares are ordinary shares carrying equal ranking rights to dividends, voting at general meetings and return of capital. The Company does not hold any treasury shares and does not have any other class of share capital as at the Latest Practicable Date. There is no restriction in the Constitution of the Company on the right to transfer any Shares, which has the effect of requiring the holders of Offer Shares, before transferring them, to first offer them for purchase to Shareholders or to any other person.

Please refer to Appendix 1 to the Circular for general information on the Company.

#### **5. INFORMATION ON THE OFFEROR, THE CONSORTIUM AND DYMON ASIA PRIVATE EQUITY**

Please refer to Appendix 2 to the Circular for information on the Offeror, the Consortium and Dymon Asia Private Equity.

#### **6. RATIONALE FOR THE OFFER AND THE OFFEROR’S INTENTIONS**

Please refer to paragraph 3 of the Circular for the rationale for the Offer and the Offeror’s intentions relating to the Company. Please also refer to paragraph 4 of the Circular for the intentions of the Offeror relating to the listing status of the Company and compulsory acquisition.

#### **7. ASSESSMENT OF THE FINANCIAL TERMS OF THE OFFER**

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

- (a) market quotation and trading liquidity of the Shares;
- (b) financial performance and financial position of the Group;
- (c) asset-based valuation of the Group;
- (d) comparison with the valuation statistics of selected listed companies broadly comparable to the Group;

- (e) comparison with precedent privatisation and delisting of companies listed on the SGX-ST;
- (f) dividend record of the Group; and
- (g) other considerations.

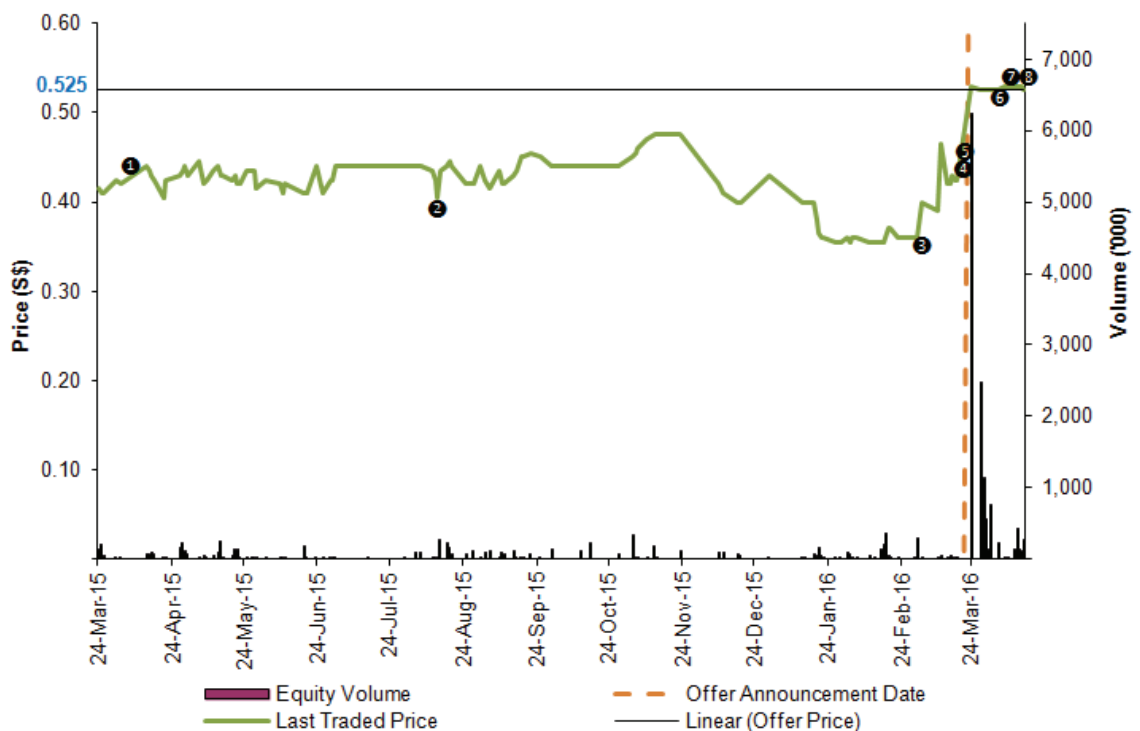
We have relied on the following general bases in our analysis:

- (a) as at the Latest Practicable Date, the issued share capital of the Company comprises 142,380,400 Shares (excluding Shares held in treasury) and the Company does not have any outstanding instruments convertible into rights to subscribe for an options in respect of the Shares;
- (b) the market prices and trading statistics of all securities and trading indices as well as foreign exchange rates used in this IFA Letter have been extracted from Bloomberg L.P. unless otherwise stated. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information.

## 7.1 Market quotation and trading liquidity of the Shares

### Share performance and trading liquidity

We set out below a chart showing the Offer Price relative to the daily closing prices and volume traded for the Shares in the 12-month period preceding the Offer Announcement Date, and up to and including the Latest Practicable Date.



Source: Bloomberg L.P.

A summary of the salient announcements made by the Company during the aforesaid period is set out below:

<b>Date</b>	<b>Event</b>	<b>Note</b>
<b>27 March 2015</b>	The Company announced the incorporation of a wholly owned subsidiary, Universal Dining Sdn. Bhd., in Kuala Lumpur, Malaysia. The total issued and paid-up capital of the subsidiary is MYR2.00.	
<b>13 April 2015</b>	The Company announced the annual report and notice of AGM for FY2014, including notice of resolutions for a special dividend of S\$0.005 per Share and a final dividend of S\$0.008 per Share.	1
<b>16 April 2015</b>	The Company announced the incorporation of a wholly owned subsidiary, Select Food Management (UK) Pte Ltd, in England and Wales. The total issued and paid-up capital of the subsidiary is £100,000.	
<b>18 June 2015</b>	<p>The Company announced the incorporations of the following wholly owned subsidiaries in Singapore:</p> <p>(1) FR Kitchen Pte. Ltd.;</p> <p>(2) Select Logistic Management Pte. Ltd.; and</p> <p>(3) V. Fresh Trading Pte. Ltd.</p> <p>The total issued and paid-up share capital of each of the subsidiaries is S\$1.00 each.</p>	
<b>13 August 2015</b>	<p>The Company announced its half yearly financial results for the financial period ended 30 June 2015.</p> <p>The Company announced an interim dividend of S\$0.01 per Share.</p>	2
<b>2 November 2015</b>	The Company announced the incorporation of a wholly owned subsidiary, Third Place Cafeteria Pte. Ltd., in Singapore. The total issued and paid-up share capital of the subsidiary is S\$1.00.	
<b>7 December 2015</b>	The Company announced that its wholly owned subsidiary, Universal Dining Global Pte. Ltd., had entered into a joint venture agreement with M.W Metropolitan International Brands Co., Ltd., a company incorporated in Cambodia, with the intention to form a joint venture company under the laws of Cambodia with the combined paid-up capital of US\$300,000 in one to two months. Universal Dining Global Pte. Ltd. and M.W Metropolitan International Brands Co., Ltd. shall hold 60% and 40%, respectively, of the combined paid-up capital of the joint venture company.	

<b>Date</b>	<b>Event</b>	<b>Note</b>
<b>18 February 2016</b>	The Company announced the incorporation of a wholly owned subsidiary, Pho Street Restaurant Sdn. Bhd., in Kuala Lumpur, Malaysia. The total issued and paid-up share capital of the subsidiary is MYR2.00.	
<b>25 February 2016</b>	The Company announced the increased investment in the capital of FR Kitchen Pte. Ltd. and Select Logistic Management Pte. Ltd., its wholly owned subsidiaries, from S\$1.00 to S\$300,000 each.	
<b>25 February 2016</b>	The Company announced the increased investment in the capital of Third Place Cafeteria Pte. Ltd., its wholly owned subsidiary, from S\$1.00 to S\$300,000.	
<b>29 February 2016</b>	The Company announced its full year financial results for the financial year ended 31 December 2015.	3
	The Company announced a final dividend of S\$0.01 per Share.	
<b>21 March 2016</b>	The Company requested for trading halt.	4
<b>23 March 2016</b>	DBS announced, for and on behalf of the Offeror, the Offer.	5
	The Company announced the Offer.	
	The Company requested for lifting of trading halt.	
<b>5 April 2016</b>	The Company announced the incorporation of a wholly owned subsidiary, RM Food Manufacturing Pte. Ltd., in Singapore. The total issued and paid-up share capital of the subsidiary is S\$1.00.	
<b>8 April 2016</b>	DBS announced, for and on behalf of the Offeror, despatch of Offer Document.	6
	DBS announced, for and on behalf of the Offeror, that the Offer has become unconditional as to Acceptances and was declared unconditional in all respects and the Closing Date was extended from 5.30 p.m. (Singapore time) on 6 May 2016 to 5.30 p.m. (Singapore time) on 20 May 2016 (or such later date(s) as may be announced from time to time by or on behalf of the Offeror).	
<b>14 April 2016</b>	The Company announced the annual report and notice of AGM for FY2015, including the notice of the resolution for a final dividend of S\$0.01 per Share.	7
<b>15 April 2016</b>	The Company announced the final dividend of S\$0.01 per Share for FY2015 (subject to approval at AGM to be held on 29 April 2015)	8

*Source: Company announcements from the SGXNET*

Based on the price chart above, we note that over the 12-month period preceding and up to the Offer Announcement Date, the closing prices of the Shares had not traded at or above the Offer Price. Furthermore, we note that over the 5-year period preceding the Offer Announcement Date, the Shares had not traded at or above the Offer Price.

The trading statistics of the Shares from 24 March 2015 up to and including the Latest Practicable Date are set out below:

Reference period	Highest trade price <sup>(1)</sup> (S\$)	Lowest trade price <sup>(1)</sup> (S\$)	VWAP <sup>(2)</sup> (S\$)	Premium of Offer Price over VWAP (%)	Number of traded days <sup>(3)</sup>	Number of Market Days	Average daily traded volume <sup>(4)</sup>	Average daily traded volume as a percentage of free float <sup>(5)</sup> (%)	Average daily traded volume as a percentage of total issued Shares as at the Latest Practicable Date (%)
<b>Preceding and up to the Offer Announcement Date</b>									
Last 12 months	0.475	0.355	0.413	27.0	113	249	31,389	0.08	0.02
Last 6 months	0.475	0.355	0.399	31.6	48	124	29,406	0.08	0.02
Last 3 months	0.465	0.355	0.366	43.4	32	61	32,648	0.08	0.02
Last 1 month	0.465	0.360	0.381	37.9	10	21	24,500	0.06	0.02
18 March 2016, being the last traded day prior to the Offer Announcement Date	0.425	0.425	0.425	23.5	1	1	20,000	0.05	0.01
<b>After the Offer Announcement Date</b>									
After the Offer Announcement Date and up to the Latest Practicable Date	0.530	0.525	0.525	(0.1)	14	16	790,631	2.03	0.56
As at the Latest Practicable Date	0.525	0.525	0.525	–	1	1	266,500	0.68	0.19

Source: Bloomberg L.P.

**Notes:**

- (1) The highest and lowest trade prices are based on the daily closing prices, except for as at 18 March 2016, being the last traded day prior to the Offer Announcement Date and the Latest Practicable Date where the highest and lowest trade prices are based on intra-day prices.
- (2) The volume-weighted average price (“VWAP”) is calculated based on the turnover divided by volume for the respective periods as extracted from Bloomberg L.P.. Off-market transactions are excluded from the calculation.
- (3) Traded days refer to the number of days on which the Shares were traded on the SGX-ST during the period.
- (4) Average daily traded volume of the Shares is computed based on the total volume of Shares traded during the relevant periods, divided by the number of Market Days.
- (5) Free float refers to the Shares other than those held by the Directors, chief executive officer, controlling Shareholders, substantial Shareholders of the Company or its subsidiaries, or their associates which amounted to 38,917,700 Shares, representing 27.33% of the issued and paid-up share capital of the Company as at the Latest Practicable Date.

Based on the above, we note the following in respect of the market price:

- (a) Over the 12-month period preceding and up to the Offer Announcement Date, the Shares had traded between a low of S\$0.355 and a high of S\$0.475;
- (b) The Offer Price represents a premium of 27.0%, 31.6%, 43.4% and 37.9% to the VWAP of the Shares for the 12-month, 6-month, 3-month and 1-month periods preceding and up to the Offer Announcement Date respectively;



- (c) The Offer Price represents a premium of 23.5% to the VWAP of the Shares of S\$0.425 on the last traded day prior to the Offer Announcement Date;
- (d) The Offer Price represents a discount of 0.1% to the VWAP of the Shares of approximately S\$0.525 during the period after the Offer Announcement Date and up to the Latest Practicable Date. The Offer Price is equal to the VWAP of the Shares of S\$0.525 as at the Latest Practicable Date; and
- (e) We note that in the 5-year period leading up to the Offer Announcement Date, the Shares have not traded at or above the Offer Price and it appears likely that the market prices of the Shares after the Offer Announcement Date is highly influenced by the Offer and may not be maintained at such levels after the close of the Offer.

We note the following in respect of the trading liquidity of the Shares:

- (a) The trading liquidity of the Shares had been low prior to the Offer Announcement Date. The Shares were traded with an average daily traded volume of 31,389 Shares, 29,406 Shares, 32,648 Shares and 24,500 Shares during the 12-month, 6-month, 3-month and 1-month period prior to the Offer Announcement Date. Each of these represents between 0.06% and 0.08% of the free float and 0.02% of the total issued Shares for any of the relevant periods;
- (b) During the 12-month period preceding and up to the Offer Announcement Date, the Shares had traded on 113 days out of 249 Market Days (or 45.4% of the total number of Market Days). The average daily traded volume was 31,389 Shares representing 0.08% of the Company's free float and 0.02% of the total issued Shares; and
- (c) After the Offer Announcement Date and up to the Latest Practicable Date, the Shares had traded on 14 days out of 16 Market Days (or 87.5% of the total number of Market Days). The average daily traded volume was 790,631 Shares, representing 2.03% of the Company's free float and 0.56% of the total issued Shares.

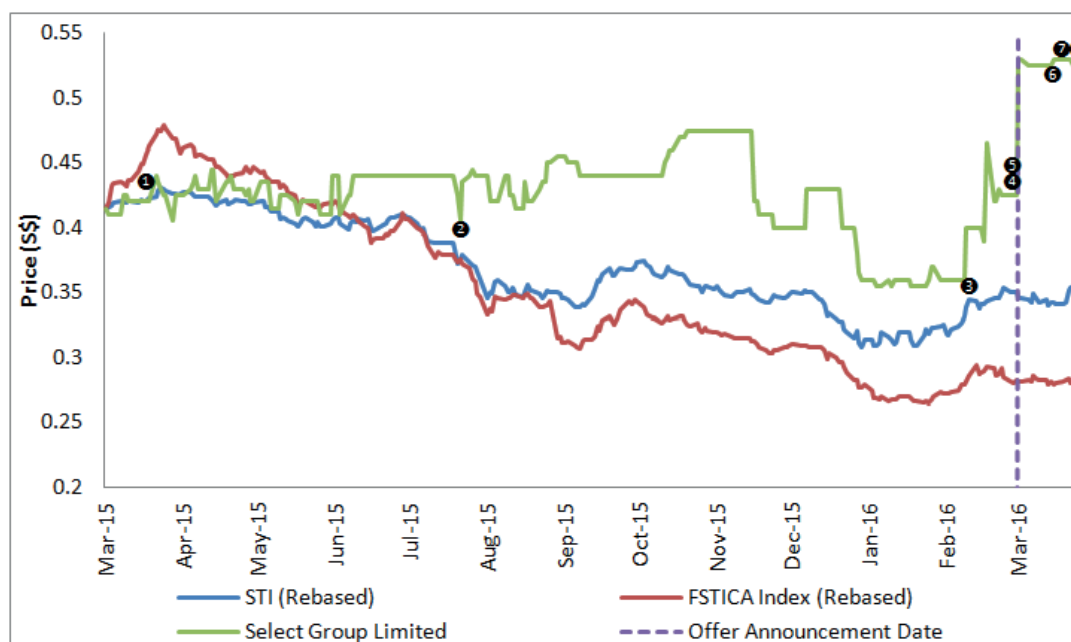
**After the Offer Announcement Date and up to and Latest Practicable Date, the Shares have traded close to the Offer Price, in a narrow band of S\$0.525 per Share to S\$0.530 per Share. There was also an appreciable increase in trading volume of the Shares after the Offer Announcement Date as compared to the 12-month period prior to the Offer Announcement Date. It would appear likely that the Offer may be supporting the current market price and trading volume of the Shares and as such, there is no assurance that the market price and trading volume of the Shares will be maintained at the prevailing level 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.**



## Relative performance of the Shares versus the market index

In addition, to assess the market price performance of the Shares vis-a-vis the general price performance of the Singapore equity market, we have compared the market movement of the Shares price against the Straits Times Index (“STI”) and FTSE ST Catalist Index<sup>1</sup> (the “FSTICA Index”) for the 12-month period prior to the Offer Announcement Date (including the Offer Announcement Date) and up to the Latest Practicable Date, as illustrated below:



Source: Bloomberg L.P.

### Notes:

Please refer to the summary of salient announcements set out in the section 7.1 of this IFA Letter, for the events denoted on the price chart of the Company.

We note that the Shares have generally outperformed the STI since end April 2015 and the FSTICA Index since end June 2015.

**Shareholders should note that the past trading performance of the Shares should not, in any way, be relied upon as an indication or promise of its future trading performance.**

## 7.2 Financial performance and financial position of the Group

A summary of the financial results of the Group for FY2013 to FY2015 is set out below:

### Review of Operating Results

S\$'000	Audited		
	FY2013	FY2014	FY2015
Revenue	128,897	147,024	159,758
Gross profit	88,216	98,533	106,689
Profit before tax	1,453	7,091	8,502
Profit for the year	1,714	6,028	7,170

Source: Company's annual reports

<sup>1</sup> The FSTICA Index is a benchmark index comprising companies listed on SGX Catalist which meet the eligibility requirements.

Based on information set out in the Company's annual reports and results announcements, we note the following:

*FY2013 vs FY2014*

Revenue increased by S\$18.1 million, from S\$128.9 million in FY2013 to S\$147.0 million in FY2014 and was mainly due to the contribution of revenue from new food courts, such as the opening of Chinatown Food Street, Food Court at NTU and the Singapore Food Street at Changi Airport during FY2014. Consequently, the increase in revenue also resulted in an increase in gross profit and cost of sales. The Group recorded a profit after tax of S\$6.0 million in FY2014 as compared to S\$1.7 million in FY2013, mainly due to the receipts of \$1.6 million government grants, better margin contributions from most of the segments and the losses incurred by Texas Chicken reducing during FY2014. In addition, we note that there were government grants from projects and special employment credit of S\$1.6 million and S\$0.5 million recorded in FY2014 and FY2013 respectively.

*FY2014 vs FY2015*

Revenue increased by S\$12.7 million, from S\$147.0 million in FY2014 to S\$159.7 million in FY2015 and was mainly due to the contribution of revenue from new cafeterias launched in second half of FY2015 and significant growth in revenue from the food court segment. Food catering, food retail and fast food segments also experienced organic growth in revenue during FY2015. Consequently, the increase in revenue resulted in an increase in gross profit and cost of sales. The Group recorded a profit after tax of S\$7.2 million in FY2015 as compared to S\$6.0 million in FY2014, mainly due to better operating margin contributions from food courts, Peach Garden restaurants and food catering. In addition, we note that there were government grants from projects and special employment credit of S\$2.5 million and S\$1.6 million recorded in FY2015 and FY2014 respectively.

Review of Financial Position

<b>S\$'000</b>	<b>Audited As at 31 December 2015</b>
Current assets	33,703
Non-current assets	81,299
Current liabilities	50,828
Non-current liabilities	39,274
Equity	24,900

*Source: Company's FY2015 annual report*

Assets as at 31 December 2015 comprised mainly property, plant and equipment (S\$72.3 million, representing 62.9% of total assets), cash and cash equivalents (S\$21.3 million, representing 18.5% of total assets), other assets (S\$7.0 million, representing 6.1% of total assets), trade and other receivables (S\$5.8 million, representing 5.1% of total assets) and intangible assets (S\$5.8 million, representing 5.0% of total assets). Property, plant and equipment comprised leasehold properties (S\$44.9 million), leasehold improvements (S\$16.2 million), and plant and equipment (S\$11.3 million). Intangible assets comprised goodwill and other intangible assets (brand name). We note that goodwill is the largest component of total intangible assets.

Liabilities as at 31 December 2015 comprised mainly other financial liabilities (S\$47.3 million, representing 52.5% of total liabilities), trade and other payables (S\$34.3 million, representing 38.1% of total liabilities) and other liabilities (S\$3.9 million, representing 4.3% of total liabilities). Other financial liabilities comprised bank loans, bank overdraft and finance leases.

The Group had a negative working capital (i.e. current assets less than current liabilities) of S\$17.1 million as at 31 December 2015. Payments made for dividends and rental deposits during FY2015 reduced the current assets, while increases in provision of renovation works and rental provision of rent-free periods for new cafeterias, food retail and fast food outlets and progressive payment accrued for the new headquarter building in progress during FY2015 increased the current liabilities.

**Shareholders are advised to read the announcements of the Company including the unaudited results, and the annual reports in their entirety.**

### **7.3 Asset-based valuation of the Group**

The asset-based valuation approach provides an estimate of the value of a company assuming the hypothetical sale of all its assets over a reasonable period of time, repayment of its liabilities and obligations, and with the balance being available for distribution to its Shareholders. The asset-based valuation approach is meaningful in so far as it shows the extent to which the value of each share is backed by assets. This method may ignore the ability of the asset base of the entity to generate future earnings and sustain an earnings-based valuation.

In this regard, we noted that, subject to normal business conditions, the Offeror does not intend to (i) make major changes to the business of the Company or its management team, (ii) re-deploy the fixed assets of the Company or (iii) discontinue the employment of the employees of the Company and of its subsidiaries, other than in the normal course of business.

We also wish to highlight that while the asset base of the Group can be a basis for valuation, such a valuation does not necessarily imply a realisable value as the market value of the assets and liabilities may vary depending on prevailing market and economic conditions.

#### NAV and NTA of the Group

Based on the Group's audited consolidated financial statements as at 31 December 2015, the NAV and NTA of the Group are S\$24.9 million and S\$19.1 million respectively. Accordingly, the Group's NAV per Share and NTA per Share as at 31 December 2015 are S\$0.17 and S\$0.13 respectively.

The Offer Price represents a premium of 200.2% and 290.6% to the NAV per Share and the NTA per Share respectively. Price-to-NAV ("**P/NAV**") ratio and price-to-NTA ("**P/NTA**") ratio implied by the Offer Price are 3.0 times and 3.9 times respectively as at 31 December 2015.

In our evaluation of the financial terms of the Offer, we have considered if there are any factors which have not been otherwise disclosed in the announced financial results of the Group that are likely to materially impact the audited NTA and/or NAV of the Group as at 31 December 2015.

We note that leasehold properties accounted for S\$44.9 million of the Group's assets as at 31 December 2015. This mainly relates to the Group's new property, the 24A Senoko South Property which accounted for S\$44.4 million. The Group had accepted a direct land allocation of this leasehold land from Jurong Town Corporation in July 2013 and constructed, *inter alia*, its central kitchen facilities, storage facilities, cold room facilities and the Company's operations and corporate headquarters on this property, which the Group

expects to be fully operational in 2016. The Company has confirmed that the cost of constructing this property, its facilities and the fixtures up to 31 December 2015 has been fully accounted for in the Group's balance sheet as at 31 December 2015.<sup>1</sup>

The Group had commissioned the Valuer to conduct an independent valuation to determine the market value of the 24A Senoko South Property. The valuation was performed using the direct comparison method and the investment method. The market value of the 24A Senoko South Property based on the Valuation Report was S\$45.0 million as at 5 February 2016. The carrying value of the 24A Senoko South Property as at 31 December 2015 was S\$44.4 million. The Group does not expect to incur any tax liability on the hypothetical sale of the 24A Senoko South Property if the 24A Senoko South Property were to be sold at the amount of the valuation based on the Valuation Report. The Company has confirmed that since the date of Valuation Report up to the Latest Practicable Date, no independent appraisal of the value of the 24A Senoko South Property has been conducted. We wish to highlight to the Recommending Directors that the Company has no intention to sell the 24A Senoko South Property. We also note from the Offer Document that the Offeror does not intend to, among others, make major changes to the business of the Company or its management team or re-deploy the fixed assets of the Company, other than in the normal course of business.

Accordingly, we note that the difference between the market value and the carrying value of 24A Senoko South Property was not significant. For illustrative purposes, the NAV and NTA of the Group as at 31 December 2015, if adjusted for the valuation surplus of S\$0.6 million for 24A Senoko South Property, are S\$25.5 million and S\$19.7 million respectively. Accordingly, the Group's adjusted NAV per Share and adjusted NTA per Share as at 31 December 2015 are S\$0.18 and S\$0.14 respectively. The Offer Price represents a premium of 193.2% and 278.8% to the adjusted NAV per Share and the adjusted NTA per Share respectively. Adjusted P/NAV ratio and adjusted P/NTA ratio implied by the Offer Price are 2.9 times and 3.8 times respectively as at 31 December 2015.

As set out in our terms of reference in section 2 of this IFA Letter, for the purposes of assessing the financial terms of the Offer and reaching our conclusions thereon, we have not been furnished with, nor relied upon any financial projections or forecasts in respect of the Company or the Group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company or the Group (whether in respect of the 24A Senoko South Property or otherwise) in connection with our opinion in this IFA Letter.

The Directors and the Management have confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief:

- (a) there are no material differences between the realisable value of the Group's assets and their respective book values as at 31 December 2015, which would result in a material impact on the NAV or NTA of the Group;
- (b) other than that already provided for or disclosed in the Group's financial statements as at 31 December 2015, there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NAV or NTA of the Group;
- (c) there is no 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 proceedings which might materially and adversely affect the financial position of the Group;
- (d) there are no other intangible assets which ought to be disclosed in the audited financial statements as at 31 December 2015 in accordance with Singapore Financial

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<sup>1</sup> The Company has confirmed that an amount of S\$5.7 million in capital commitments relating to this property as at 31 December 2015 will not result in any change in the Group's NAV or NTA, as any increase in the asset value of the property arising from the realisation of the capital commitment will be accompanied by a corresponding decrease in the Group's cash balance and/or funded by bank borrowings.

Reporting Standards and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group; and

- (e) there has been no material acquisitions and disposals of assets by the Group since 31 December 2015 and up to the Latest Practicable Date and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of its material assets or material change in nature of the Group's business.

#### 7.4 Comparison with the valuation statistics of selected listed companies broadly comparable to the Group

For purpose of assessing the financial terms of the Offer, we have referred to the valuation statistics of selected companies listed in Singapore whose businesses are deemed broadly comparable to the Group and have market capitalizations of S\$300.0 million or less as at the Latest Practicable Date ("**Comparable Companies**"). The Comparable Companies are broad proxies to the Group's business and is intended to serve only as an illustrative guide.

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

For the purpose of our evaluation and for illustration, we have used the following valuation measures in our analysis:

Valuation measure	Description
Price-to-Earnings ratio (" <b>PER</b> ")	<p>This is the ratio of the market capitalisation of a company divided by the trailing 12-month consolidated net profits attributable to shareholders.</p> <p>The PER is affected by, <i>inter alia</i>, the capital structure of a company, its tax position as well as its accounting policies relating to among others, depreciation and amortisation.</p>
Price-to-NTA (" <b>P/NTA</b> ")	<p>The P/NTA ratio is the ratio of the relevant prices of the shares to the net tangible asset value of the relevant companies. It is an asset-based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its asset backing as measured in terms of its NTA value. The NTA of a company provides an estimate of its value assuming a hypothetical sale of all its tangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders.</p>

<b>Valuation measure</b>	<b>Description</b>
Enterprise Value-to-Earnings before Interests, Taxes, Depreciation and Amortisation (“ <b>EV/EBITDA</b> ”)	<p>EV refers to enterprise value which is the sum of a company’s market capitalisation, preferred equity, independent interests, consolidated short and long term debts inclusive of finance lease liabilities less its consolidated cash and cash equivalents.</p> <p>EBITDA is the consolidated earnings before interest, tax, depreciation and amortisation.</p> <p>The EV/EBITDA ratio illustrates the ratio of the market value of a company’s business relative to its trailing 12-month pre-tax consolidated operating cashflow performance, without regard to its capital structure as well as its interest, taxation, depreciation and amortisation charges.</p>

We set out in the table below the list of selected Comparable Companies listed in Singapore, together with a brief description of their business activities which are considered broadly comparable to the Group.

<b>Comparable Companies</b>	<b>Business activities</b>
ABR Holdings Limited (“ <b>ABR</b> ”)	<p>ABR manufactures ice cream and operates Swensen’s ice cream parlours and restaurants and other specialty restaurants. ABR also manufactures and sell confectionery and pastry products, operates pubs, discotheques, and restaurants.</p> <p>Based on ABR’S annual report for FY2015, the revenue segments are (i) restaurants and confectionery (99.9% of FY2015 revenue) and (ii) others (0.1% of FY2015 revenue).</p>
Pavillon Holdings Ltd. (“ <b>Pavillon</b> ”)	<p>Pavillon operates a chain of seafood restaurants specialising in Asia delicacies. It has restaurants located in Singapore, China and Indonesia.</p> <p>Based on Pavillon’s annual report for FY2015, the revenue segments are (i) restaurant operations (97.4% of FY2015 revenue), which mainly relate to operation of restaurant outlets; (ii) restaurant management services (0.8% of FY2015 revenue), which mainly relate to management fees from restaurants, franchise fees and royalties from franchisees; and (iii) equipment leasing (1.8% of FY2015 revenue).</p>



Comparable Companies	Business activities
BreadTalk Group Limited (“ <b>BreadTalk</b> ”)	<p data-bbox="699 219 1410 452">BreadTalk is an investment holding company that engages in the provision of management services in the bakery, food, and restaurant businesses. BreadTalk, through its subsidiaries, manufactures and retails a variety of food, bakery, and confectionery products. BreadTalk also offers franchising opportunities and operates internationally.</p> <p data-bbox="699 483 1410 810">Based on BreadTalk’s annual report for FY2015, the revenue segments are (i) bakery (49.3% of FY2015 revenue), which is in the business of manufacturing and retailing of all kinds of food, bakery and confectionery products including franchising; (ii) food court (27.7% of FY2015 revenue), which is involved in the management and operation of food courts and food and drinks outlets; and (iii) restaurants (22.9% of FY2015 revenue), which is in the business of operating food and drinks outlets, eating houses and restaurants.</p>
Sakae Holdings Ltd. (“ <b>Sakae</b> ”)	<p data-bbox="699 842 1410 945">Sakae owns and operates restaurants, cafes and kiosks. The company also offers food and beverages catering services and franchises its food and beverage brands.</p> <p data-bbox="699 976 1410 1267">Based on Sakae’s annual report for FY2015, the revenue segments are (i) Sakae Sushi (77.6% of FY2015 revenue), which is the main brand in provision of food and beverages to retail customers; and (ii) other products and services (22.4% of FY2015 revenue), which is inclusive of other brands and services offered by the Group namely Sakae Teppanyaki, Sakae Delivery, Hei Sushi, Senjyu, Sachi, Sakae Express, Crepes &amp; Cream and Nouvelle Events.</p>
Soup Restaurant Group Limited (“ <b>Soup Restaurant</b> ”)	<p data-bbox="699 1299 1410 1361">Soup Restaurant operates a chain of restaurants in Singapore.</p> <p data-bbox="699 1393 1410 1693">Based on Soup Restaurant’s annual report for FY2015, the revenue segments are (i) operation of restaurants (97.2% of FY2015 revenue), which sells food and beverage products to the general public via restaurant outlets; and (ii) food processing, distribution and procurement services (2.8% of FY2015 revenue), which processes, distributes and procures food and beverage products for sale to its operation of restaurants segment and to third parties.</p>
Japan Foods Holding Ltd. (“ <b>Japan Foods</b> ”)	<p data-bbox="699 1724 1410 1859">Japan Foods operates Japanese restaurants in Singapore, Malaysia, and Indonesia. The company franchises some of its restaurants in Malaysia and Indonesia, and serves fried rice and pan-fried noodles.</p> <p data-bbox="699 1890 1410 2016">Based on Japan Food’s annual report for FY2015, the revenue segments are (i) restaurant sales (99.7% of FY2015 revenue); and (ii) franchised operation (0.3% of FY2015 revenue).</p>

Comparable Companies	Business activities
Tung Lok Restaurants (2000) Ltd (“ <b>Tung Lok</b> ”)	<p>Tung Lok owns and operates restaurants in Singapore. The company also operates a food processing facility to distribute dianxin and dianxin ingredients, festive food items and pastries to its restaurants for sale.</p> <p>Based on Tung Lok’s annual report for FY2015, the group only has a single operating segment namely restaurants.</p>
Jumbo Group Limited (“ <b>Jumbo</b> ”)	<p>Jumbo Group Ltd is a seafood restaurant group offering multiple dining concepts catering to all types of consumers. The company offers restaurants in Singapore, China and Japan.</p> <p>Based on Jumbo’s annual report for FY2015, the group only has a single revenue segment namely restaurant business.</p>
Old Chang Kee Ltd. (“ <b>Old Chang Kee</b> ”)	<p>Old Chang Kee manufactures and sells a wide range of food products. The company’s products include curry puff, fish balls, spring rolls and chicken wings.</p> <p>Based on Old Chang Kee’s annual report for FY2015, the group only has a single revenue segment namely manufacture and distribution of food products.</p>
Neo Group Limited (“ <b>Neo Group</b> ”)	<p>Neo Group is a food catering group. The group’s services include daily meal delivery services, Halal-certified food as well as catering for last minute events or emergency orders.</p> <p>Based on Neo Group’s annual report for FY2015, the revenue segments are (i) food catering business (74.1% of FY2015 revenue), which provides events catering services under four catering brands to corporate, community or private functions, and also provides daily meal delivery services to families, Halal-certified food as well as catering for last minute events or emergency orders; (ii) food retail business (24.8% of FY2015 revenue), which operates a chain of food retail outlets specialising in Japanese cuisine and generates franchise fee from franchise outlets specialising in Japanese cuisine; (iii) food and catering supplies business (0.5% of FY2015 revenue), which supplies food ingredients used in food catering business and food retail business and the supply of food products for third parties’ catering business; and (iv) other businesses (0.6% of FY2015 revenue), which involves the design, marketing and distribution of floral arrangements, gifts and hampers and manufacturing of bread, cakes and confectionery.</p>

Source: Bloomberg L.P. and annual reports



Shareholders should note that the identified Comparable Companies may not be directly comparable to the Group in terms of, *inter alia*, market capitalisation, quality of earnings, liquidity, composition of business activities, scale of operations, asset base, clientele base, risk profile, geographical spread of activities, track record, future prospects, operating and financial leverage and other relevant criteria. Comparisons may also be affected, *inter alia*, by differences in their accounting policies. Our analysis has not adjusted for such differences. As such, any comparison made with respect to the Comparable Companies merely serves as an illustration guide and that the conclusions drawn from the comparisons may not necessarily reflect the perceived market valuation of the Company as at the Latest Practicable Date.

The valuation measures of the selected Comparable Companies set out below are based on their respective last transacted share prices as at the Latest Practicable Date (“LPD”).

Selected Comparable Companies	Market cap as at LPD (S\$ million)	EV as at LPD (S\$ million)	Debt/Shareholders' Equity (X)	PER <sup>(1)</sup> (X)	P/NTA (X)	EV/EBITDA <sup>(1)</sup> (X)
ABR	142.7	60.5	–	18.7	1.4	5.2
Pavillon	21.3	(11.2)	–	nm <sup>(2)</sup>	0.5	nm <sup>(2)</sup>
BreadTalk	292.8	400.3	1.6	38.5	2.4	5.2
Sakae	55.8	87.4	1.0	nm <sup>(3)</sup>	1.3	54.1 <sup>(6)</sup>
Soup Restaurant	58.0	49.7	–	60.0 <sup>(5)</sup>	5.7	17.6
Japan Foods	71.3	55.0	–	15.0	2.3	5.7
Tung Lok	26.1	20.4	0.3	42.9 <sup>(5)</sup>	1.8	5.2
Jumbo	285.4	238.9	nm <sup>(4)</sup>	25.9	5.5	13.1
Old Chang Kee	80.1	70.5	0.3	17.0	2.4	6.8
Neo Group <sup>(7)</sup>	95.6	109.1	0.9	15.1	4.0	9.5
Mean				21.7	2.7	8.5
Median				17.8	2.4	6.3
Max				60.0	5.7	54.1
Min				15.0	0.5	5.2
The Company (Implied by the Offer Price) <sup>(8)</sup>	74.8	100.8	1.9	10.4	3.9	5.8

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

nm: not meaningful

**Notes:**

- (1) Based on the trailing 12-month profit attributable to owners of the company and the trailing 12-month EBITDA, as the case may be.
- (2) Pavillon had negative Enterprise Value and EBITDA, and was loss making for the trailing 12 months. Accordingly, PER and EV/EBITDA multiples were not meaningful.
- (3) Sakae was loss-making for the trailing 12 months, hence PER were not meaningful.
- (4) Jumbo had total debt of S\$797,000 and hence debt/shareholders' equity ratio is negligible.
- (5) Being statistical outliers, Soup Restaurant and Tung Lok have been excluded from the computation of the mean and median PER.
- (6) Being a statistical outlier, Sakae has been excluded from the computation of the mean and median EV/EBITDA.
- (7) Neo Group announced the change of its financial year end from 31 January to 31 March on 16 May 2014. As a result, FY2015 covers a period of 14 months from 1 February 2014 to 31 March 2015. The financials for Neo Group have been annualised to 12 months to derive the ratios above.

- (8) Based the Company's annual report for FY2015, the revenue segments are (i) institutional catering (11.8% of FY2015 revenue), which provides food management services to corporate customers; (ii) food catering (15.1% of FY2015 revenue), which provides events catering services for corporate, community or private functions; (iii) food retail (15.9% of FY2015 revenue), which comprises operation of dedicated food court stalls and public cafeterias; (iv) operation of Peach Garden restaurants (26.2% of FY2015 revenue); (v) operation of quick service restaurants (9.8% of FY2015 revenue); (vi) hub services (20.4% of FY2015 revenue), which provides management services to food and beverage operations in hubs such as Singapore Expo and Changi Terminal 1, 2, and 3; and (vii) other income (0.8% of FY2015 revenue).

### **Comparison of PER**

We note that the PER of the Company implied by the Offer Price is 10.4 times and is below the range of the PERs of the Comparable Companies of between 15.0 times and 60.0 times, and is at a substantial discount of 51.9% and 41.6% to the mean and median PERs of the Comparable Companies.

### **Comparison of EV/EBITDA ratios**

We note that the EV/EBITDA ratio of the Company implied by the Offer Price is 5.8 times and is within the range of the EV/EBITDA ratios of the Comparable Companies of between 5.2 times and 54.1 times, and is at a discount of 31.8% and 7.3% to the mean and median EV/EBITDA ratios of the Comparable Companies.

In our analysis, we have given greater consideration to the EV/EBITDA ratio compared to the PER due to the capital structure of the Group. We note that a number of the Comparables Companies have low debt/shareholders' equity ratio or have substantial net cash on their balance sheets. Comparatively, the Company has significantly higher debt/shareholders' equity ratio at 1.9 times relative to the Comparable Companies. The EV/EBITDA ratio adjusts for differences in leverage and cash balances on the balance sheet, and allows investors to compare valuations of companies in a capital structure neutral manner.

### **Comparison of P/NTA ratios**

We note that the P/NTA ratio of the Company implied by the Offer Price of 3.9 times and is within the range of the P/NTA ratios of the Comparable Companies of between 0.5 times and 5.7 times, and is at a substantial premium of 42.8% and 64.7% to the mean and median P/NTA ratios of the Comparable Companies.

## **7.5 Comparison with precedent privatisations and delistings of companies listed on the SGX-ST**

We note that the Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company.

In assessing the reasonableness of the Offer Price, we have compared the financial statistics implied by the Offer Price with those of selected recent successful privatisations and delistings of companies listed on the SGX-ST which were announced from 1 January 2014 up to the Latest Practicable Date (collectively, the "**Selected Comparable Transactions**"). This comparison serves as a general indication of the relevant premium/(discount) that offerors have paid in order to acquire the level of acceptances required to delist or privatise the target companies without regard to industry characteristics or other considerations.

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

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

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

Companies	Date of announcement	Type <sup>(1)</sup>	Premium/(Discount) of Offer Price over/(to)					P/NTA (times)
			Last transacted market price prior to announcement <sup>(2)</sup>	VWAP for the 1-month period prior to announcement	VWAP for the 3-month period prior to announcement	VWAP for the 6-month period prior to announcement	VWAP for the 12-month period prior to announcement	
Xinren Aluminium Holdings Limited <sup>(3)</sup>	25-Feb-16	VGO	31.3%	49.6%	50.0%	48.5%	36.1%	1.5
Interplex Holdings Ltd. <sup>(4)(5)</sup>	23-Dec-15	VGO	15.5%	11.1%	13.1%	16.5%	11.4%	1.7
Li Heng Chemical Fibre Technologies Limited <sup>(6)</sup>	22-Dec-15	VGO	115.1%	100.8%	104.5%	60.3%	58.7%	0.4
Sinotel Technologies Ltd. <sup>(7)</sup>	30-Nov-15	VD	33.3%	30.6%	45.5%	-4.5%	29.3%	0.8
Tiger Airways Holdings Limited <sup>(8)</sup>	6-Nov-15	VGO	32.3%	35.3%	42.4%	36.7%	33.1%	4.9
Zagro Asia Limited <sup>(9)</sup>	3-Nov-15	VD	15.4%	19.0%	20.0%	16.3%	11.9%	0.9
Eastern Holdings Ltd. <sup>(10)</sup>	22-Sep-15	VD	41.7%	67.3%	34.1%	25.7%	-25.3%	0.8
Chosen Holdings Limited <sup>(11)</sup>	1-Sep-15	VGO	21.2%	26.3%	27.0%	33.3%	38.7%	0.8
Lizhong Wheel Group Limited <sup>(12)</sup>	17-Aug-15	VGO	96.1%	87.3%	79.2%	92.3%	96.1%	0.6
Junma Tyre Cord Company Limited <sup>(13)</sup>	10-Mar-15	VD	222.6%	162.3%	174.7%	167.7%	195.1%	0.9
Action Asia Limited <sup>(14)</sup>	27-Feb-15	VD	69.6%	67.6%	66.7%	64.5%	54.0%	0.8
Keppel Land Ltd. <sup>(15)(16)</sup>	23-Jan-15	VGO	20.0%	25.0%	28.8%	28.2%	29.6%	0.7
Popular Holdings Limited <sup>(17)</sup>	14-Jan-15	VGO	39.1%	39.7%	37.3%	32.2%	28.5%	1.1
euNetworks Group Limited <sup>(18)</sup>	17-Nov-14	MGO/VD	32.6%	58.4%	69.2%	101.2%	95.4%	1.9
ECS Holdings Limited <sup>(19)(20)</sup>	14-Nov-14	VGO	11.5%	9.0%	11.5%	9.3%	7.1%	0.6
Forterra Trust <sup>(21)</sup>	4-Nov-14	MGO	32.4%	51.1%	49.7%	39.8%	25.1%	0.6
UE E&C Ltd. <sup>(22)(23)</sup>	3-Oct-14	VGO	-2.3%	1.8%	1.6%	-2.8%	6.6%	1.2
Lee Kim Tah Holdings Limited <sup>(24)</sup>	25-Sep-14	VGO	6.4%	11.8%	12.3%	13.5%	15.0%	0.9
ASJ Holdings Limited <sup>(25)</sup>	7-May-14	VGO	18.2%	43.7%	55.4%	62.0%	35.8%	0.7
Capitamalls Asia Ltd. <sup>(26)</sup>	14-Apr-14	VGO	23.0%	27.0%	25.5%	20.5%	17.4%	0.8
Goodpack Ltd. <sup>(27)(28)</sup>	19-Mar-14	SOA	23.1%	30.8%	31.3%	34.3%	44.7%	3.1
Perennial China Retail Trust <sup>(29)(30)</sup>	14-Mar-14	VGO	29.6%	34.0%	33.0%	32.1%	23.3%	0.9
Chemoil Energy Limited <sup>(31)(32)</sup>	25-Feb-14	VD	17.6% <sup>(33)</sup>	31.1%	32.5%	31.1%	14.6%	1.1
Singapore Land Ltd. <sup>(34)</sup>	24-Feb-14	VGO	11.2%	16.9%	13.9%	11.0%	7.9%	0.7
Mean			39.9%	43.2%	44.1%	40.4%	37.1%	1.2
Median			26.4%	32.6%	33.6%	32.2%	28.9%	0.9
Max			222.6%	162.3%	174.7%	167.7%	195.1%	4.9
Min			-2.3%	1.8%	1.6%	-4.5%	-25.3%	0.6
<b>The Company (implied by the Offer Price)</b>	23-Mar-16	VGO	23.5%	37.9%	43.4%	31.6%	27.0%	3.9

Source: Bloomberg L.P., corporate announcements and circulars to shareholders in relation to the respective transactions

**Notes:**

- (1) VGO refers to a Voluntary General Offer. MGO refers to a Mandatory General Offer. VD refers to a Voluntary Delisting. SOA refers to a Scheme of Arrangement.
- (2) Last transacted price is calculated based on the last price on either the last trading day or unaffected date as defined in the respective circulars.
- (3) Based on the revalued NAV per share as adjusted for the revaluation surplus on plant, property and equipment and land use rights of XinRen Aluminum Holdings Limited as at 31 December 2015.
- (4) VWAP calculations of Interplex Holdings Ltd. are based on holding announcement Date of 23 December 2015.
- (5) Based on the unaudited NAV per share of Interplex Holdings Ltd. as at 31 December 2015.
- (6) Based on the revalued NAV per share as adjusted for the write-down of plant, property and equipment of Li Heng Chemical Fibre Technologies Limited as at 30 September 2015.
- (7) Based on the unaudited NAV per share of Sinotel Technologies Ltd. as at 30 September 2015.
- (8) Based on the unaudited NAV per share of Tiger Airways Holdings Limited as at 30 September 2015.
- (9) Based on the revalued NAV per share as adjusted for net revaluation surplus of certain properties of Zagro Asia Limited as at 30 June 2015.
- (10) Based on the revalued NTA per share as adjusted for the net revaluation surplus of properties and gain on disposal from available for sale financial assets of Eastern Holdings Ltd. as at 30 September 2015.
- (11) Based on the revalued NAV per share as adjusted for the net revaluation surplus on certain properties of Chosen Holdings Limited as at 30 June 2015.
- (12) Based on the revalued NTA per share as adjusted for the net revaluation surplus on the properties of Lizhong Wheel Group Limited as at 30 June 2015.
- (13) Based on the revalued NTA per share as adjusted for the net revaluation surplus on the cash-generating unit of Junma Tyre Cord Company Limited as at 31 December 2014.
- (14) Based on the revalued NAV per share as adjusted for the net revaluation surplus on land and buildings of Action Asia Limited as at 31 March 2015.
- (15) VWAP calculations are based on the Keppel Land Ltd. base offer price of \$4.38.
- (16) Based on the revalued NAV per share as adjusted based on sum of the parts valuation on the properties under different business segments of Keppel Land Limited as at 31 December 2014.
- (17) Based on the revalued NAV per share as adjusted for the net revaluation surplus on the properties of Popular Holdings Limited as at 31 October 2014.
- (18) Based on the unaudited NTA per share of euNetworks Group Limited as at 31 December 2014.
- (19) VWAP calculations of ECS Holdings Limited are based on the day which trading of the shares are halted due to loss of public float on the 23 September 2014.
- (20) Based on the unaudited NAV per share of ECS Holdings Limited as at 30 September 2014.
- (21) Based on the revalued NAV per share as adjusted for the net revaluation surplus on all properties of Forterra Trust as at 30 September 2014.
- (22) VWAP calculations of UE E&C Ltd. are based on the possible offer announcement date of 3 October 2014.
- (23) Based on the revalued NAV per share as adjusted for the change in carrying value of investments in associates and joint ventures of UE E&C Ltd. as at 30 September 2014.
- (24) Based on the revalued NAV per share as adjusted for the net revaluation surplus on the properties and contingent tax liability of Lee Kim Tah Holdings Limited as at 30 June 2014.
- (25) Based on the revalued NTA per share as adjusted for the net revaluation surplus on certain property, plant and equipment of ASJ Holdings Limited as at 30 April 2014.
- (26) Based on the mean NAV per share derived from analyst reports adjusting the value of CapitaMalls Asia Limited's key assets to its current market values as at 31 March 2014.
- (27) VWAP calculations of Goodpack Ltd are based on holding announcement Date of 19 March 2014.
- (28) Based on the unaudited NTA per share of Goodpack as at 31 March 2014.
- (29) VWAP calculations of Perennial China Retail Trust are based on pre-conditional offer announcement date of 14 March 2014.
- (30) Based on the revalued NAV per share as adjusted for the net revaluation surplus on certain properties of Perennial China Retail Trust as at 30 September 2014.
- (31) VWAP calculations of Chemoil Energy Limited are based on the respective periods up to and including the last full trading day of 20 February 2014.
- (32) Based on the unaudited NTA per share of Chemoil Energy Limited as at 31 December 2013.
- (33) Based on the last transacted price of Chemoil Energy Limited on the trading halt day of 21 February 2014.
- (34) Based on the revalued NTA per share as adjusted for the net revaluation surplus on the hotel properties of Singapore Land Limited as at 31 December 2013.

Based on the above, we note the following:

- (a) The premium of 23.5% implied by the Offer Price against the last transacted price of the Shares prior to the Offer Announcement Date is (i) within the range of -2.3% and 222.6%; and (ii) lower than the mean and median of 39.9% and 26.4% of the corresponding premia of the Selected Comparable Transactions;
- (b) The premium of 37.9% implied by the Offer Price against the 1-month VWAP of the Shares prior to the Offer Announcement is (i) within the range of 1.8% and 162.3%; and (ii) higher than the median of 32.6% but lower than the mean of 43.2% of the corresponding premia of the Selected Comparable Transactions;
- (c) The premium of 43.4% implied by the Offer Price against the 3-month VWAP of the Shares prior to the Offer Announcement is (i) within the range of 1.6% and 174.7%; and (ii) higher than the median of 33.6% but lower than mean of 44.0% of the corresponding premia of the Selected Comparable Transactions;
- (d) The premium of 31.6% implied by the Offer Price against the 6-month VWAP of the Shares prior to the Offer Announcement is (i) within the range of -4.5% and 167.7%; and (ii) lower than the mean and median of 40.4% and 32.2% of the corresponding premia of the Selected Comparable Transactions;
- (e) The premium of 27.0% implied by the Offer Price against the 12-month VWAP of the Shares prior to the Offer Announcement is (i) within the range of -25.3% and 195.1%; and (ii) lower than the mean and median of 37.1% and 28.9% the corresponding premia of the Selected Comparable Transactions; and
- (f) The P/NTA ratio as implied by the Offer Price of 3.9 times is at the higher end of the range of P/NTA ratios of the Selected Comparable Transactions of between 0.6 times and 4.9 times, and is at a 228.4% and 358.8% premium to the mean and median P/NTA ratios of the Selected Comparables of 1.2 and 0.9 times respectively.

## 7.6 Dividend record of the Group

We set out below information on the dividend per Share declared by the Company in respect of the last three financial years:

<b>Dividends declared</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
Total dividend for the financial year (S\$)	0.007	0.020	0.020 <sup>(3)</sup>
Average share price (S\$) <sup>(1)</sup>	0.368	0.389	0.433
Dividend yield (%) <sup>(2)</sup>	1.9%	5.1%	4.6%

*Source: Bloomberg L.P., company announcements*

### Notes:

- (1) Based on the average daily closing price of the Company's shares for traded market days during each respective financial year.
- (2) Computed based on dividends per share divided by the average share price.
- (3) The proposed final dividend of S\$0.01 per Share has been declared on 29 February 2016, but yet to be approved by Shareholders.

We note that the Company has been consistent in paying dividends, and has increased annual dividends from S\$0.007 in FY2013 to S\$0.02 in FY2014. Annual dividend maintained at S\$0.02 for FY2015. These represent dividends yields of between 1.9% to 5.1% per annum.

We understand from the Company that, although it has been paying dividends in recent years, the Company does not have a formal written dividend policy. There is no assurance that the Company will continue to pay dividends in the future or maintain the level of dividends paid in previous periods. As such, the quantum of dividends paid by the Company in any period would depend upon various factors including but not limited to the financial performance of the Group, the working capital of the Group and the capital expenditure needs of the Group, as well as other considerations.

For purpose of evaluating the Offer, we have considered that the Shareholders who accept the Offer may reinvest the proceeds from the Offer in similar food and beverage companies including the equity of the Comparable Companies, and/or a broad Singapore market index instrument such as the Nikko AM Singapore STI ETF (“**STI ETF**”). For illustrative purposes, the dividend yields of the Comparable Companies and the STI ETF are as follows:

<b>Selected Comparable Companies</b>	<b>Dividend yield<sup>(1)</sup></b>
ABR	3.5%
Pavillon	–
BreadTalk	1.4%
Sakae	–
Soup Restaurant	1.6%
Japan Foods	4.9%
Tung Lok	–
Jumbo	–
Old Chang Kee	4.5%
Neo Group	1.6%
<b>Mean</b>	<b>2.9%</b>
<b>Median</b>	<b>2.6%</b>
<b>STI ETF<sup>(2)</sup></b>	<b>3.1%</b>
<b>The Company (based on Offer Price)</b>	<b>4.8%</b>

*Source: Bloomberg L.P., and the various company financial statements*

**Notes:**

- (1) Dividend yield of each Comparable Company is computed as the dividends declared for the latest financial year divided by the closing market price as at Latest Practicable Date (or where there is no trading on such date, the last available closing market price). The aforementioned dividend yield computed may differ from the actual dividend yield which will vary depending on the actual cost of investment paid by the individual investor.
- (2) Dividend yield of the STI ETF is computed based on the dividends declared for 2015 divided by the closing market price as at Latest Practicable Date. The aforementioned dividend yield computed may differ from the actual dividend yield which will vary depending on the actual cost of investment paid by the individual investor.



Based on the above dividend analysis, we note that the dividend yield of the Company based on the Offer Price is approximately 4.8%, which is higher than the mean and the median in respect of the Comparable Companies at 2.9% and 2.6% respectively. This suggests that Shareholders who accept the Offer may potentially experience a decrease in dividend income if they reinvest the proceeds from the Offer in the shares of the Comparable Companies.

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

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

## **8. OTHER CONSIDERATIONS**

### **8.1 Outlook of the Group**

We note that the following commentary was made in the Company's results announcement for the financial year ended 31 December 2015.

*"The F&B industry will remain challenging and competitive due to high commercial rents and manpower shortages. The Group will continue to focus on its multiple-brand business model, manage its costs and business expansion prudently to operate with a view of sustaining profitability through cost rationalisation, productivity enhancement and improving customer service quality through on-going staff training."*

### **8.2 The Offeror's intentions for the Company**

As set out in section 9.3 of the Offer Document, it is the current intention of the Offeror to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take any step for the public float to be restored and/or 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 issued Shares (excluding any Shares held in treasury) are held in public hands. In addition, the Offeror reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1308 of the Catalist Rules.

Subject to normal business conditions, the Offeror does not intend to (i) make major changes to the business of the Company or its management team, (ii) re-deploy the fixed assets of the Company or (iii) discontinue the employment of the employees of the Company and of its subsidiaries, other than in the normal course of business. Nonetheless, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves and which the Offeror may regard to be in the interest of the Company.

### **8.3 Listing status and compulsory acquisition**

Pursuant to Rule 1104 of the Catalist Rules, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued Shares (excluding any Shares held in treasury), the SGX-ST may suspend the trading of the



Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued Shares (excluding any Shares held in treasury) are held by at least 200 Shareholders who are members of the public. Rule 1303(1) of the Catalist Rules provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding any Shares held in treasury), thus causing the percentage of the total number of issued Shares (excluding any Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

Under Rule 724(1) of the Catalist Rules, if the percentage of the Shares held in public hands falls below 10%, the Company must, as soon as practicable, notify its sponsor of that fact and announce that fact, and the SGX-ST may suspend trading of all the Shares. Rule 724(2) of the Catalist Rules states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of the Shares held in public hands to at least 10%, failing which the Company may be removed from the Official List.

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

In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations and their respective nominees, comprise 90% or more of the total number of issued Shares, the Shareholders who have not accepted the Offer have a right to require the Offeror to acquire their Shares at the Offer Price. Such Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

As set out in section 9 of the Offer Document, the Offeror does not intend to take any step for the public float to be restored and/or 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 issued Shares (excluding any Shares held in treasury) are held in public hands.

Shareholders should note that shares of unlisted companies are generally valued at a discount to the shares of comparable listed companies due to the lack of marketability. Should the Company be delisted, it is likely to be difficult for Shareholders who do not accept the Offer to sell their Shares in the absence of a public market for the Shares, as there is no arrangement for such Shareholders to exit. Even if such Shareholders were able to sell their Shares, they may receive a lower price compared with the Offer Price.

If the Company is delisted from the Official List of the SGX-ST, it will no longer be obliged to comply with the listing requirements of the SGX-ST. Nonetheless, as a company incorporated in Singapore, the Company will still need to comply with the Companies Act and its Constitution, and the interests of Shareholders who do not accept the Offer will be protected to the extent provided for by the Companies Act and its Constitution.

Based on the total Shares owned or controlled by the Offeror and its concert parties of 91,175,800 Shares, representing approximately 64.04% of the total number of Shares as at the Latest Practicable Date, the Offeror and its concert parties will only need to acquire and/or receive valid acceptances for more than 36,966,560 Shares, representing approximately 25.96% of the total number of Shares for the SGX-ST to suspend the trading of the Shares at the close of the Offer.

#### **8.4 Limitation on subsequent offers**

We note that the Offer had become unconditional as to acceptances and had been declared unconditional in all respects on the date of the Unconditional and Extension Announcement, being 8 April 2016. As the Offer is unconditional in all respects as at the Latest Practicable Date, Shareholders should note that under Rule 33.2 of the Code, except with the consent of the SIC, neither the Offeror nor any person acting in concert with it may, within six (6) months of the close of the Offer, make a second offer to, or acquire any Shares from, any Shareholder on terms better than those made available under the Offer.

#### **8.5 No alternative offer from third parties**

The Directors have confirmed that, as at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer or proposal from any third party has been received. We also note that there is no publicly available evidence of any alternative offer for the Shares from any third party as at the Latest Practicable Date. Given that the Offeror and parties acting in concert with it have already secured holdings of approximately 64.04% of the issued Shares of the Company as at the Latest Practicable Date, it may deter a takeover offer by a third party for the Company. Any competing offer will not be able to succeed unless the Offeror and its concert parties agree to tender their Shares in acceptance of any competing offers.

#### **8.6 Control of the Company**

As at the Latest Practicable Date, the total number of (a) Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it; and (b) valid acceptances to the Offer, amount to an aggregate of 91,175,800 Shares, representing approximately 64.04% of the total number of issued Shares of the Company. As such, the Offeror and its concert parties effectively have statutory control of the Company which mean that the Offeror and its concert parties will be in a position to influence the outcome of resolutions which require Shareholders' approval (provided that the Offeror and its concert parties do not have an interest in such resolutions).

#### **8.7 No transaction costs in connection with the disposal of Shares**

As the Offer is unconditional in all respects, shareholders who accept the Offer will receive the entire proceeds in cash within 10 days after receipt by the Offeror of their respective valid acceptances. The Offer presents an opportunity for Shareholders to dispose of their Shares for cash without any transaction costs as opposed to the sale of the Shares in the open market which will incur expenses such as brokerage commission and transaction costs.

### **9. OUR RECOMMENDATIONS**

In arriving at our recommendations in respect of the Offer, we have taken into consideration, *inter alia*, the following factors summarised below. The factors set out herein should be considered in the context of the entirety of this IFA Letter and the Circular:

- (a) market quotation and trading liquidity of the Shares;
- (b) financial performance and financial position of the Group;
- (c) asset-based valuation of the Group;
- (d) comparison with the valuation statistics of selected listed companies broadly comparable to the Group;
- (e) comparison with precedent privatisation and delisting of companies listed on the SGX-ST;

- (f) dividend record of the Group; and
- (g) other considerations.

We wish to highlight that while we note that the PER of the Company implied by the Offer Price is 10.4 times and is below the range of the PERs of the Comparable Companies and is at a substantial discount to the mean and median PERs of the Comparable Companies, we have also considered the following factors in arriving at our opinion:

- (i) The Shares have not traded at or above the Offer Price for the 5-year period preceding and up to the Offer Announcement Date;
- (ii) The Offer Price represents a premium of 23.5% to the VWAP of the Shares of S\$0.425 on the last traded day prior to the Offer Announcement Date;
- (iii) The Offer Price represents a premium of 37.9%, 43.4%, 31.6% and 27.0% to the VWAP of the Shares for the 1-month, 3-month, 6-month and 12-month periods preceding and up to the Offer Announcement Date respectively;
- (iv) After the Offer Announcement Date and up to the Latest Practicable Date, the VWAP of the Shares was the same as the Offer Price. The Offer Price is equal to the VWAP of the Shares of S\$0.525 as at the Latest Practicable Date;
- (v) It is likely that the market prices of the Shares after the Offer Announcement Date is highly influenced by the Offer and may not be maintained at such levels after the close of the Offer;
- (vi) The trading liquidity of the Shares had been low prior to the Offer Announcement Date;
- (vii) After the Offer Announcement Date and up to the Latest Practicable Date, the Shares had traded on 87.5% of the total number of Market Days. The average daily traded volume was 2.03% of the Company's free float;
- (viii) the Shares have generally outperformed the STI since end April 2015 and the FSTICA Index since end June 2015 up to the Latest Practicable Date;
- (ix) The Offer Price represents a premium of 200.2% and 290.6% to the NAV per Share and the NTA per Share respectively as at 31 December 2015;
- (x) the EV/EBITDA ratio of the Company implied by the Offer Price is 5.8 times and is within the range of the EV/EBITDA ratios of the Comparable Companies and is at a discount to the mean and median EV/EBITDA ratios of the Comparable Companies;
- (xi) the P/NTA ratio of the Company implied by the Offer Price is 3.9 times and is within the range of the P/NTA ratios of the Comparable Companies and is at a substantial premium to the mean and median P/NTA ratios of the Comparable Companies;
- (xii) The premium of 23.5% implied by the Offer Price against the last transacted price of the Shares prior to the Offer Announcement Date is (i) within the range; and (ii) lower than the mean and median of the corresponding premia of the Selected Comparable Transactions;
- (xiii) The premium of 37.9% implied by the Offer Price against the 1-month VWAP of the Shares prior to the Offer Announcement is (i) within the range; and (ii) higher than the median but lower than the mean of the corresponding premia of the Selected Comparable Transactions;
- (xiv) The premium of 43.4% implied by the Offer Price against the 3-month VWAP of the Shares prior to the Offer Announcement is (i) within the range of 1.6% and 174.7%; and (ii) higher than the median but lower than the mean of the corresponding premia of the Selected Comparable Transactions;

- (xv) The premium of 31.6% implied by the Offer Price against the 6-month VWAP of the Shares prior to the Offer Announcement is (i) within the range; and (ii) lower than the mean and median of the corresponding premia of the Selected Comparable Transactions;
- (xvi) The premium of 27.0% implied by the Offer Price against the 12-month VWAP of the Shares prior to the Offer Announcement is (i) within the range; and (ii) lower than the mean and median of the corresponding premia of the Selected Comparable Transactions;
- (xvii) The P/NTA ratio as implied by the Offer Price of 3.9 times is at the higher end of the range of P/NTA ratios of the Selected Comparable Transactions, and is at a 228.4% and 358.8% premium to the mean and median P/NTA ratios of the Selected Comparables respectively; and
- (xviii) Other relevant considerations as set out in section 8 of this letter.

**Based on our analysis, and after having considered carefully the information available to us as at the Latest Practicable Date, 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 Shareholders to ACCEPT the Offer or sell their Shares in the open market if they can obtain a price higher than the Offer Price after deducting expenses. Shareholders should note that according to the provisions of the Code, the Offeror remains entitled to increase the Offer Price and if Shareholders choose to sell their Shares in the open market, they would not have the potential to benefit from any increase in Offer Price. We are not aware of any indication that the Offeror will increase the Offer Price.**

Shareholders who are prepared to take a long-term view of their investment in the Shares and wish to retain their Shares and not accept the Offer should note the following:

- (a) Shareholders who do not wish to accept the Offer should be aware that they will be subject to the general risks and rewards associated with equity investments, including but not limited to fluctuations in the price and trading liquidity of the Shares. Shareholders should note that the future price performance of the Shares would depend on, amongst others, the performance and prospects of the Group as well as the prevailing economic conditions and general sentiments of the stock market. We also wish to highlight that the price performance of the Shares used in our analysis in this IFA Letter may not be reflective of investors' response to the Group's future financial performance in FY2016 after the Latest Practicable Date;
- (b) The Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take any step for the public float to be restored and/or 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 issued Shares (excluding any Shares held in treasury) are held in public hands. In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1308 of the Catalist Rules;
- (c) Shareholders should also note that in the 5-year period leading up to the Offer Announcement Date, the Shares have not traded at or above the Offer Price and it appears likely that the market prices of the Shares after the Offer Announcement Date is highly influenced by the Offer and may not be maintained at such levels after the close of the Offer;

- (d) There is no guarantee that the historical dividend payments of the Company would be maintained in the future;
- (e) In the event that the Shares are suspended and/or delisted, there will be an absence of a ready public market for the Shares and Shareholders may face potential difficulty in selling their Shares as there is no arrangement for Shareholders to exit. Less marketability of the Shares due to the absence of a ready public market may result in the Shares being generally valued at discounts to the shares of comparable listed companies. Furthermore, any transfer or sale of Shares represented by share certificates may be subject to stamp duty; and
- (f) If the Company is delisted, the Company will no longer be obliged to comply with the listing requirements of the SGX-ST, in particular the continuing corporate disclosure requirements under Chapter 7 and Appendices 7A to 7G of the Catalist Rules. Nonetheless, as a company incorporated in Singapore, the Company will still need to comply with the Companies Act and its Constitution and the interests of Shareholders who do not accept the Offer will be protected to the extent provided for by the Companies Act and its Constitution.

In rendering the above advice, Canaccord Genuity has not had regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise that any Shareholder who may require specific advice in relation to his investment objective(s) or portfolio(s) should consult his legal, financial, tax or other professional advisers immediately.

Shareholders should note that the trading of the Shares are subject to, *inter alia*, the performance and prospects of the Group, prevailing economic conditions, economic outlook and stock market conditions and sentiments. Accordingly, the advice by Canaccord Genuity on the Offer does not and cannot take into account future trading activities or patterns or price levels that may be established for the Shares after the Latest Practicable Date since these are governed by factors beyond the ambit of Canaccord Genuity's review and also, such advice, if given, would not fall within Canaccord Genuity's terms of reference in connection with the Offer.

We have prepared this IFA Letter for the use by the Recommending Directors in connection with their consideration of the Offer, but any recommendations made by the Recommending Directors in respect of the Offer shall remain their sole responsibility. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any purposes (other than for the consideration of the Offer) at any time and in any manner without the prior written consent of Canaccord Genuity.

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

Yours faithfully  
For and on behalf of  
**Canaccord Genuity Singapore Pte. Ltd.**

Soo Hsin Yu  
Director, Corporate Finance

Tee Chun Siang  
Associate Director, Corporate Finance

## APPENDIX 1

### GENERAL INFORMATION

#### 1. DIRECTORS

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

<b>Name</b>	<b>Address</b>	<b>Designation</b>
Tan Chor Khoon	1A One Tree Hill #14-01 One Tree Hill Residence Singapore 248669	Executive Chairman and Managing Director
Tan Choh Peng	33 Chapel Road Singapore 429539	Executive Director
Kwah Thiam Hock	11 Wimborne Road Singapore 436640	Non-executive and Lead Independent Director
Ho Geok Choo	3 Toh Heights Singapore 507804	Non-executive and Independent Director
Michael Lai Kai Jin	43 Linden Drive Singapore 288732	Non-executive and Independent Director
Adrian Lee Chye Cheng	59 Sennett Lane East Coast Hill Singapore 466952	Non-executive Director

#### 2. BACKGROUND INFORMATION

The Company was incorporated under the laws of Singapore on 27 January 1995 and was listed on the Stock Exchange of Singapore Dealing and Automated Quotation System on 15 December 2004 and subsequently on the Catalist board of the SGX-ST on 17 November 2008. The Company is an integrated food catering and management services provider in Singapore. The principal activities of the Company are those of investment holding and providing management services.

As at the Latest Practicable Date:

- (a) the Company has an issued and paid-up capital of approximately S\$16,642,570 consisting of 142,380,400 Shares; and
- (b) the Company has not made any grants of employee share options under the Select Employee Share Option Scheme (the “**Scheme**”) since the commencement of the Scheme.

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



### 3. SHARE CAPITAL

**3.1 Issued Shares.** As at the Latest Practicable Date, the Company has 142,380,400 Shares in issue. Since the end of the last financial year, the Company did not issue any new Shares. The Shares are ordinary shares carrying equal ranking rights to dividend, voting at general meetings and return of capital. The Company does not hold any treasury shares and does not have any other class of share capital as at the Latest Practicable Date.

**3.2 Rights in Respect of Capital, Dividends and Voting.** The rights of Shareholders in respect of capital, dividends and voting in relation to ordinary shares is extracted from the Constitution of the Company and reproduced as follows:

(a) **Rights in Respect of Capital**

- "3. *Subject to the Statutes, these Articles, and the rules of the Exchange, no shares may be issued by the Directors without the prior approval of an Ordinary Resolution of the Company in General Meeting, but subject thereto, and to Articles 52 and 53, and to any special rights attached to any shares for the time being issued, the Directors may allot (with or without conferring a right of renunciation) or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and whether or not subject to the payment of any part of the amount thereof in cash or otherwise as the Directors may think fit and with full power to give any person the call of any shares as the Directors may determine, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions, whether as regards dividend, return of capital, participation in surplus, voting, conversion or otherwise, 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 in accordance with the Act Provided always the rights attaching to shares of a class other than Ordinary Shares shall be expressed in the resolution creating the same.* Issue of shares
- 3A. (1) *Shares which the Company purchases or otherwise acquires may be held as Treasury Shares in accordance with the provisions of these Articles and the Act.* Treasury Shares
- (2) *Where the shares purchased or otherwise acquired are held as Treasury Shares by the Company, the Company shall enter in the Register of Members as the Member holding the Treasury Shares.*
- (3) *The Company shall not exercise any right in respect of Treasury Shares other than as approved by the Act. Subject thereto, the Company may hold or deal with its Treasury Shares in the manner authorised or prescribed by or pursuant to the Act.*



4. (1) *The rights attached to shares issued upon special conditions shall be clearly defined in the Memorandum of Association or these Articles. Preference Shares may be issued subject to such limitation thereof as may be prescribed by the Exchange..Preference shareholders must 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 must also have the right to attend and vote at any Meeting of the Company convened for the following purposes:* Preference Shares
- (a) *the reduction of capital of the Company; or*
- (b) *the winding-up of the Company; or*
- (c) *sanctioning a sale of the undertaking of the Company; or*
- (d) *any resolution which directly affects any of the rights attaching to the preference shares; or*
- (e) *where the dividend on the preference shares is more than six months in arrears.*
- (2) *Subject to Section 70 of the Act, any preference shares may be issued on the terms that they are, or at the option of the Company are liable, to be redeemed. The Company shall also have the power to issue further preference shares ranking equally with or in priority to any preference shares already issued.*
5. (1) *If at any time the share capital of the Company by reason of the issue of preference shares or otherwise is divided into different classes of shares, the repayment of such preference capital other than redeemable preference capital, or all or any of the rights and privileges attached to each class may unless otherwise provided by the terms of issue of the shares of that class and subject to the provisions of the Act, be varied modified commuted abrogated affected or dealt with, either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of that class of shares but not otherwise and may be so repaid varied modified commuted abrogated affected or dealt with either whilst the Company is a going concern or during or in contemplation of a winding up. To every such separate General Meeting the provisions of these Articles relating to General Meetings of the Company and to proceedings thereat shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class (but so that if at any adjourned Meeting a quorum as above defined is not present, any two holders of shares of the class present in person or by proxy shall be a quorum) and that any holder of shares of the class present in person or by proxy may demand a poll, and that every such holder shall on* How special rights of shares may be varied

*a poll have one vote for every share of the class held by him. Provided however that in the event of the necessary majority for such a Special Resolution not having been obtained in the General Meeting in the manner aforesaid consent in writing may be obtained from Members holding at least three-fourths of the issued shares of the class and such consent, if obtained within two months from the date of the separate General Meeting shall have the force and validity of a Special Resolution duly carried by a vote in person or by proxy. The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights of which are to be varied.*

*(2) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class of shares 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 as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.*

- |    |                                                                                                                                                                                                                                                                                                                                             |                                                          |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| 6. | <i>The Company may pay such commission or brokerage as may be lawful 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.</i> | <i>Power of paying commission and brokerage</i>          |
| 8. | <i>If two or more persons are entered in the Register of Members or (as the case may be) the Depository Register, as joint holders of any share, they shall be deemed to hold the same as joint tenants with benefit of survivorship subject to the following provisions:</i>                                                               | <i>Receipts and liability of joint holders of shares</i> |
|    | <i>(a) The Company shall not be bound to register more than three persons as the registered joint holders of any share but this provision shall not apply in the case of executors, administrators or trustees of the estate of a deceased shareholder.</i>                                                                                 |                                                          |
|    | <i>(b) Joint holders of any share whose names are entered in the Register of Members or (as the case may be) the Depository Register shall be treated as one Member.</i>                                                                                                                                                                    |                                                          |
|    | <i>(c) The Company shall not be bound to issue more than one certificate for a share registered jointly in the names of several persons and delivery of a certificate to any one of the registered joint holders shall be sufficient delivery to all.</i>                                                                                   |                                                          |

- (d) *The joint holders of any share whose names are entered in the Register of Members or (as the case may be) the Depository Register shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such share.*
- (e) *Any of the joint holders of any share whose names are entered in the Register of Members or (as the case may be) the Depository Register may give effectual receipts for any dividend, bonus or other sum of money payable to such joint holders in respect of such share.*
- (f) *On the death of any one of the joint holders of any shares whose names are entered in the Register of Members or (as the case may be) the Depository Register the survivor or survivors shall be the only person or persons recognised by the Company as having any title to such share but the Directors may require such evidence of death as they think necessary.*
9. (1) *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 be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or unit of a share or (except only as by these Articles or by law otherwise provided) any right whatsoever in respect of any share other than an absolute right to the entirety thereof in the person whose name is entered in the Register of Members or (as the case may be) the Depository Register.* No trust recognised
- (2) *No person shall be recognised by the Company as having title to a fractional part of a share otherwise than as a sole or joint holder of the entirety of such share.* Fractional part of share
- (3) *Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten market days of the closing date (or such other period as may be approved by any Exchange) of any such application. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder or (as the case may be) before that share is entered against the name of a Depositor in the Depository Register, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.* Allotment of shares
10. *Subject to and in accordance with the provisions of the Act and to any other applicable rules, regulations or legislation, the Company in General Meeting may authorise the Directors to purchase or otherwise acquire any of its issued shares (including ordinary or preference shares) on such terms as the Company may think fit* Repurchase of shares by Company

*and in the manner prescribed by the Act. If required by the Act, any share which is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire and the number of issued shares of the Company shall be diminished by the number of shares so cancelled. Where the shares purchased or acquired by the Company are not so cancelled, the Company may hold or deal with any such share in such manner as may be permitted by, and in accordance with, the Act or any applicable rules prescribed by any Exchange.*

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| 20. | <i>The joint holders of a share whose names are entered in the Register of Members or (as the case may be) the Depository Register shall be jointly and severally liable for the payment of all calls and instalments in respect thereof.</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <i>Liability of joint Holders</i>         |
| 42. | <i>Every share which shall be forfeited shall thereupon become the property of the Company, and may be either cancelled or sold or re-allotted or otherwise disposed of, either to the person who was before forfeiture the holder thereof or entitled thereto or to any other person, upon such terms and in such manner as the Directors shall think fit. To give effect to any such sale, the Directors may, if necessary, authorise some other person to transfer or effect the transfer of a forfeited share to any such person as aforesaid.</i>                                                                                                                                                                                                  | <i>Sale of forfeited Share</i>            |
| 46. | <i>The Directors may, from time to time, by Ordinary Resolution convert all or any of its paid-up shares into stock and may from time to time, with like resolution, reconvert any such stock into paid-up shares.</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <i>Power to convert shares into stock</i> |
| 47. | <i>When any shares have been converted into stock, the holders of such stock may transfer their respective interests therein, or any part of such interests, in such manner as the Company in General Meeting shall direct, but in default of any such direction in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might prior to conversion have been transferred, or as near thereto as circumstances admit; but the Directors may, if they think fit, from time to time fix the unit of stock transferable, or restrict or forbid the transfer of the stock.</i>                                                                                                                  | <i>Transfer into stock</i>                |
| 48. | <i>The holders of stock shall be entitled to participate in the dividends and profits of the Company according to the number of stock units held by them, and such stock units shall, in proportion to the total number of stock units, confer on the holders thereof respectively the same privileges and advantages for the purpose of voting at General Meetings of the Company and for other purposes as if they held the shares from which the stock arose, but so that none of such privileges or advantages, except the participation in the dividends, profits and assets of the Company, shall be conferred by any holding or part of a holding of stock as would not if existing in shares, have conferred such privileges or advantages.</i> | <i>Rights of stockholders</i>             |

49. *All such provisions of these Articles as are applicable to paid-up shares shall apply to stock, and in all such provisions the words “share” and “shareholder” shall include “stock” and “stockholder”.* Interpretation
50. *The Company may by Ordinary Resolution:* Company may alter its capital in certain ways
- (a) *consolidate and divide all or any of its shares; or*
- (b) *cancel any share or shares which, at the date of passing of the resolution, has or have not been taken or agreed to be taken by any person and diminish its capital by the number of shares so cancelled; or*
- (c) *subdivide all or any of its shares subject nevertheless to the provisions of the Act, and so that as between the resulting shares, one or more of such shares may by the resolution by which such sub-division is effected be given any preference or advantage as regards dividends, capital, voting or otherwise over the shares or any other of such shares 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*
- (d) *subject to the provisions of these Articles and the Act, convert any class of shares into any other class of shares.*
51. *The Company may by Special Resolution reduce its capital, or any other undistributable reserve in any manner and subject to any incident authorised and consent required by law.* Power to reduce capital
52. (1) *The Company in General Meeting may from time to time by Ordinary Resolution increase its capital by such sum as the resolution shall prescribe.* Company may increase its capital
- (2) *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.* Rights and privileges of new shares
53. (1) *Unless otherwise determined by the Company in General Meeting or except as permitted under the listing rules of the Exchange, all new shares shall, before they are issued, be offered to Members who as at the date of such offer are entitled to receive notices from the Company of General Meetings, in proportion, as far as the circumstances admit, to the number of existing shares to which they are entitled or hold. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if* Unissued and new shares to be first offered to Members unless otherwise determined



*not accepted, will be deemed to be declined, and after the expiration of such time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may, subject to these Articles, dispose of the same in such manner as they think most beneficial to the Company. The Directors may, in like manner dispose of any new shares which (by reason of the ratio to which the new shares bear to the shares held by such Members or by reason of any other difficulty in apportioning the same), cannot in the opinion of the Directors be conveniently offered in the manner hereinbefore provided.*

- (2) *Notwithstanding Article 53(1), 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:*
- Issue of shares up to 50 percent.*

- (a) (i) *issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or*
- (ii) *make or grant Instruments; 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:*

- (I) *the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Exchange;*
- (II) *in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of the Exchange for the time being in force (unless such compliance is waived by the Exchange) and these Articles; and*
- (III) *(unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).*

(3) *Notwithstanding Article 52(1) above but subject to the Act, the Directors shall not be required to offer any new shares to Members to whom by reason of foreign securities laws such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such Members in such manner as they think most beneficial to the Company.*

54. *Except so far as otherwise provided by or pursuant to these Articles or by the conditions of issue, any new share capital shall be considered as part of the original share capital of the Company, and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture, and otherwise as the original share capital.* *New shares to be ordinary capital unless otherwise provided*

140. (1) *The Directors may, with the sanction of an Ordinary Resolution of the Company (including any Ordinary Resolution passed pursuant to Article 3):* *Capitalisation of reserves*

(a) *issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on:*

(i) *the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or*

(ii) *(in the case of an Ordinary Resolution passed pursuant to Article 3) such other date as may be determined by the Directors,*

*in proportion to their then holdings of shares; and*

(b) *capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributed reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:-*

(i) *the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or*

(ii) *(in the case of an Ordinary Resolution passed pursuant to Article 3) such other date as may be determined by the Directors,*



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

(2) *When required a proper contract shall be filed in accordance with Section 63 of the Act and the Board may appoint any person to sign such contract on behalf of the holders of the shares of the Company which shall have been issued prior to such capitalisation, and such appointment shall be effective. This Article is subject to any special conditions which may be attended to any shares hereafter issued.*

141. (1) *The Directors may do all acts and things necessary or expedient to give effect to any such bonus issue or capitalisation under Article 140(1), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.*

*Directors to give effect to capitalisation”*

(2) *In addition and without prejudice to the powers provided for by Article 140(1) and 141(1), the Directors shall have power to issue shares for which no consideration is payable and to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or any other share plan implemented by the Company and approved by Shareholders in General Meeting and on such terms as the Directors shall think fit.*

**(b) Rights in Respect of Dividends**

“14A. *No Member shall be entitled to receive any dividend or to exercise any privileges as a Member until he shall have paid all calls for the time being due and payable on every share held by him, whether alone or jointly with any other person, together with interest and expenses (if any).*

*Member not entitled to privileges until all calls paid*

24. *The Directors may, if they think fit, receive from any Member willing to advance all or any part of the moneys due upon his shares beyond the sums actually called up thereon, and upon the moneys so paid in advance, or so much thereof as exceeds the amount for the time being called upon the shares in respect of which such advance has been made, the Directors may pay or allow such interest as may be agreed between them and such Member, in addition to the dividend payable upon such part of the shares in respect of which such advance has been made as is actually called up. Capital paid up in advance of calls shall not whilst carrying interest confer a right to participate in profits.* *Calls may be paid in advance*
36. *Save as otherwise provided by or in accordance with these Articles, a person becoming entitled to a share by transmission in consequence of the death or bankruptcy of a Member shall be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the share to which he would be entitled if he were the registered holder of the share, but he shall not be entitled in respect of it to receive notices of, or to attend or vote at General Meetings of the Company, or save as aforesaid, to exercise any of the rights or privileges of a Member, unless and until he has been registered as a Member in respect of the share.* *Person entitled may receive dividends without being registered as Member, but may not vote*
39. *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 the payment of all calls and interest and expenses required by the notice has been made, be forfeited by a resolution of the Directors to that effect. A forfeiture of shares shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture, notwithstanding that they shall have been declared.* *Forfeiture on non-compliance with Notice*
48. *The holders of stock shall be entitled to participate in the dividends and profits of the Company according to the number of stock units held by them, and such stock units shall, in proportion to the total number of stock units, confer on the holders thereof respectively the same privileges and advantages for the purpose of voting at General Meetings of the Company and for other purposes as if they held the shares from which the stock arose, but so that none of such privileges or advantages, except the participation in the dividends, profits and assets of the Company, shall be conferred by any holding or part of a holding of stock as would not if existing in shares, have conferred such privileges or advantages.* *Rights of stockholders*
49. *All such provisions of these Articles as are applicable to paid-up shares shall apply to stock, and in all such provisions the words "share" and "shareholder" shall include "stock" and "stockholder".* *Interpretation*

130. *The Company may 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, or in excess of the amount recommended by the Directors. The Directors may, if they think fit, from time to time declare and pay to the Members such interim dividends as appear to them to be justified by the position of the Company.* Declaration of dividends
131. *Subject to the provisions hereinafter contained and to the preferential or other special rights for the time being attached to any preference shares or any other special class of shares, the profits of the Company which it shall from time to time determine by Ordinary Resolution to distribute by way of dividend shall be applied in payment of dividends upon the shares of the Company in proportion to the amounts paid up or credited as paid up thereon respectively, provided that where capital is paid up on any shares in advance of calls such capital shall not whilst carrying interest confer a right to participate in profits.* Application of profits
- 131A. *Notwithstanding Article 131, if, and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may pay fixed preferential dividends on any express class of shares carrying a fixed preferential dividend expressed to be payable on a fixed date, on 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. *The Company may, upon the recommendation of the Directors, by Ordinary Resolution direct payment of a dividend either wholly or in part by the distribution of specific assets and in particular of paid-up shares or debentures of the Company or any other company in any one or more of such ways and the Directors shall give effect to such resolution. 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 Members, and may vest any such specific assets in trustees upon trust for the Members entitled to the dividend as may seem expedient to the Directors.* Payment of dividends in specie
133. *The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve fund or reserve funds, which shall at the discretion of the Directors be applicable for meeting contingencies, for the gradual liquidation of any debt or liability of the Company, or for repairing or maintaining or improving any property, works, plants and machinery of the Company, or shall be, as to the whole or in part, application for equalising dividends, or for distribution by way of special dividend or bonus, or for such other purposes for which the profits of the Company may lawfully be applied as the Directors* Directors may form reserve fund and invest

may think expedient in the interests of the Company, and pending such application the Directors may employ the sums from time to time so set apart as aforesaid in the business of the Company or invest the same in such securities, including the securities of the Company as they may select. The Directors may also from time to time carry forward such sums as they deem expedient in the interests of the Company.

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| 134. | <i>No dividend or other moneys payable on or in respect of a share shall bear interest against the Company.</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <i>Dividends not to bear interest</i>                        |
| 135. | <i>The Directors may deduct from any dividend or other moneys including interests and expenses 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 whether such call shall have been made before or after the declaration of the dividend in question.</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <i>Deduction of debts due to Company</i>                     |
| 136. | <i>The Directors may retain the dividends payable on shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a Member, or which any person under those provisions is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same.</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <i>Retention of dividends on shares pending transmission</i> |
| 137. | <i>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 and any dividend unclaimed after a period of six (6) years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends, howsoever and whatsoever. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six (6) years has elapsed from the date of declaration of such dividend or the date on which such other moneys are first payable.</i> | <i>Unclaimed dividends</i>                                   |
| 138. | <i>Unless otherwise directed, any dividend, interest or other moneys payable in respect of shares may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of the Member or person entitled thereto, or, if two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of the shares or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons and at such address as such person or persons may by writing direct. Every such cheque or 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</i>                                                                                                                                                                                                                     | <i>Dividends payable by cheque</i>                           |

*of the death or bankruptcy of the holder may direct and payment of the cheque shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. Notwithstanding the provisions of this Article, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of such payment.*

- 138A. *A transfer of shares shall not pass the right to any dividend declared on such shares before the registration of the transfer.* Effect of Transfer
139. *If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any of them may give effectual receipts for any dividend or other moneys payable or in respect of the share.* Dividends due to joint holders”

**(c) Rights in Respect of Voting**

- “63. *The Directors may call an Extraordinary General Meeting whenever they think fit and an Extraordinary General Meeting shall also be convened by requisitions in accordance with 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.* Calling and requisitioning of Extraordinary General Meetings
64. *Any Extraordinary General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Act) a resolution of which a special notice has been given to the Company, shall be called by twenty-one days’ notice in writing at the least (or such other period as may be prescribed by the Act or the Exchange) and an Annual General Meeting or any other extraordinary general meeting, by fourteen days’ notice in writing at the least (or such other period as may be prescribed by the Act or the Exchange). The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and on the day on which the Meeting is held and shall be given in the manner hereinafter mentioned to such persons (including the Auditors) as are under the provisions herein contained entitled to receive notices 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 Provided always that the accidental omission to give any such notice or the non-receipt of such notice by any person entitled thereto shall not invalidate or otherwise affect the proceedings at any General Meeting.* Notice of General Meeting



*Provided also that a General Meeting notwithstanding that it has been called by 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 case of an Extraordinary General Meeting by that number or a majority in number of the Members having a right to attend and vote thereat as is required by the Act.*

67. *No business shall be transacted at any General Meeting unless a quorum is present when the Meeting proceeds to business. For all purposes the quorum shall be two Members personally present or represented by proxy or by attorney or in the case of a corporation by a representative, but shall, as require by the Act, exclude the Company where it is a Member by reason of its holding of Treasury Shares. Provided that (i) a proxy representing more than one Member shall only count as a 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.* *No business to be transacted unless quorum present*
68. *If within half an hour (or such longer interval as the Chairman of the General Meeting may think fit to allow) from the time appointed for the holding of a General Meeting a quorum is not present, the General Meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day next week at the same time and place or if that day is a public holiday then to the next business day following that, or to such other day and to such other time and place as the Director may by not less than ten days' notice appoint. At the adjourned General Meeting, any one or more Members present in person or by proxy shall be a quorum.* *If quorum not present meeting adjourned or dissolved*
69. *The Chairman (if any) of the Board of Directors shall preside as Chairman at every General Meeting, but if there is no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding the same, or shall be unwilling to act as Chairman, the Members present shall choose some Director, or if no Director be present, or if all Directors present decline to take the chair, they shall choose some Member present, to be the Chairman of the Meeting.* *Chairman of the Board to preside at all Meetings*
70. *The Chairman may, with the consent of any Meeting at which a quorum is present, and shall, if so directed by the Meeting, adjourn any Meeting from time to time and from place to place as the Meeting shall determine. Whenever a Meeting is adjourned for ten days or more or sine die, notice of the adjourned Meeting shall be given in the same manner as in the case of an original Meeting. Save as aforesaid, no Member shall be entitled to any notice of an adjournment or of the business to be transacted at an adjourned Meeting. No business shall be transacted at any adjourned Meeting other than the business which might have been transacted at the Meeting from which the adjournment took place.* *Notice of adjournment to be given*

71. *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 by:*
- How resolutions decided*
- (a) the Chairman of the Meeting; or*
  - (b) not less than 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 by attorney or in the case of a corporation by a representative and entitled to vote; or*
  - (c) a Member 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 by attorney or in the case of a corporation by a representative and representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the Meeting; or*
  - (d) a Member 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 by attorney or in the case of a corporation by a representative and holding shares in the Company representing not less than one-tenth of the total number of shares in the Company (excluding Treasury Shares) conferring a right to vote at the General Meeting.*
- and unless a poll is so demanded (and the demand is not withdrawn) a declaration by the Chairman of the Meeting that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minute book shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. The demand for a poll may be withdrawn.*
72. *If a poll be demanded in the manner aforesaid (and the demand is not withdrawn), it shall be taken at such time and place, and in such manner as the Chairman shall direct (including the use of ballot or voting papers or tickets), and the result of the 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.*
- Poll to be taken as Chairman shall direct*
73. *No poll shall be demanded on the election of a Chairman of a Meeting, or on any question of adjournment.*
- No poll in certain cases*
74. *Subject to the Act and the requirements of the Exchange, in the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of any 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.*
- Chairman to have casting vote*



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| 75.  | <i>The demand of a poll shall not prevent the continuance of a Meeting for the transaction of any business, other than the question for which a poll has been demanded.</i>                                                                                                                                                                                                                                                                                                                                                                                                 | <i>Business to be continued if poll demanded</i>                             |
| 76.  | <i>Subject and without prejudice to Article 3A(3) and 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 by attorney or in the case of a corporation by a representative and on a show of hands, shall have one vote and upon a poll shall have one vote for every share which he holds or represents.</i>                                                                        | <i>How votes may be given and who can act as proxy</i>                       |
| 77.  | <i>Any Member of unsound mind or in respect of whom an order has been made at any court having jurisdiction in lunacy may vote whether on a show of hands or by poll by his committee, receiver, curator bonis or other legal curator, and such last mentioned persons may give their votes either personally, 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.</i> | <i>Votes of Member of unsound mind</i>                                       |
| 77A. | <i>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.</i>                                                                                                                                                                                  | <i>Right to vote</i>                                                         |
| 78.  | <i>No objection shall be raised as 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.</i>                                                                                                                                                                                   | <i>Objections</i>                                                            |
| 79.  | <i>No Member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.</i>                                                                                                                                                                                                                                                                                                                                                                                               | <i>Members indebted to Company in respect of shares not entitled to vote</i> |
| 80.  | <i>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 used in the same way.</i>                                                                                                                                                                                                                                                                                                               | <i>Votes on a poll</i>                                                       |
| 81.  | <i>A proxy, attorney or representative need not be a Member.</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                              |

82. *In the case of joint holders of shares, 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, and if more than one of such persons be present at a Meeting, the person whose name stands first on the Register of Members or (as the case may be) the Depository Register shall alone be entitled to vote. Several executors, trustees or administrators of a deceased Member in whose name any share stands shall for the purposes of this Article be deemed joint holders thereof.* Voting rights of joint holders
83. (1) *An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and:* Execution of Proxies
- (a) *in the case of an individual, shall be signed by the appointor or his attorney; and*
- (b) *in the case of a corporation, shall be either given under common seal or signed on its behalf by its attorney or a duly authorised officer of the corporation.*
- (2) *The signature on such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor (which shall, for purposes of this Article 83(2), include a Depositor) by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to Article 85, failing which the instrument may be treated as invalid.*
- (3) *The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions, (if any), given by and the notes (if any) set out in the instrument of proxy.*
84. (1) *A Member may appoint not more than two proxies to attend and vote at the same General Meeting Provided that if a Member shall nominate two proxies then the Member shall specify the proportion of his shares to be represented by each such proxy, failing which the first named proxy shall be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.* Appointment of proxies
- (2) *A proxy shall be entitled to vote on a show of hands on any matter at a General Meeting.*

(3) *An instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at a General Meeting and shall, unless the contrary is stated thereon, be valid as well for any adjournment of the General Meeting as for the General 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.*

85. *An instrument appointing a proxy and, where the instrument of proxy is signed on behalf of the appointor (which shall, for the purposes of this Article, include a Depositor) by an attorney, the power of attorney or other authority, if any, under which it is signed, or a notarised certified copy of that power of authority (failing previous registration with the Company), shall be deposited at the Office or such other place (if any) as is specified for the purpose in the notice convening the General Meeting not less than forty-eight hours before the time appointed for the time of holding the General Meeting or adjourned General 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 and in default shall not be treated as valid.*

*Deposit of proxies*

86. (1) *A Depositor shall only be entitled to attend any General Meeting and to speak and vote thereat if his name appears on the Depository Register forty-eight hours before the General Meeting as a Depositor (the "Relevant Time"). The Company shall then be entitled to deem each such Depositor as holding such number of shares as is entered against such Depositor's name in the Depository Register as at the Relevant Time, according to the records of the Depository as supplied by the Depository to the Company.*

*Where the Depository is registered holder of shares*

(2) *Where the Depositor has appointed a proxy, the Company shall be entitled to deem each proxy of a Depositor who is to represent the entire shareholding of the Depositor as representing such number of shares as is entered against such Depositor's name in the Depository Register as at the Relevant Time, according to the records of the Depository as supplied by the Depository to the Company.*

(3) *Where the Depositor has appointed two proxies and specified the proportion of his shares which each proxy is to represent, the Company shall be entitled to apportion such number of shares as is entered against such Depositor's name in the Depository Register as at the Relevant Time, according to the records of the Depository as supplied by the Depository to the Company, between the two proxies in the same proportion as specified by the Depositor in appointing the proxies.*

- (4) *No instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the Depositor's shareholding as specified in the instrument of proxy, or, where the same has been apportioned between two proxies, the aggregate of the Depositor's shareholding which they are specified to represent, and the shareholding of a Depositor as appears on the Depository Register forty-eight hours before the General Meeting.*
- (5) *The Company shall be entitled to reject an instrument of proxy lodged by any Depositor whose name does not appear on the Depository Register as at forty-eight hours before the General Meeting at which the proxy is to act as certified by the Depository to the Company.*

87. *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 unsoundness of mind of the principal or revocation of the proxy, or the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy was executed or 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 at such other place as may be specified for the deposit of instruments appointing proxies) before the commencement of the General Meeting or adjourned General Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used.*

88. *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 of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member of the Company and such corporation shall for the purpose of these Articles and subject to the Act, be deemed to be present in person at any such General Meeting if a person so authorised is present thereat. The Company shall be entitled to treat a certificate under the Seal of the corporation as conclusive evidence of the appointment or revocation of appointment of a representative under this Article.*

*Corporation acting by representatives"*

**3.3 Convertible Instruments.** As at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, Shares or which carry voting rights affecting Shares.

#### 4. DISCLOSURE OF INTERESTS

**4.1 Interests of Company in Offeror Shares.** Neither the Company nor its subsidiaries has any direct or indirect interests in the Offeror Shares as at the Latest Practicable Date.

**4.2 Dealings in Offeror Shares by Company.** Neither the Company nor its subsidiaries has dealt in the Offeror Shares during the period commencing three months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

**4.3 Interests of Directors in Offeror Shares.** Save as disclosed below, as at the Latest Practicable Date, none of the Directors has an interest, direct or indirect, in the Offeror Shares.

Name	Interest in Offeror Shares			
	Direct		Deemed	
	No. of Offeror Shares	% <sup>(1)</sup>	No. of Offeror Shares	% <sup>(1)</sup>
Tan Chor Khoon	2,759	27.59	599 <sup>(2)</sup>	5.99
Tan Choh Peng	1,395	13.95	–	–

**Notes:**

(1) Based on 10,000 Offeror Shares as at the Latest Practicable Date.

(2) Tan Chor Khoon is deemed to be interested in all the 599 Offeror Shares held by his spouse, Pek Poh Cheng.

**4.4 Dealings in Offeror Shares by Directors.** Save as disclosed below, none of the Directors has dealt in the Offeror Shares during the period commencing three months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

Name	Date	No. of Offeror Shares Acquired	No. of Offeror Shares Sold/ Transferred	Transaction Price Per Offeror Share (cents)	Nature of Transaction
Tan Chor Khoon	22 January 2016	2,759	–	0.1	Subscription for Offeror Shares on incorporation of the Offeror
Tan Choh Peng	22 January 2016	1,395	–	0.1	Subscription for Offeror Shares on incorporation of the Offeror

**4.5 Interests of Directors in Shares.** Save as disclosed below, as at the Latest Practicable Date, none of the Directors has an interest, direct or indirect, in the Shares.

Name	Interest in Shares			
	Direct		Deemed	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Tan Chor Khoon	24,941,900 <sup>(2)</sup>	17.51	91,175,800 <sup>(4)</sup>	64.03
Tan Choh Peng	12,609,800 <sup>(3)</sup>	8.85	–	–

**Notes:**

- (1) Based on 142,380,400 Shares as at the Latest Practicable Date.
- (2) On 8 April 2016, Tan Chor Khoon has accepted the Offer in respect of all 24,941,900 Shares held by him. However, such acceptance has not yet been settled as at the Latest Practicable Date.
- (3) On 8 April 2016, Tan Choh Peng has accepted the Offer in respect of all 12,609,800 Shares held by him. However, such acceptance has not yet been settled as at the Latest Practicable Date.
- (4) Tan Chor Khoon is deemed to be interested in all the 91,175,800 Shares (i) owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it and (ii) in respect of which the Offeror has received valid acceptances of the Offer (which includes the 24,941,900 Shares tendered by Tan Chor Khoon in acceptance of the Offer which has not been settled, the 12,609,800 Shares tendered by Tan Choh Peng in acceptance of the Offer which has not been settled and the 5,415,200 Shares held by his spouse, Pek Poh Cheng which has been tendered in acceptance of the Offer and which has not been settled), as at the Latest Practicable Date.

**4.6 Dealings in Shares by Directors.** Save as disclosed below, none of the Directors has dealt in the Shares during the period commencing three months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

Name	Date	No. of Shares Acquired	No. of Shares Sold/ Transferred	Transaction Price Per Share (S\$)	Nature of Transaction
Tan Chor Khoon	30 March 2016	5,460,000	–	N.A.	Transfer of 5,460,000 Shares from Tan Chor Khoon's nominee, Sing Investments & Finance Limited, to his own name.
Tan Choh Peng	30 March 2016	9,500,000	–	N.A.	(i) Transfer of 2,000,000 Shares from Tan Choh Peng's nominee, SBS Nominees Pte Ltd, to his own name; (ii) Transfer of 1,500,000 Shares from Tan Choh Peng's nominee, Hong Leong Finance Nominees Pte Ltd, to his own name; and (iii) Transfer of 6,000,000 Shares from Tan Choh Peng's nominee, Sing Investments & Finance Limited, to his own name.



**4.7 Interests of IFA in Shares.** None of CGS, its related corporations or funds whose investments are managed by CGS or its related corporations on a discretionary basis, owns or controls any Shares as at the Latest Practicable Date.

**4.8 Dealings in Shares by IFA.** None of CGS, its related corporations or funds whose investments are managed by CGS or its related corporations on a discretionary basis, has dealt for value in the Shares during the period commencing three months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

**4.9 Accepting or Rejecting the Offer.**

(a) Tan Chor Khoon has provided an irrevocable undertaking in favour of the Offeror, details of which are set out in **paragraph 1 of Appendix 2** of this Circular, and has, on 8 April 2016, accepted the Offer in respect of all the 24,941,900 Shares held by him, representing approximately 17.51% of the total issued Shares as at the Latest Practicable Date.

(b) Tan Choh Peng has provided an irrevocable undertaking in favour of the Offeror, details of which are set out in **paragraph 1 of Appendix 2** of this Circular, and has, on 8 April 2016, accepted the Offer in respect of all the 12,609,800 Shares held by him, representing approximately 8.85% of the total issued Shares as at the Latest Practicable Date.

**5. OTHER DISCLOSURES**

**5.1 Directors' Service Contracts.** As at the Latest Practicable Date, 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 and which cannot be terminated by the employing company within the next 12 months without paying any compensation. In addition, there are no service contracts entered into or amended between any Director or proposed Director, with the Company during the period commencing six months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

Shareholders should note that the Offeror has agreed under the shareholders' agreement entered into on the Offer Announcement Date between the shareholders of the Offeror to introduce certain arrangements with key members of the management team of the Company. Such arrangements include that following the Closing Date, the Company enters into a new service agreement ("**New Service Agreement**") with, *inter alia*, each of Tan Chor Khoon and Tan Choh Peng (each of whom is a Director) that will be on substantially the same terms as his existing service agreement, save that the respective New Service Agreement shall not be terminable by such persons during the initial term of four years. Please refer to paragraph 5 of the Offer Document, which is reproduced in **paragraph 1 of Appendix 2** of this Circular, for further details.

**5.2 No Payment or Benefit to Directors.** It is not proposed, in connection with the Offer, that any payment or other benefit be made or given to any Director or to any director of any other corporation which is, by virtue of Section 6 of the Companies Act, deemed to be related to the Company as compensation for loss of office or otherwise in connection with the Offer.

**5.3 No Agreement Conditional upon Outcome of Offer.** Save for the making of the Offer by the Offeror of which Tan Chor Khoon and Tan Choh Peng are each a director and a shareholder and save as disclosed in **paragraph 1 of Appendix 2** of this Circular, 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.



**5.4 Material Contracts entered into by Offeror.** Save for the making of the Offer by the Offeror of which Tan Chor Khoon and Tan Choh Peng are each a director and a shareholder and save as disclosed in **paragraph 1 of Appendix 2** of this Circular, there are no material contracts entered into by the Offeror in which any Director has a material personal interest, whether direct or indirect.

## 6. FINANCIAL INFORMATION ON THE GROUP

Set out below is certain financial information extracted from the annual reports of the Company for FY2013, FY2014 and FY2015 respectively. The financial information for FY2013, FY2014 and FY2015 should be read in conjunction with the audited consolidated financial statements of the Group and the accompanying notes as set out in the annual reports of the Company for FY2013, FY2014 and FY2015.

	<b>Audited FY2013 S\$'000</b>	<b>Audited FY2014 S\$'000</b>	<b>Audited FY2015 S\$'000</b>
Turnover	128,897	147,024	159,758
Exceptional items	–	–	–
Net profit before tax	1,453	7,091	8,502
Net profit after tax	1,714	6,028	7,170
Non-controlling Interests	0	0	0
Net earnings per share (cents)	1.20	4.23	5.04

Set out below is also a summary of the dividend per Share declared in respect of each of FY2013, FY2014 and FY2015.

	<b>Interim Dividend cents</b>	<b>Final Dividend cents</b>	<b>Special Dividend cents</b>	<b>Total Dividend cents</b>
In respect of FY2015	1.0	1.0	–	2.0
In respect of FY2014	0.7	0.8	0.5	2.0
In respect of FY2013	0.5	0.2	–	0.7

A copy of the balance sheets of the Group as at 31 December 2014 and 31 December 2015 which is extracted from the Group's audited consolidated financial statements for FY2015 is set out in **Appendix 3** to this Circular. The balance sheets of the Group as at 31 December 2014 and 31 December 2015 respectively should be read in conjunction with the audited consolidated financial statements of the Group for FY2015 and the accompanying notes as set out in the financial statements.

Copies of the audited financial statements of the Group for FY2013, FY2014 and FY2015 are available for inspection at 24A Senoko South Road, Select Group Building, Singapore 758099 during normal business hours for the period for which the Offer remains open for acceptance.

## 7. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save for any information on the Group which is publicly available (including, without limitation, the announcements released by the Group on the SGX-ST), there have been no material changes to the financial position of the Group since 31 December 2015, being the date of the last audited accounts of the Group as set out in the annual report of the Company for FY2015.

## 8. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Group which are disclosed in Note 2 of the audited consolidated financial statements of the Group for FY2015 are reproduced in **Appendix 4** to this Circular.

## 9. CHANGES IN ACCOUNTING POLICIES

The changes in the significant accounting policies of the Group are set out in the extract of the significant accounting policies of the Group in **Appendix 4** to this Circular. Save as aforesaid, at the Latest Practicable Date, there is no change in the accounting policies of the Group which will cause the figures disclosed in this Circular not to be comparable to a material extent.

## 10. MATERIAL CONTRACTS

As at the Latest Practicable Date, save as disclosed in any information of the Company which is publicly available (including, without limitation, the annual reports, financial statements and announcements released by the Company on SGXNET), neither the Company nor any of its subsidiaries has entered into any material contracts with interested persons (other than those entered into in the ordinary course of business) during the period commencing three years before the Offer Announcement Date and ending on the Latest Practicable Date.

## 11. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any material litigation as plaintiff or defendant which might materially and adversely affect the financial position of the Group as a whole. The Directors are not aware of any proceedings pending or threatened against the Company or any of its subsidiaries or of any facts likely to give rise to any proceedings which might materially or adversely affect the financial position of the Group taken as a whole.

## 12. VALUATION OF PROPERTY

The Group had commissioned Premas, an independent professional valuer, to conduct an independent valuation to determine the market value of the leasehold Property located at 24A Senoko South Road, Singapore 758099 for financing purposes. An extract of the valuation report from Premas dated 10 March 2016 (the "**Valuation Report**") is set out **Appendix 5** 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. The Group does not expect to incur any tax liability on the hypothetical sale of the Property

if the Property were to be sold at the amount of the valuation based on the Valuation Report. Shareholders should note that, as at the Latest Practicable Date, the Company has no intention to sell the Property.

### **13. GENERAL**

**13.1 Costs and Expenses.** All expenses and costs incurred by the Company in relation to the Offer will be borne by the Company.

**13.2 Consent of the IFA.** CGS has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and its letter dated 22 April 2016 relating to its advice to the Recommending Directors in respect of the Offer and references thereto, in the form and context in which they appear in this Circular.

**13.3 Consent of Premas.** Premas has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and its valuation report and references thereto, in the form and context in which they appear in this Circular.

### **14. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the registered office of the Company at 24A Senoko South Road, Select Group Building, Singapore 758099, during normal business hours for the period which the Offer remains open for acceptance:

- (a) the Constitution of the Company;
- (b) the annual reports of the Company for FY2013, FY2014 and FY2015;
- (c) the IFA Letter;
- (d) the Valuation Report; and
- (e) the letters of consent referred to in **Section 13** above.

## APPENDIX 2

### INFORMATION ON THE OFFEROR, THE CONSORTIUM AND DYMON ASIA PRIVATE EQUITY

#### 1. THE OFFEROR, THE CONSORTIUM AND DYMON ASIA PRIVATE EQUITY AND DETAILS OF THE IRREVOCABLE UNDERTAKINGS

The following information on (i) the Offeror, the Consortium and Dymon Asia Private Equity and (ii) the details of the irrevocable undertakings has been extracted from the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document:

#### **“4. INFORMATION ON THE OFFEROR, THE CONSORTIUM AND DYMON ASIA PRIVATE EQUITY**

##### **4.1 The Offeror**

*The Offeror is an investment holding company incorporated in the Cayman Islands. As at the Latest Practicable Date, the Offeror has an issued and paid-up capital of S\$10, consisting of 10,000 ordinary shares (the “**Offeror Shares**”), which are held by the shareholders as follows:*

<b>Shareholders of the Offeror</b>	<b>Shareholding Percentage</b>
<i>Delish Ltd</i>	45.00%
<i>Mr. Tan Chor Khoon</i>	27.59%
<i>Mr. Tan Choh Peng</i>	13.95%
<i>Mdm. Pek Poh Cheng</i>	5.99%
<i>Mr. Chua Chye Teck</i>	2.21%
<i>Mdm. Tay Bock Hiang</i>	5.26%
<b>Total</b>	100%

*The board of directors of the Offeror (the “**Offeror Board**”) comprises Mr. Tan Chor Khoon, Mr. Tan Choh Peng and Mr. Tan Keng Soon (Keith).*

##### **4.2 The Sponsor**

*Delish Ltd (the “**Sponsor**”) is a special purpose vehicle incorporated under the laws of the Cayman Islands on 22 January 2016, which is wholly-owned by Dymon Asia Private Equity (S.E. Asia) Ltd. (as general partner for and on behalf of Dymon Asia Private Equity (S.E. Asia) Fund, L.P. (“**DAPE**”). As at the Latest Practicable Date, the Sponsor does not own any Shares.*

*DAPE is managed by Dymon Asia Capital (Singapore) Pte. Ltd. (“**DACS**”), a Singapore-based fund manager which manages several alternative investment funds with aggregate assets under management of approximately US\$5 billion. Dymon Asia Private Equity, the private equity division of DACS, manages DAPE. DAPE has*

commitments of approximately S\$300 million and invests in small and medium-sized companies across Southeast Asia, concentrating on businesses which have strong business fundamentals and favourable growth prospects.

#### 4.3 The Promoters

As at the Latest Practicable Date, Mr. Tan Chor Khoon, Mr. Tan Choh Peng, Mdm. Pek Poh Cheng, Mr. Chua Chye Teck and Mdm. Tay Bock Hiang (each a “**Promoter**”, and collectively, the “**Promoters**”) own or control an aggregate of 49,720,700<sup>1</sup> Shares, representing approximately 34.92% of the total number of issued Shares, details of which are set out in paragraph 6.1 of this Offer Document. As mentioned in paragraph 1 of **Appendix I** to this Offer Document, Mr. Tan Chor Khoon and Mr. Tan Choh Peng are executive directors of the Company. Mdm. Pek Poh Cheng is a key management personnel of the Company. Mr. Chua Chye Teck and Mdm. Tay Bock Hiang are family members of Mr. Tan Chor Khoon, Mr. Tan Choh Peng and/or Mdm. Pek Poh Cheng.<sup>2</sup>

Notes:

- 1 For the avoidance of doubt, this figure does not include the 10,980,700 Shares held by the Offeror as at the Latest Practicable Date, details of which are set out in paragraph 1(a) of **Appendix III** to this Offer Document.
- 2 Mr. Tan Chor Khoon and Mr. Tan Choh Peng are brothers. Mdm. Pek Poh Cheng is the wife of Mr. Tan Chor Khoon. Mr. Chua Chye Teck is the father-in-law of Mr. Tan Choh Peng. Mdm. Tay Bock Hiang is the mother of Mr. Tan Chor Khoon and Mr. Tan Choh Peng.

#### 4.4 Consortium Arrangements

The Sponsor and the Promoters (collectively, the “**Offeror Shareholders**”) have agreed to form a consortium through the Offeror to undertake the Offer and have on the Offer Announcement Date, entered into the following arrangements (collectively, the “**Consortium Arrangements**”):

- (a) a shareholders’ agreement (the “**SHA**”) to, amongst others, regulate the relationship of the Offeror Shareholders inter se as shareholders of the Offeror and in the conduct of the business and affairs of the Offeror (including the Offer); and
- (b) each of the Promoters has provided an irrevocable undertaking (collectively, the “**Promoters’ Irrevocable Undertakings**”) in favour of the Offeror to, inter alia:
  - (i) accept, or procure the acceptance of, the Offer in respect of all the Shares held by him/her, details of which are set out in paragraph 6.1 of this Offer Document;
  - (ii) waive his/her right under the Code to receive any cash settlement or payment for acceptance of the Offer; and
  - (iii) subscribe for additional Offeror Shares in accordance with the terms of the SHA and pay for the subscription amount in respect of such Offeror Shares (the “**Set-Off Amount**”) by setting off in full the Set-Off Amount against the proceeds that would otherwise be payable by the Offeror as consideration pursuant to acceptance of the Offer by each Promoter.

Pursuant to the terms of the SHA, the Offeror Shareholders have agreed, amongst others, that:

- (A) all matters relating to the Offer shall require unanimous approval of the Sponsor and the Promoters;
- (B) the Promoters shall contribute to the Offeror the Set-Off Amount and their respective shareholding proportion of the transaction costs (the “**Transaction Costs**”) incurred by the Offeror in connection with the Offer and privatisation of the Company by compulsory acquisition (if invoked) (the “**Transaction**”), and the Sponsor shall contribute to the Offeror an agreed amount under the SHA and its shareholding proportion of the Transaction Costs;
- (C) following the completion of the Transaction, the contributions of the Sponsor and the Promoters set out in the foregoing paragraph 4.4(B) shall be capitalised into additional Offeror Shares;
- (D) save for the pledging of Offeror Shares as security for the bank loans to finance the Offer, each Promoter has undertaken to the Sponsor that, as long as the Sponsor holds Offeror Shares during the period from the date of the SHA and ending on the fourth anniversary of the completion of the Transaction, the Promoters shall not dispose of or create encumbrances over the Offeror Shares that they own without the prior approval of the Sponsor;
- (E) following the completion of the Transaction, the number of directors on the Offeror Board (the “**Offeror Directors**”) shall be not less than three (3) and not more than five (5). The Sponsor and the Promoters (acting jointly) have the right to appoint such number of Offeror Directors that corresponds to their respective shareholding proportion in the Offeror; and
- (F) if the Company remains listed on the Catalist Board of the SGX-ST on the date falling 12 months after the completion of the Offer, subject to the applicable laws and any agreement to which the Offeror is a party or by which its assets are bound, the Offeror may make an in-specie distribution of all the Shares then held by the Offeror to the Promoters and the Sponsor in their respective shareholding proportion in the Offeror by way of dividend, to the extent permitted under the applicable laws (the “**In-Specie Distribution**”). Thereafter, each Promoter undertakes to the Sponsor that during the period commencing from the date of the completion of the In-Specie Distribution and ending on the third anniversary of the completion of the Offer, the Promoters shall not sell, transfer, mortgage, charge, pledge, grant an option over, or otherwise dispose of or create encumbrances over the Shares that they own without the prior written approval of the Sponsor.

The SIC has confirmed that the Consortium Arrangements do not constitute special deals for the purpose of Rule 10 of the Code.

#### 4.5 Resultant Position

Following the Closing Date and assuming that the Company becomes a wholly-owned subsidiary of the Offeror, it is envisaged that the shareholding in the Offeror will be maintained at the shareholding proportions set out in paragraph 4.1 above.

## 5. MANAGEMENT ARRANGEMENTS

5.1 As the Offeror intends and desires that there be continuity of management and minimal interruption of the business of the Group, the Offeror has agreed under the SHA to introduce the following arrangements (collectively, the “**Management Arrangements**”) after the Closing Date to encourage key members of the management team of the Company to continue to render their services to the Group and to align their economic interests with those of the Sponsor:

- (a) that following the Closing Date, the Company enters into a new service agreement (“**New Service Agreement**”) with each of Mr. Tan Chor Khoon, Mr. Tan Choh Peng and Mdm. Pek Poh Cheng (the “**Key Management Personnel**”), that will be on substantially the same terms as his/her existing service agreement, save that the respective New Service Agreement shall not be terminable by the relevant Key Management Personnel during the initial term of four (4) years; and
- (b) subject to the delisting of the Company post-Offer, that the Offeror Board establishes a management incentive plan under which up to 5% of the Offeror Shares will be transferred by the Sponsor to the management team (including the Key Management Personnel) of the Offeror and its subsidiaries (the “**Offeror Group**”) (collectively, the “**MIP Management**”) as may be determined by the Offeror Board, conditional upon the achievement of certain financial performance targets over a three (3)-year period.

Such MIP Management will be subject to the constitutional documents of the Offeror in respect of their shareholding in the Offeror and will have to bear the risks associated with the financial performance of the Offeror Group post-Offer and with being a shareholder in a private company.

5.2 The SIC has confirmed that the Management Arrangements do not constitute special deals for the purpose of Rule 10 of the Code.

## 6. IRREVOCABLE UNDERTAKINGS

### 6.1 **Promoters’ Irrevocable Undertakings**

As at the Latest Practicable Date, the Promoters have provided the Promoters’ Irrevocable Undertakings to the Offeror to, inter alia, accept the Offer in respect of an aggregate of 49,720,700 Shares, representing approximately 34.92% of the total number of issued Shares.

Details of the Promoters’ shareholding in the Company which will be tendered in acceptance of the Offer by each Promoter pursuant to their respective Promoters’ Irrevocable Undertakings are as follows:

<b>Promoter</b>	<b>Number of Shares to be tendered in acceptance of the Offer</b>	<b>Percentage of the total number of issued Shares<sup>(1)</sup></b>
Mr. Tan Chor Khoon	24,941,900	17.52%
Mr. Tan Choh Peng	12,609,800	8.86%
Mdm. Pek Poh Cheng	5,415,200	3.80%
Mr. Chua Chye Teck	2,000,000	1.40%



<b>Promoter</b>	<b>Number of Shares to be tendered in acceptance of the Offer</b>	<b>Percentage of the total number of issued Shares<sup>(1)</sup></b>
Mdm. Tay Bock Hiang	4,753,800	3.34%
<b>Total</b>	<b>49,720,700</b>	<b>34.92%</b>

Note:

(1) Based on the Company's issued capital of 142,380,400 Shares as at the Latest Practicable Date.

## 6.2 Additional Irrevocable Undertakings

As at the Latest Practicable Date, besides the Promoters, certain other Shareholders (the "**Undertaking Shareholders**") have provided irrevocable undertakings (the "**Additional Irrevocable Undertakings**") to the Offeror to, inter alia, accept the Offer in respect of an aggregate of 26,554,400 Shares, representing approximately 18.65% of the total number of issued Shares.

Details of the Undertaking Shareholders and the number of Shares to be tendered in acceptance of the Offer by each Undertaking Shareholder pursuant to their respective Additional Irrevocable Undertakings are as follows:

<b>Undertaking Shareholder</b>	<b>Number of Shares to be tendered in acceptance of the Offer</b>	<b>Percentage of the total number of issued Shares<sup>(1)</sup></b>
Mdm. Go Mei Lin	18,822,000 <sup>(2)</sup>	13.22%
Dr. Low Boon Yong	2,889,300	2.03%
Mdm. Tan Sok Huang	2,764,000	1.94%
Mr. Low Wei Min James	1,555,900	1.09%
Mr. Low Yee Min (Liu Yuming)	318,200	0.22%
Mr. Low Hsien Min	205,000	0.14%
<b>Total</b>	<b>26,554,400</b>	<b>18.65%</b>

Notes:

(1) Based on the Company's issued capital of 142,380,400 Shares as at the Latest Practicable Date.

(2) Besides these 18,822,000 Shares, Mdm. Go also has an additional 1,000,000 Shares legally held on her behalf by Hong Leong Finance Nominees Pte Ltd (representing approximately 0.70% of the total number of issued Shares as at the Latest Practicable Date) which do not form any part of the subject matter of Mdm. Go's Additional Irrevocable Undertaking.

6.3 Pursuant to the Promoters' Irrevocable Undertakings and the Additional Irrevocable Undertakings (collectively, the "**Irrevocable Undertakings**"), the Offeror has received irrevocable undertakings to accept the Offer in respect of an aggregate of 76,275,100 Shares, representing approximately 53.57% of the total number of issued Shares.

6.4 Each Irrevocable Undertaking will terminate or lapse if the Offer is withdrawn, lapses or fails to become or be declared to be unconditional in all respects for whatever reason, other than a breach by any of the Promoters or Undertaking Shareholders of any of his or her obligations under the relevant Irrevocable Undertaking.

6.5 Save for the Irrevocable Undertakings, as at the Latest Practicable Date, neither the Offeror nor any party acting in concert with the Offeror has received any irrevocable undertaking from any other party to accept or reject the Offer.

6.6 As at the Latest Practicable Date, the number of Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it, together with the total number of Shares to which the Irrevocable Undertakings relate, is an aggregate of 87,275,800 Shares, representing approximately 61.30% of the total number of issued Shares.

...

## **APPENDIX II – ADDITIONAL INFORMATION ON THE OFFEROR**

### **1. DIRECTORS OF THE OFFEROR**

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

<b>Name</b>	<b>Address</b>	<b>Description</b>
Mr. Tan Chor Khoon	1A One Tree Hill #14-01 One Tree Hill Residence Singapore 248669	Director
Mr. Tan Choh Peng	33 Chapel Road Singapore 429539	Director
Mr. Tan Keng Soon (Keith)	48 Bodmin Drive Singapore 559647	Director

### **2. REGISTERED OFFICE OF THE OFFEROR**

The registered office of the Offeror is at Maples Corporate Services Limited, PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands.

### **3. PRINCIPAL ACTIVITIES OF THE OFFEROR**

The principal activity of the Offeror is that of an investment holding company.”

## **2. HOLDINGS AND DEALINGS IN THE SHARES**

The following information on the holdings of, and dealings in, the Shares by the Offeror and certain parties acting in concert with it is extracted from the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document:

## **“APPENDIX III – ADDITIONAL GENERAL INFORMATION**

### **1. DISCLOSURE OF INTERESTS**

(a) As at the Latest Practicable Date, save for the Irrevocable Undertakings and as disclosed below, none of the Offeror, its directors or any of the parties acting or deemed to be acting in concert with the Offeror owns, controls or has agreed to

acquire any (i) securities which are being offered for (i.e. the Shares) or which carry voting rights in the Company, or (ii) Convertible Securities, Warrants, Options or Derivatives in respect of (i) (collectively, the “**Company Securities**”).

<b>Name</b>	<b>Number of Shares</b>	<b>Percentage of the total number of issued Shares<sup>(1)</sup></b>
<i>Offeror</i>	10,980,700	7.71%
<b><u>Offeror Directors</u></b>		
<i>Mr. Tan Chor Khoon</i>	24,941,900	17.52%
<i>Mr. Tan Choh Peng</i>	12,609,800	8.86%
<b><u>Offeror’s Concert Parties</u></b>		
<i>Mdm. Pek Poh Cheng</i>	5,415,200	3.80%
<i>Mr. Chua Chye Teck</i>	2,000,000	1.40%
<i>Mdm. Tay Bock Hiang</i>	4,753,800	3.34%
<i>Mr. Tan Choh Liat<sup>(2)</sup></i>	20,000	0.01%
<b>Total</b>	60,721,400	42.65%

Notes:

(1) Based on the Company’s issued capital of 142,380,400 Shares as at the Latest Practicable Date.

(2) Mr. Tan Choh Liat is the cousin of Mr. Tan Chor Khoon and Mr. Tan Choh Peng.

- (b) Save as disclosed below, none of the Offeror, its directors, or any of the parties acting or deemed to be acting in concert with the Offeror has dealt for value in the Company Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date:

<b>Name</b>	<b>Date of Transaction</b>	<b>Number of Shares Acquired</b>	<b>Transacted Price per Share</b>
<i>Offeror</i>	24 March 2016	5,689,300	S\$0.525
<i>Offeror</i>	28 March 2016	2,454,900	S\$0.525
<i>Offeror</i>	29 March 2016	1,137,000	S\$0.525
<i>Offeror</i>	30 March 2016	562,200	S\$0.525
<i>Offeror</i>	31 March 2016	147,000	S\$0.525
<i>Offeror</i>	1 April 2016	764,300	S\$0.525
<i>Offeror</i>	4 April 2016	226,000	S\$0.525
<b>Name</b>	<b>Date of Transaction</b>	<b>Number of Shares Sold</b>	<b>Transacted Price per Share</b>
<i>Mr. Pek Poh Kwee</i>	28 March 2016	750,000	S\$0.525

### 3. ADDITIONAL INFORMATION

The following additional information on the Offeror has been extracted from the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document:

- “(c) None of the Undertaking Shareholders has dealt for value in the Company Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.*
- (d) As at the Latest Practicable Date, save for the Irrevocable Undertakings, no person has given any undertaking to the Offeror or any party acting in concert with it, to accept or reject the Offer.*
- (e) As at the Latest Practicable Date, save for the Consortium Arrangements (including the Promoters’ Irrevocable Undertakings), the Management Arrangements, the Additional Irrevocable Undertakings and the financing arrangements between DBS Bank and each of Mr. Tan Chor Khoon and Mr. Tan Choh Peng to discharge the TCK Security (as defined in paragraph 1(i) below) and the TCP Securities (as defined in paragraph 1(i) below) respectively, neither the Offeror nor any party acting in concert with it has entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code, including indemnity or option arrangements and any agreement or understanding, formal or informal, of whatever nature, relating to the Shares which may be an inducement to deal or refrain from dealing in the Shares.*
- (f) As at the Latest Practicable Date, save for the Consortium Arrangements (including the Promoters’ Irrevocable Undertakings), the Management Arrangements, the Additional Irrevocable Undertakings and the financing arrangements made in connection with the Offer, including the creation of security interests over, inter alia, all present and future Shares legally and beneficially owned by the Offeror and all present and future Offeror Shares owned by the Promoters and the Sponsor in favour of DBS Bank (the “**Relevant Financing Arrangements**”), there is no agreement, arrangement or understanding between (i) the Offeror or any party acting in concert with it, and (ii) any of the present or recent directors of the Company, or any of the present or recent Shareholders that has any connection with or dependence upon, the Offer.*
- (g) As at the Latest Practicable Date, save for the In-Specie Distribution and the Relevant Financing Arrangements, there is no agreement, arrangement or understanding whereby any of the Offer Shares acquired by the Offeror pursuant to the Offer will be transferred to any other person.*
- (h) As at the Latest Practicable Date, save for the Management Arrangements, there is no agreement, arrangement or understanding for payment or other benefit being made or given to any director of the Company or to 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.*
- (i) As at the Latest Practicable Date, save for the Relevant Financing Arrangements, none of the Offeror or any party acting in concert with it has (i) granted a security interest over any Company Securities to another person, whether through a charge, pledge or otherwise, (ii) borrowed from another person any Company Securities (excluding borrowed Company Securities which have been on-lent or sold), or (iii) lent any Company Securities to another person.*

*Pursuant to Mr. Tan Chor Khoo's Promoter's Irrevocable Undertaking, the security over 5,460,000 Shares, representing approximately 3.83% of the total number of issued Shares, that were legally held on Mr. Tan Chor Khoo's behalf by Sing Investments & Finance Limited as security under the long term share loan dated 26 November 2014, executed by Mr. Tan Chor Khoo in favour of Sing Investments & Finance Limited, as disclosed in the Offer Announcement (the "**TCK Security**"), has been discharged as at the Latest Practicable Date.*

*Pursuant to Mr. Tan Choh Peng's Promoter's Irrevocable Undertaking, the security over:*

- (A) 2,000,000 Shares, representing approximately 1.40% of the total number of issued Shares, that were legally held on Mr. Tan Choh Peng's behalf by SBS Nominees Private Limited as security under the loan facility dated 29 September 2005, executed by Mr. Tan Choh Peng in favour of Singapura Finance Ltd, as disclosed in the Offer Announcement, has been discharged as at the Latest Practicable Date;*
- (B) 1,500,000 Shares, representing approximately 1.05% of the total number of issued Shares, that were legally held on Mr. Tan Choh Peng's behalf by Hong Leong Finance Nominees Pte Ltd as security under the credit plus facility dated 5 January 2006, executed by Mr. Tan Choh Peng in favour of Hong Leong Finance Limited, as disclosed in the Offer Announcement, has been discharged as at the Latest Practicable Date; and*
- (C) 6,000,000 Shares, representing approximately 4.21% of the total number of issued Shares, that were legally held on Mr. Tan Choh Peng's behalf by Sing Investments & Finance Limited as security under the long term share loan dated 7 November 2014, executed by Mr. Tan Choh Peng in favour of Sing Investments & Finance Limited, as disclosed in the Offer Announcement, has been discharged as at the Latest Practicable Date,*

*(collectively, the "**TCP Securities**").*

- (j) As at the Latest Practicable Date, save for the Consortium Arrangements (including the Promoters' Irrevocable Undertakings), the Management Arrangements, the Additional Irrevocable Undertakings and the Relevant Financing Arrangements, no agreement or arrangement exists between the Offeror and any of the directors of the Company or any other person in connection with or conditional upon the outcome of the Offer or otherwise connected with the Offer.*
- (k) Save as disclosed in this Offer Document, there has been no material change in any information previously published by or on behalf of the Offeror during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date."*

## APPENDIX 3

### BALANCE SHEETS OF THE GROUP AS AT 31 DECEMBER 2014 AND 31 DECEMBER 2015

The audited balance sheets of the Group as at 31 December 2014 and 31 December 2015 respectively have been reproduced from the annual report of the Company for FY2015, save for references to page numbers which have been altered to conform with the pagination of this Circular, and are set out below.

Select Group Limited

## Statements of Financial Position

As at 31 December 2015

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	72,332	39,579	505	633
Intangible assets	13	5,761	5,968	-	-
Investment properties	14	516	546	516	546
Investments in subsidiaries	15	-	-	15,643	15,643
Investments in associate	16	-	-	-	-
Deferred tax assets	10	161	333	61	247
Other receivables, non-current	17	-	-	24,429	12,541
Other financial asset, non-current	18	-	-	-	-
Other assets, non-current	21	2,529	2,045	-	-
<b>Total non-current assets</b>		<b>81,299</b>	<b>48,471</b>	<b>41,154</b>	<b>29,610</b>
<b>Current assets</b>					
Inventories	19	2,146	2,027	-	-
Trade and other receivables, current	20	5,842	6,226	8,275	11,435
Other assets, current	21	4,441	3,463	410	201
Cash and cash equivalents	22	21,274	16,961	1,377	2,569
<b>Total current assets</b>		<b>33,703</b>	<b>28,677</b>	<b>10,062</b>	<b>14,205</b>
<b>Total assets</b>		<b>115,002</b>	<b>77,148</b>	<b>51,216</b>	<b>43,815</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	23	15,284	15,284	15,284	15,284
Retained earnings		9,511	5,616	11,252	6,532
Foreign currency reserve		105	47	-	-
<b>Total equity</b>		<b>24,900</b>	<b>20,947</b>	<b>26,536</b>	<b>21,816</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	10	1,687	1,608	-	-
Other payables, non-current	26	-	-	11,956	13,847
Other financial liabilities, non-current	25	35,341	13,583	2,993	2,174
Other liabilities, non-current	28	1,490	1,874	-	-
Provisions, non-current	29	756	1,016	-	-
<b>Total non-current liabilities</b>		<b>39,274</b>	<b>18,081</b>	<b>14,949</b>	<b>16,021</b>
<b>Current liabilities</b>					
Income tax payable		1,800	1,135	103	-
Trade and other payables, current	27	34,307	29,128	1,697	2,077
Other financial liabilities, current	25	11,986	6,493	7,931	3,901
Other liabilities, current	28	2,404	1,364	-	-
Provisions, current	29	331	-	-	-
<b>Total current liabilities</b>		<b>50,828</b>	<b>38,120</b>	<b>9,731</b>	<b>5,978</b>
<b>Total liabilities</b>		<b>90,102</b>	<b>56,201</b>	<b>24,680</b>	<b>21,999</b>
<b>Total equity and liabilities</b>		<b>115,002</b>	<b>77,148</b>	<b>51,216</b>	<b>43,815</b>

The accompanying notes form an integral part of these financial statements.



## APPENDIX 4

### SIGNIFICANT ACCOUNTING POLICIES OF THE GROUP FOR FY2015

The significant accounting policies of the Group have been excerpted from the Company's annual report for FY2015 and, save for references to page numbers which have been altered to conform with the pagination of the Circular, are set out below.

Select Group Limited

# Notes to the Financial Statements

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

### 2A. Significant accounting policies

#### Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes, returns and rebates. Revenue from the sale of food and beverages is recognised when significant risks and rewards of ownership of the food and beverages are transferred to the buyer i.e. when the food and beverages are delivered, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Service income earned from operation of food courts is recognised when fees are charged to the food court tenants based on either a monthly fixed fees or a percentage of their gross monthly sales and monthly fixed fees, if any. Interest is recognised using the effective interest method. Dividend from equity instruments is recognised as income when the entity's right to receive payment is established.

#### Government grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant. A government grant related to assets, including non-monetary grants at fair value, is presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset.

# Notes to the Financial Statements

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (Cont'd)

#### Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

#### Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

#### Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

#### Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

57

# Notes to the Financial Statements

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (Cont'd)

#### Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and joint arrangements except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

#### Property, plant and equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The estimated useful lives of the assets are as follows:

Leasehold properties	– Over the terms of leases of 30 years
Leasehold improvements	– 3 to 6 years
Plant and equipment	– 3 to 10 years

Leasehold improvements in-progress and construction in-progress are not depreciated as these assets are not available for use.

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

# Notes to the Financial Statements

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Property, plant and equipment (cont'd)

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. See Note 29 on provisions.

#### Investment property

Investment property is property (land or a building or part of a building or both) owned or held under a finance lease 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 sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs the cost model is used to measure the investment property using the treatment for property, plant and equipment, that is, at cost less any accumulated depreciation and any accumulated impairment losses. An investment property that meets the criteria to be classified as held for sale is carried at the lower of carrying amount and fair value. For disclosure purposes only, the fair values are measured periodically on a systematic basis at least once yearly by management.

The estimated useful life of the asset is 25 years.

#### Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

# Notes to the Financial Statements

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful life is as follows:

Brand name – 15 years

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

#### Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity 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. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary 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. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

#### Associates

An associate is an entity including an unincorporated entity in which the reporting entity has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with FRS 103 Business Combinations. However the entire carrying amount of the investment is tested under FRS 36 for impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in FRS 39 indicates that the investment may be impaired.

# Notes to the Financial Statements

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Associates (cont'd)

In the consolidated financial statements, the accounting for investments in an associate is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of an associate in excess of the reporting entity's interest in the relevant associate are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and an associate are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be an associate and accounts for the investment in accordance with FRS 39 from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former associate is measured at fair value at the date that it ceases to be an associate.

In the Company's separate financial statements, an investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate 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. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

#### Business combinations

Business combinations are accounted for by applying the acquisition method. There were none during the reporting year.

#### Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with FRS 103 (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this FRS 103.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill and also any intangible asset with an indefinite useful life or any intangible asset not yet available for use are tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest Level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.



# Notes to the Financial Statements

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Inventories

Inventories are measured at the lower of cost (first in first out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

#### Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

#### Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. When the settlement date accounting is applied, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is recognised in net profit or loss for assets classified as trading.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

# Notes to the Financial Statements

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Financial assets (cont'd)

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year date there were no financial assets classified in this category.
2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.
3. Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.
4. Available-for-sale financial assets: These are non-derivative financial assets that are designated as available-for-sale on initial recognition or are not classified in one of the previous categories. These assets are carried at fair value. Changes in fair value of available-for-sale financial assets (other than those relating to foreign exchange translation differences on monetary investments) are recognised in other comprehensive income and accumulated in a separate component of equity under the heading revaluation reserves. Such reserves are reclassified to profit or loss when realised through disposal. When there is objective evidence that the asset is impaired, the cumulative loss is reclassified from equity to profit or loss as a reclassification adjustment. A significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment. If, in a subsequent period, the fair value of an equity instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss, it is reversed against revaluation reserves and is not subsequently reversed through profit or loss. However for debt instruments classified as available-for-sale impairment losses recognised in profit or loss are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss. The weighted average method is used when determining the cost basis of publicly listed equities being disposed of. For non-equity instruments classified as available-for-sale the reversal of impairment is recognised in profit or loss. These financial assets are classified as non-current assets unless management intends to dispose of the investments within 12 months of the end of the reporting year. Usually non-current investments in equity shares and debt securities are classified in this category but it does not include subsidiaries, joint ventures, or associates. Unquoted investments are stated at cost less allowance for impairment in value where there are no market prices, and management is unable to establish fair value by using valuation techniques except that where management can establish fair value by using valuation techniques the relevant unquoted investments are stated at fair value. For unquoted equity instruments impairment losses are not reversed.

# Notes to the Financial Statements

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

#### Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expired. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Financial liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.
2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

#### Fair value measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

# Notes to the Financial Statements

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Fair value measurement (cont'd)

In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless state otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

#### Provisions

A liability or provision is recognised when there is 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 a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

#### Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

# Notes to the Financial Statements

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2B. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

#### Allowance for doubtful trade accounts:

An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note on trade and other receivables.

#### Assessment impairment of goodwill:

An assessment is made annually whether goodwill has suffered any impairment loss. The assessment process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions. Judgement is required in identifying the cash generating units ("CGU") and the use of estimates as disclosed in Note 13A. Actual outcomes could vary from these estimates as disclosed in Note 13A.

#### Useful lives of leasehold improvements and plant and equipment:

The estimates for the useful lives and related depreciation charges for leasehold improvements and plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and in response to severe market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. The carrying amount of the specific asset affected by the assumption is \$27,448,000 (2014: \$26,663,000).

# Notes to the Financial Statements

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2B. Critical judgements, assumptions and estimation uncertainties (cont'd)

#### Income tax amounts:

The entity recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in the Note on income tax.

#### Measurement of impairment of subsidiary:

When a subsidiary is in net equity deficit and has suffered operating losses a test is made whether the investment in the investee has suffered any impairment. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. The carrying amount of the relevant investment is \$1,250,000 (2014: \$914,000) at the end of the reporting year.

## APPENDIX 5

### EXTRACT OF VALUATION REPORT

An extract of the Valuation Report in respect of the Property is set out below. The full Valuation Report in respect of the Property is available for inspection at the registered office of the Company at 24A Senoko South Road, Select Group Building, Singapore 758099, during normal business hours for the period which the Offer remains open for acceptance.

## Premas

PREMAS Valuers & Property Consultants Pte Ltd  
Reg No.: 199400520R  
Block 750A Chai Chee Road  
Technopark@Chai Chee #05-01  
Singapore 469001  
Telephone: +65 6876 6388  
Facsimile: + 65 6876 6493

Your Ref.: A/c of Select Property Management Pte. Ltd.

#### **REPORT & VALUATION PREPARED FOR DBS BANK LTD**

1. **PURPOSE**

For financing/ mortgage purposes

2. **NAME OF APPLICANT**

Select Property Management Pte. Ltd.

3. **ADDRESS OF PROPERTY**

Private Lot A3002288 at Senoko South Road on Lot 4893K Mukim 13

(Officially known as 24A Senoko South Road, Select Group Building,  
Singapore 758099) – (See Annex I)

4. **LEGAL DESCRIPTION**

MK 13 Lot 4893K (Private Lot A3002288)

5. **REGISTERED OWNER**

Lessor: Jurong Town Corporation (JTC)

Lessee: Select Property Management Pte. Ltd.

6. **ENCUMBRANCES**

No title searches have been conducted for the subject property. We recommend that all encumbrances be confirmed through your solicitors.

7. **TENURE**

According to JTC's Application For Land (Ref: JTC(L)2009/346) dated 05 July 2013, the lease term is a period of 30 years commencing from Licence Commencement Date (01 October 2013). The main provisions of the above-mentioned with regards to the subject property's title are as follows:



# Premas

PREMAS Valuers & Property Consultants Pte Ltd  
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Block 750A Chai Chee Road  
Technopark@Chai Chee #05-01  
Singapore 469001  
Telephone: +65 6876 6388  
Facsimile: + 65 6876 6493

## TENURE (Cont'd)

- (a) Fulfil a declared aggregate investment of at least S\$30,800,000/- on building and civil works and plant and machinery on the land (collectively known as fixed investment criteria);
- (b) To develop the land to a minimum gross floor area at the gross plot ratio of not less than 2.48 ("Minimum Required GPR") as declared by the Lessee, but not more than 2.50 ("Maximum GPR"); and
- (c) In accordance with the Aesthetic Control Guidelines.

### Remarks:

*For the purpose of this valuation, we assumed that the above terms and conditions have been complied with, and our opinion of value is to be given based on a lease term of 30 years commencing from 01 October 2013.*

8. **LAND AREA**  
(According to JTC's Application For Land [Ref: JTC(L)2009/346 dated 05 July 2013/ Certificate of Title])

5,986.1 sq m (approx. 64,434 sq ft)

9. **GROSS FLOOR AREA** – (As extracted from floor plans provided by loan applicant, subject to survey)

Storey	Industrial Use (sq m)	Ancillary Use (sq m)	Total (sq m)
1st	2,082.12	722.49	2,804.61
2nd	-	560.53	560.53
3rd	2,031.91	134.93	2,166.84
4th	2,190.15	134.93	2,325.08
5th	2,182.60	135.35	2,317.95
6th	2,175.40	135.85	2,311.25
7th	-	649.50	649.50
8th	-	1,707.39	1,707.39
Roof	-	95.67	95.67
<b>Total</b>	<b>10,662.18</b>	<b>4,276.64</b>	<b>14,938.82</b> <b>(Approx. 160,801 sq ft)</b>

10. **ZONING** – (According to Master Plan 2014)

Business 2

# Premas

PREMAS Valuers & Property Consultants Pte Ltd  
Reg No.: 199400520R  
Block 750A Chai Chee Road  
Technopark@Chai Chee #05-01  
Singapore 469001  
Telephone: +65 6876 6388  
Facsimile: +65 6876 6493

## 11. LAND RENT

The land rent payable as at 01 January 2016 in respect of the subject property is S\$14,920.35 per month (before including the GST at 7%), reflecting a land rental rate of S\$29.91 per square metre per annum over the total site area.

## 12. AUTHORISED USE

For the purpose of **catering central kitchen, manufacturing and regional HQ only.**

## 13. TYPE OF PROPERTY

An 8-storey purpose-built single-user industrial building. It is enclosed within brickwalls boundary/ metal fencing with a single vehicular entry point along Senoko South Road. There is also a rear entrance facing Admiralty Road West and a sky bridge connecting part of the building from 3<sup>rd</sup> to 7<sup>th</sup> storeys.

We understand that the subject property will house its central kitchens, R&D centre, training kitchens, storage and cold room facilities and corporate headquarters.

## 14. LOCATION

The subject property is located along Senoko South Road, off Woodlands Avenue 8 and Admiralty Road West. The immediate vicinity is the Senoko Industrial Estate which comprises JTC standard factories as well as purpose-built detached factories. Other industrial estates in the area include Woodlands East Industrial Estate, Admiralty Industrial Park and Woodlands Dormitory. The main population centres in close proximity include the Sembawang and Woodlands HDB estates. Accessibility is fairly good via Admiralty Road West. Public bus services are readily available within the subject industrial estate.

## 15. SITE DESCRIPTION

The subject property is sited on a regular land plot with a long driveway, where its access is generally at road level.

## 16. CONSTRUCTION/FINISHES

The construction is generally of r.c framed structure, brick infilled walls/ claddings/ glass panels to building façade and r.c. flat roof with appropriate waterproofing and insulation. The subject property is generally fitted with aluminium framed glass windows; timber/ timber with glass infilled/ glass/ aluminium framed/ metal/ automated metal sliding/ fire rated doors, roller shutters and galvanised steel gate.

Internal finishes include:

Floors : Generally power trowel/ cement screed/ epoxy painted/ silica/ granite/ marble/ pebblewash/ laminated timber floorboards/ carpet/ homogeneous tiles/ ceramic tiles/ vinyl tiles.

## CONSTRUCTION/FINISHES – (Cont'd)

**Walls** : Generally cement plastered and emulsion painted/ glass panels/ homogeneous tiles/ wallpaper/ granite/ ceramic tiles/ insulated panels/ internal partition boards.

**Ceilings** : Generally cement plastered and emulsion painted/ false ceiling/ downlights/ ceiling boards/ plasterboards/ timber decorative ceiling.

Other improvements include VRV air-conditioning system, insulation to cold rooms; decorative wall feature/ timber wall panels/ reception counter/ cabinets/ altar; high and low level pantry cabinets/ worktop/ sink/ shelves/ bar counter/ service counter; smoke exhaust hoods/ grease traps to kitchens; vanity sink tops.

As at the date of inspection, the subject property is still undergoing renovation works.

## 17. ACCOMMODATION

**1<sup>st</sup> Storey** : Central kitchen comprising production/ cold rooms, male/ female/ handicap toilets; loading/ unloading bays, MDF room, FCC room, PG HT switchroom, consumer HT switchroom, fire pump room, process/ domestic water pump room, newater pump room, water tanks, boiler room, diesel tank and bin centre.

**2<sup>nd</sup> Storey** : Lift lobby, reception lobby, carpark area, handicap toilet, LT consumer switchroom, grease separator and transformer room.

**3<sup>rd</sup> Storey** : Lift lobby, central kitchens comprising warehouse/ storage rooms, staff cafeteria, cold rooms, male/ female/ handicap toilets and corridor.

**4<sup>th</sup> Storey** : Lift lobby, central kitchens and workshop comprising production rooms, kitchens/ demo kitchens, cold rooms, male/ female/ handicap toilets and corridor.

**5<sup>th</sup> Storey** : Lift lobby, central kitchens and workshop comprising production area and training rooms, male/ female/ handicap toilets and corridor.

**6<sup>th</sup> Storey** : Lift lobby, central kitchens and laboratories comprising R&D areas, male/ female/ handicap toilets and corridor.

**7<sup>th</sup> Storey** : Lift lobby, recreation room 1 used as entertainment room, recreation room 2 used as VIP lounge, sky terraces with landscape garden and water pond, stores, male/ female/ handicap toilets and lift motor room.

**8<sup>th</sup> Storey** : Lift lobby, ancillary office, general office area, various partitioned office rooms, managing director's office room, meeting rooms, prayer room, copier room, pantry, male/ female/ handicap toilets and locker areas.

**Roof** : Hot water plant room.

*Remarks: According to a letter from the Inland Revenue Authority of Singapore (IRAS) dated 06 March 2015, the subject property has been allocated with the following unit numbers: #01-01 to #01-02, #03-01, #04-01 to #04-02, #05-01 to #05-02, #06-01 to #06-02, #07-02 and #08-01 (Total 11 units)-(See Annex II).*

# Premas

PREMAS Valuers & Property Consultants Pte Ltd  
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Telephone: +65 6876 6388  
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## 18. CONDITION

Above average state of repairs and maintenance. Most of the premises are currently undergoing renovation works, except for the ancillary office and reception lobby which are in use.

## 19. COMPLETION DATE

The Temporary Occupation Permit was issued on 20 October 2015.

## 20. SERVICES & FACILITIES

All usual PUB and Telecom services are available. Other facilities for the subject property include 4 goods lifts, 3 passenger lifts, 1 fire lift, concrete internal driveway, ramp up driveway to the 2<sup>nd</sup> storey, r.c. staircases, landscape garden, fire protection system, card access/ fingerprint security system, car/ lorry/ motorcycle parking lots, bicycle parking and loading/ unloading bays.

## 21. TENANCY DETAILS

Part owner-occupied and part vacant as at the time of inspection.

## 22. METHOD OF VALUATION

In arriving at the market value of the subject property, we have adopted both the Direct Comparison Method and the Investment Method of valuation.

With the Direct Comparison Method, sale transactions of comparable properties have been taken into consideration with regards to their location, tenure, age, size, condition, layout and design amongst other factors.

### Sales Comparables

<i>Address</i>	<i>Type of Property</i>	<i>Tenure</i>	<i>Land Area (m<sup>2</sup>)</i>	<i>Approx. Floor Area (m<sup>2</sup>)</i>	<i>Contract Date</i>	<i>Price</i>
30 Pioneer Road	Factory	30 yrs from 16/02/2007	18,653.7	26,114.16	11/02/2016	\$45,000,000 (REIT Purchase)
22 Senoko Way	Factory	30+30 yrs from 01/03/1990	14,807.2	8,240.77	28/01/2016	\$15,000,000
16 Senoko Avenue	Factory	30+30 yrs from 16/01/1992	4,161.4	5,506.18	03/12/2015	\$14,600,000
38 Ang Mo Kio Industrial Park 2	Factory	60 yrs from 01/04/1981	16,520.1	31,729.75	01/12/2015	\$30,000,000

The Investment (Income) Method examines the present worth of the future income stream in the form of the net profit rental value capitalised at an appropriate investment yield.

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23. DATE OF INSPECTION

05 February 2016

24. VALUATION

Taking the above and other relevant factors into consideration, we are of the opinion that the subject property (**known as Private Lot A3002288 at Senoko South Road on Lot 4893K Mukim 13**), (**Officially known as 24A Senoko South Road, Select Group Building, Singapore 758099**), *based on a lease term of 30 years commencing from 01 October 2013*, is valued as follows:

DATE OF VALUATION	:	05 February 2016
OPEN MARKET VALUE	:	\$45,000,000
FORCED SALE VALUE	:	\$31,500,000
FIRE INSURANCE VALUE	:	\$29,580,000



Yvonne Tok Yee Fong (Ms), Assistant Director  
For and on behalf of  
PREMAS Valuers & Property Consultants Pte. Ltd.  
Date of Report: 10 March 2016

(YT/EF/mora/45869.doc)

Encl  
Photographs  
Location Plan  
Site Plan  
Floor Plans  
Annex I – Letter from Street and Building Names Board  
Annex II – IRAS Letter on Unit Number Allocation

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



