**CIRCULAR DATED 20 JUNE 2016**

**THIS CIRCULAR IS ISSUED BY EU YAN SANG INTERNATIONAL LTD (THE "COMPANY"). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE AND RECOMMENDATION OF PRIMEPARTNERS CORPORATE FINANCE PTE. LTD., THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.**

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

If you have sold or transferred all your issued and paid-up ordinary shares in the capital of the Company ("**Shares**"), you should immediately forward this Circular to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

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

# EU YAN SANG INTERNATIONAL LTD

(Company Registration No. 199302179H)

(Incorporated in the Republic of Singapore)

## CIRCULAR TO SHAREHOLDERS

in relation to the

## VOLUNTARY CONDITIONAL CASH OFFER

by

## CREDIT SUISSE (SINGAPORE) LIMITED

(Company Registration No. 197702363D)

(Incorporated in the Republic of Singapore)

for and on behalf of

## RIGHTEOUS CRANE HOLDING PTE. LTD.

(Company Registration No. 201509393Z)

(Incorporated in the Republic of Singapore)

to acquire all the issued and paid-up ordinary shares in the capital of the Company, other than those Shares owned, controlled or agreed to be acquired by Righteous Crane Holding Pte. Ltd.

### Independent Financial Adviser to the Independent Directors

## PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

(Company Registration No. 200207389D)

(Incorporated in the Republic of Singapore)

**SHAREHOLDERS (AS DEFINED HEREIN) SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER (AS DEFINED HEREIN) AT 5.30 P.M. (SINGAPORE TIME) ON 4 JULY 2016, OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN).**

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

# CONTENTS


PAGE

**DEFINITIONS** . . . . . 2

**CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS** . . . . . 10

**LETTER TO SHAREHOLDERS**

1. Introduction . . . . . 11
2. The Offer . . . . . 11
3. Options Proposal . . . . . 14
4. No Warrants Offer . . . . . 15
5. No Awards Offer . . . . . 16
6. Information on the Offeror and the Consortium . . . . . 16
7. Irrevocable Undertakings . . . . . 20
8. Rationale for the Offer . . . . . 24
9. Offeror's Intentions for the Company . . . . . 25
10. Listing Status and Compulsory Acquisition . . . . . 26
11. Exemptions relating to Directors' Recommendation . . . . . 27
12. Advice of the IFA . . . . . 28
13. Recommendation of the Independent Directors . . . . . 32
14. Overseas Shareholders . . . . . 33
15. Information Pertaining to CPFIS Investors and SRS Investors . . . . . 34
16. Action to be taken by Shareholders . . . . . 35
17. Responsibility Statement . . . . . 35

**APPENDICES**

**APPENDIX A:** Letter from the IFA to the Independent Directors in respect of the Offer . 36

**APPENDIX B:** General Information on the Company . . . . . 82

**APPENDIX C:** Information on the Offeror . . . . . 93

**APPENDIX D:** Audited Consolidated Financial Statements of the Group for FY2015 . . . 96

**APPENDIX E:** 3Q2016 Results . . . . . 181

**APPENDIX F:** Selected Texts from the Company's Constitution . . . . . 196

**APPENDIX G:** Extracts from the Valuation Reports . . . . . 216

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

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| "**3Q2016**" | : | The nine-month period ended 31 March 2016 |
| "**3Q2016 Results**" | : | The unaudited consolidated financial statements of the Group for the third quarter and nine-month period ended 31 March 2016 |
| "**Acceptance Condition**" | : | Shall have the meaning ascribed to it in **paragraph 2.5.1** of the Letter to Shareholders in this Circular |
| "**Additional Irrevocable Undertakings**" | : | The irrevocable undertakings provided by the Undertaking Shareholders to the Offeror to, *inter alia*, accept the Offer in respect of an aggregate of 177,405,029 Shares, representing approximately 39.517 per cent. of the total number of issued Shares and approximately 37.457 per cent. of the maximum potential issued share capital of the Company as at 31 May 2016 |
| "**Approval Condition**" | : | Shall have the meaning ascribed to it in **paragraph 2.5.2** of the Letter to Shareholders in this Circular |
| "**Auditors**" or "**EY**" | : | Ernst & Young LLP |
| "**Awards**" | : | The awards granted under the Performance Share Plan |
| "**Bestand**" | : | Bestand Development Corp. |
| "**Blanca**" | : | Blanca Investments Pte. Ltd. |
| "**Board**" | : | The board of Directors |
| "**CDP**" | : | The Central Depository (Pte) Limited |
| "**CEYF**" | : | Mr. Clifford Eu Yee Fong |
| "**Circular**" | : | This circular to Shareholders dated 20 June 2016 in relation to the Offer |
| "**Closing Date**" | : | 4 July 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**" | : | Eu Yan Sang International Ltd |

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| "**Company Securities**" | : | (i) securities which are being offered for (i.e. the Shares);<br><br>(ii) securities which carry voting rights in the Company; or<br><br>(iii) convertible securities, warrants, options or Derivatives in respect of such securities which are being offered for (i.e. the Shares) or securities which carry voting rights in the Company |
| "**Consortium Agreement**" | : | The consortium and shareholders' agreement dated the Offer Announcement Date entered into by and among the Consortium Members to, *inter alia*, regulate their relationship as Consortium Members and in the conduct of the business and affairs of the Offeror (including the Offer) |
| "**Consortium Arrangements**" | : | Shall have the meaning ascribed to it in Section 6.4 of the Offer Document and as reproduced in **paragraph 6.3** of the Letter to Shareholders in this Circular |
| "**Consortium Members**" | : | TC-TCM LP, Blanca and the Promoters |
| "**Constitution**" | : | The constitution of the Company |
| "**CPF**" | : | The Central Provident Fund of Singapore |
| "**CPFIS**" | : | The Central Provident Fund Investment Scheme |
| "**CPFIS Investors**" | : | Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS |
| "**Credit Suisse**" | : | Credit Suisse (Singapore) Limited |
| "**Derivative**" | : | Includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security or securities |
| "**Directors**" | : | The directors of the Company (including the Independent Directors) as at the Latest Practicable Date |
| "**Distributions**" | : | Shall have the meaning ascribed to it in **paragraph 2.2.3** of the Letter to Shareholders in this Circular |
| "**Encumbrances**" | : | Shall the meaning ascribed to it in **paragraph 2.2.2** of the Letter to Shareholders in this Circular |

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| "**Entitled Shareholders**" | : | Shareholders whose names appear on the register of members of the Company as at 5.00 p.m. (Singapore time) on the Interim Dividend Record Date, transferees whose duly completed and stamped transfers in respect of Shares not registered in the name of CDP, together with all relevant documents of title thereto, have been received by the Share Registrar up to 5.00 p.m. (Singapore time) on the Interim Dividend Record Date and Shareholders (being depositors) whose securities accounts with CDP are credited with Shares as at 5.00 p.m. (Singapore time) on the Interim Dividend Record Date |
| "**ESOS**" | : | The Eu Yan Sang Employee Share Option Scheme 2006 which was approved by the Shareholders on 27 October 2006 |
| "**Euco**" | : | Euco Investments Pte Ltd |
| "**FAA**" | : | Form of Acceptance and Authorisation for Offer Shares which forms part of the Offer Document and which is issued to Shareholders whose Shares are deposited with CDP |
| "**FAT**" | : | 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 |
| "**FY**" | : | The financial year ended or ending (as the case may be) 30 June |
| "**Group**" | : | The Company and its subsidiaries |
| "**HL Bank Nominees**" | : | HL Bank Nominees (Singapore) Pte Ltd |
| "**IFA**" or "**PPCF**" | : | PrimePartners Corporate Finance Pte. Ltd., the independent financial adviser to the Independent Directors in connection with the Offer |
| "**IFA Letter**" | : | The letter dated 20 June 2016 from the IFA addressed to the Independent Directors in respect of the Offer as set out in **Appendix A** to this Circular |
| "**Independent Directors**" | : | The Directors who are considered to be independent for the purposes of the Offer, namely:<br>(i) Mr. Matthew J. Estes;<br>(ii) Ms. Ng Shin Ein; and<br>(iii) Mr. Daniel Soh Chung Hian |

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| "**Interested Person**" | : | As defined in the Note on Rule 24.6 of the Code and read with the Note on Rule 23.12 of the Code, an interested person is:<br><br>(i) a director, chief executive officer, or substantial shareholder of the company;<br><br>(ii) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the company;<br><br>(iii) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary;<br><br>(iv) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30 per cent. or more;<br><br>(v) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or<br><br>(vi) any company in which a substantial shareholder (being a company) and any of the companies listed in (v) above together (directly or indirectly) have an interest of 30 per cent. or more |
| "**Interim Dividend**" | : | The interim dividend of S$0.025 per Share, announced by the Company on SGXNET on 15 May 2016 and paid on 16 June 2016 to the Entitled Shareholders |
| "**Interim Dividend Record Date**" | : | 25 May 2016 |
| "**Irrevocable Undertakings**" | : | Shall have the meaning ascribed to it in **paragraph 7** of the Letter to Shareholders in this Circular |
| "**Joint Offerors**" | : | Shall have the meaning ascribed to it in **paragraph 11.1** of the Letter to Shareholders in this Circular |
| "**Latest Practicable Date**" | : | 10 June 2016, being the latest practicable date prior to the printing of this Circular |
| "**Listing Manual**" | : | The listing manual of the Main Board of the SGX-ST in force as at the Latest Practicable Date |

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| "**maximum potential issued share capital of the Company**" | : | Shall have the meaning ascribed to it in Section 2.5(a) of the Offer Document as reproduced in **paragraph 2.5.1** of the Letter to Shareholders in this Circular |
| "**Megawyn**" | : | Megawyn Investments Pte. Ltd. |
| "**Offer**" | : | The voluntary conditional cash offer by Credit Suisse, for and on behalf of the Offeror, to acquire all the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT, as such offer may be amended, extended and revised from time to time by or on behalf of the Offeror |
| "**Offer Announcement**" | : | The announcement issued by Credit Suisse on the Offer Announcement Date, for and on behalf of the Offeror, in relation to the Offer |
| "**Offer Announcement Date**" | : | 16 May 2016 |
| "**Offer Document**" | : | The document dated 6 June 2016 issued by Credit Suisse, for and on behalf of the Offeror, in relation to the Offer |
| "**Offer Price**" | : | Shall have the meaning ascribed to it in **paragraph 2.1** of the Letter to Shareholders in this Circular |
| "**Offer Shares**" | : | Shall have the meaning ascribed to it in **paragraph 2.4** of the Letter to Shareholders in this Circular |
| "**Offeror**" | : | Righteous Crane Holding Pte. Ltd. |
| "**Offeror Securities**" | : | (i) Offeror Shares, equity share capital of the Offeror and securities which carry voting rights in the Offeror; and<br><br>(ii) convertible securities, warrants, options and Derivatives in respect of Offeror Shares, equity share capital of the Offeror and securities which carry voting rights in the Offeror |
| "**Offeror Shares**" | : | Ordinary shares in the capital of the Offeror |
| "**Optionholders**" | : | The holders of the Options |
| "**Options**" | : | Options to subscribe for new Shares granted under the ESOS |
| "**Options Proposal**" | : | Shall have the meaning ascribed to it in Section 3.1 of the Offer Document as reproduced in **paragraph 3.1** of the Letter to Shareholders in this Circular |

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| "**Overseas Shareholders**" | : | 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 |
| "**Performance Share Plan**" | : | The Eu Yan Sang Performance Share Plan which was approved by the Shareholders on 25 October 2007 |
| "**Perpetual**" | : | Perpetual Investments Limited |
| "**Promoters**" | : | REKM, REYM, Mrs. Eu Sung Hwa Mary, REZQ, Mr. Eu Zai Xiang Anthony, Mr. Eu Zai Xin Christopher, RJEYS and Bestand |
| "**Promoters' Irrevocable Undertakings**" | : | Shall have the meaning ascribed to it in Section 6.4 of the Offer Document as reproduced in **paragraph 6.3** of the Letter to Shareholders in this Circular |
| "**REKM**" | : | Mr. Eu Keng Mun Richard |
| "**REYM**" | : | Mr. Richard Eu Yee Ming |
| "**REYM Offeror Shares**" | : | Shall have the meaning ascribed to it in **paragraph 4.3** of **Appendix B** to this Circular |
| "**REZQ**" | : | Mr. Richard Eu Zai Qi |
| "**RJEYS**" | : | Mr. Robert James Eu Yee Sang |
| "**Securities and Futures Act**" | : | The Securities and Futures Act, Chapter 289 of Singapore |
| "**SGX-ST**" | : | Singapore Exchange Securities Trading Limited |
| "**Shareholders**" | : | Holders of Shares (including persons whose Shares are deposited with CDP or who have purchased Shares on the SGX-ST) |
| "**Share Registrar**" | : | Boardroom Corporate & Advisory Services Pte. Ltd. |
| "**Shares**" | : | Issued and paid-up ordinary shares in the capital of the Company |
| "**SIC**" | : | Securities Industry Council of Singapore |
| "**SRS**" | : | The Supplementary Retirement Scheme |
| "**SRS Investors**" | : | Investors who have purchased Shares using their SRS contributions pursuant to the SRS |

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| "**Subject Properties**" | : | The properties referred to in the Valuation Reports as set out in **Appendix G** to this Circular in which the Company has interests |
| "**TCM**" | : | Shall have the meaning ascribed to it in **paragraph 2** of **Appendix B** to this Circular |
| "**TC-TCM LP**" | : | Tower Capital TCM Holdings L.P. |
| "**Undertaking Shareholders**" | : | CEYF, Mr. Eu Yee Tat David, Ms. Eu Mei Ying Helena, Mr. Eu Yee Kwong Geoffrey, Perpetual, Megawyn, Euco, Aberdeen Asset Management Asia Limited and First State Investment Management (UK) Limited (as manager of Scottish Oriental Smaller Companies Trust plc) |
| "**Valuation Reports**" | : | The valuation reports prepared by the Valuers in respect of the Subject Properties, extracts of which are set out in **Appendix G** to this Circular |
| "**Valuers**" | : | Dennis Wee Realty Pte Ltd and Jones Lang LaSalle Limited |
| "**Warrants**" | : | The warrants issued by the Company on 29 November 2011 |
| "**Warrants Exercise Price**" | : | Shall have the meaning ascribed to it in **paragraph 4.1** of the Letter to Shareholders in this Circular |
| "**S$**" and "**cents**" | : | Singapore dollars and cents, respectively, being the lawful currency of Singapore |
| "**%**" or "**per cent.**" | : | Per centum or percentage |

**Acting in Concert**. Unless otherwise defined, the expression "**acting in concert**" shall have the meaning ascribed to it in the Code.

**Depositor, Depository Agent and Depository Register**. The terms "**depositor**", "**depository agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

**Inclusions**. 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.

**Rounding**. Any discrepancies in figures in this Circular between the amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be arithmetic aggregations 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 Securities and Futures Act, the Code, the Listing Manual or any modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning assigned to it under the Companies Act, the Securities and Futures Act, the Code, the Listing Manual or any modification thereof, as the case may be, unless the context otherwise requires.

**Subsidiary and Related Corporation**. The terms "**subsidiary**" and "**related corporation**" shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

**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 the 449,040,217 Shares in issue as at the Latest Practicable Date.

**Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Constitution are set out in this Circular within quotes and in italics, and capitalised terms used within these reproduced statements bear the meanings ascribed to them in the Offer Document, the IFA Letter and the Constitution respectively.**

## CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include, but are not limited to, those using words such as "aim, "seek", "expect", "anticipate", "believe", "estimate", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "if", "will", "would", "should", "could", "may" and "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of information available as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and neither the Company nor the IFA guarantees any future performance or event or undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.




**EU YAN SANG INTERNATIONAL LTD**

(Company Registration No. 199302179H)
(Incorporated in the Republic of Singapore)

**Directors:**

Mr. Robert James Eu Yee Sang (Chairman)
Mr. Richard Eu Yee Ming (Group Chief Executive Officer)
Mr. Clifford Eu Yee Fong (Group Managing Director, International)
Mr. Matthew J. Estes (Lead Independent Director)
Ms. Ng Shin Ein (Independent Director)
Mr. Daniel Soh Chung Hian (Independent Director)

**Registered Office:**

21 Tai Seng Drive
Singapore 535223

20 June 2016

To: The Shareholders of Eu Yan Sang International Ltd

Dear Sir/Madam

**VOLUNTARY CONDITIONAL CASH OFFER BY CREDIT SUISSE, FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES**

## 1. INTRODUCTION

**1.1** **Offer Announcement**. On the Offer Announcement Date, Credit Suisse 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 that contains the formal offer by Credit Suisse, for and on behalf of the Offeror, to acquire all the Offer Shares, subject to the terms and conditions set out in the Offer Document. The principal terms of the Offer are set out in Section 2 of the Offer Document. **Shareholders are advised to read the terms of the Offer contained in the Offer Document 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 Independent Directors and the advice and recommendation of the IFA to the Independent Directors with regard to the Offer and the Options Proposal.

## 2. THE OFFER

**2.1** **Offer Price**. As set out in Section 2.1 of the Offer Document:

**For each Offer Share : S$0.60 in cash (the "Offer Price").**

**The Offeror does not intend to revise the Offer Price.**

**2.2** **No Encumbrances**. As set out in Section 2.3 of the Offer Document, the Offer Shares will be acquired:

**2.2.1** fully paid;

**2.2.2** free from all liens, equities, mortgages, pledges, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever ("**Encumbrances**"); and

**2.2.3** together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, other distributions and return of capital ("**Distributions**") (if any) which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date, but excluding the Interim Dividend).

If any Distribution (other than the Interim Dividend) is announced, declared, paid or made by the Company on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by an amount equivalent to such Distribution paid or made by the Company to such Shareholders who accept or have accepted the Offer.

**2.3** **Interim Dividend**. As also set out in Section 2.3 of the Offer Document, as the Offer Shares to be acquired by the Offeror under the Offer exclude the right to receive the Interim Dividend, accepting Shareholders will retain the benefit of the Interim Dividend to be paid by the Company to the Entitled Shareholders and there will be no reduction in the Offer Price in respect of the Interim Dividend. Accordingly:

**2.3.1** in the event that the Offeror becomes entitled to receive, and receives, the Interim Dividend in respect of any Offer Shares validly tendered by an accepting Shareholder in acceptance of the Offer, the Offeror will pay an amount equal to the Interim Dividend in respect of such Offer Shares to such accepting Shareholder within 14 days of the receipt by the Offeror of the Interim Dividend from the Company; and

**2.3.2** Entitled Shareholders who receive the Interim Dividend from the Company will not be entitled to receive any additional amount from the Offeror under the Offer or otherwise in respect of any Offer Shares tendered by them in acceptance of the Offer.

**2.4** **Offer Shares**. As set out in Section 2.4 of the Offer Document, the Offer is extended, on the same terms and conditions, to all the Shares, other than those Shares owned, controlled or agreed to be acquired by the Offeror as at the date of the Offer (the "**Offer Shares**").

The Offer will also be extended, on the same terms and conditions, to:

**2.4.1** all new Shares unconditionally issued or to be issued pursuant to the valid exercise of any Options prior to the Closing Date;

**2.4.2** all new Shares unconditionally issued or to be issued pursuant to the valid exercise of any Warrants prior to the Closing Date; and

**2.4.3** all new Shares unconditionally issued or to be issued pursuant to the valid vesting or release of any Awards prior to the Closing Date.

For the purpose of the Offer, the expression "**Offer Shares**" shall include the aforesaid Shares.

**2.5 Offer Conditions**. As set out in Section 2.5 of the Offer Document, the Offer is subject to the following conditions:

**2.5.1 Acceptance Condition**. 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 per cent. 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 per cent. of the voting rights attributable to the maximum potential issued share capital of the Company. For the purposes of the Offer Document and this Circular, the "**maximum potential issued share capital of the Company**" means the total number of Shares which would be in issue had all the outstanding Options and Warrants been validly exercised and all Awards been validly vested or released as at the date of such declaration[1].

**2.5.2 Approval Condition**. The Offeror having obtained a statement of no objections to the Offer from the Foreign Investment Review Board of Australia (the "**Approval Condition**").

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

**2.6 Warranty**. As set out in Section 2.6 of the Offer Document, acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, (i) fully paid, (ii) free from Encumbrances and (iii) 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 (if any) which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date, but excluding the Interim Dividend).

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[1] The "**maximum potential issued share capital of the Company**" excludes the 2,050,000 Warrants which REYM has, in his irrevocable undertaking, undertaken to the Offeror not to exercise or convert into new Shares.

**2.7 Closing Date**. Except insofar as the Offer may be withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder, the Offer will remain open for acceptances by Shareholders for a period of at least 28 days from the date of posting of the Offer Document. **Accordingly, Shareholders should note that the Offer will close at 5.30 p.m. (Singapore time) on 4 July 2016 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.**

**2.8 Details of the Offer**. Further details of the Offer are set out in:

**2.8.1** Section 2.7 of the Offer Document in relation to the duration of the Offer;

**2.8.2** Appendix IV to the Offer Document in relation to (i) the settlement of the consideration for the Offer, (ii) the requirements relating to the announcement of the level of acceptances of the Offer and (iii) the right of withdrawal of acceptances of the Offer; and

**2.8.3** Appendix V to the Offer Document in relation to the procedures for acceptance of the Offer.

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

## 3. OPTIONS PROPOSAL

**3.1 Options Proposal**. Credit Suisse, for and on behalf of the Offeror, has made the Options Proposal, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***3. THE OPTIONS PROPOSAL***

*3.1 As at the Latest Practicable Date, based on the latest information available to the Offeror, Options to subscribe for 4,739,000 Shares remain outstanding under the ESOS, representing approximately 1.001% of the maximum potential issued share capital of the Company. Under the rules of the ESOS, the Options are not transferable by Optionholders. In view of this restriction, Credit Suisse, for and on behalf of the Offeror, will not make an offer to acquire the Options. For the avoidance of doubt, as mentioned in paragraph 2.4(a) of this Offer Document, the Offer will be extended to all new Shares unconditionally issued or to be issued pursuant to the valid exercise of Options prior to the Closing Date. Instead, Credit Suisse, for and on behalf of the Offeror, hereby makes a proposal (the "**Options Proposal**") to Optionholders, on the following terms:*

*(a) subject to the Offer becoming or being declared unconditional in all respects; and*

*(b) subject to the relevant Options continuing to be exercisable into new Shares,*

*the Offeror will pay to such Optionholders a cash amount (determined as provided below) (the "**Option Price**") in consideration of such Optionholders agreeing:*

*(i) not to exercise any of such Options into new Shares; and*

*(ii) not to exercise any of their rights as Optionholders,*

*in each case from the date of their acceptance of the Options Proposal to the respective dates of expiry of such Options. Further, if the Offer becomes or is declared unconditional in all respects, Optionholders who have accepted the Options Proposal will also be required to surrender their relevant Options for cancellation. If the Offer lapses or is withdrawn or if the relevant Options cease to be exercisable into new Shares, the Options Proposal will lapse accordingly.*

*3.2 The Option Price is computed on a "see-through" basis. In other words, the Option Price in relation to: (a) any Option in which the Offer Price is higher than the exercise price of that Option is the amount by which the Offer Price is in excess over the exercise price of that Option, and (b) any Option in which the Offer Price is equal to or lower than the exercise price of that Option is a nominal amount of 0.001 cents per Option.*

*3.3 For the avoidance of doubt, whilst the Options Proposal is conditional upon the Offer becoming or being declared unconditional in all respects, the Offer will not be conditional upon acceptances received in relation to the Options Proposal. The Offer and the Options Proposal are separate and mutually exclusive. The Options Proposal does not form part of the Offer, and vice versa. Without prejudice to the foregoing, if Optionholders exercise their Options in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise, they may not accept the Options Proposal in respect of such Options. Conversely, if Optionholders wish to accept the Options Proposal in respect of their Options, they may not exercise those Options in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise.*"

**3.2 Options Proposal Letter**. A separate letter setting out the details of the Options Proposal has been despatched to Optionholders on the date of the Offer Document.

## 4. NO WARRANTS OFFER

**4.1 Outstanding Warrants**. As set out in Section 4.1 of the Offer Document, as at 31 May 2016, based on the latest information available to the Offeror, there are 22,000,000 outstanding Warrants listed on the Official List of the SGX-ST, representing approximately 4.645 per cent. of the maximum potential issued share capital of the Company. Each Warrant carries the right to subscribe for one new Share at an exercise price (the "**Warrants Exercise Price**") of S$0.83 per new Share. The Warrants remain exercisable until 28 November 2016.

**4.2 No Warrants Offer**. Credit Suisse, for and on behalf of the Offeror, will not make an offer to acquire, or an appropriate proposal in respect of, the Warrants as the Warrants Exercise Price is significantly higher than the Offer Price. For the avoidance of doubt, as mentioned in Section 2.4(b) of the Offer Document, the Offer will be extended to all new Shares unconditionally issued or to be issued pursuant to the valid exercise of Warrants prior to the Closing Date.

## 5. NO AWARDS OFFER

As set out in Section 5 of the Offer Document, as at 31 May 2016, based on the latest information available to the Offeror, there are no outstanding Awards granted under the Performance Share Plan. Under the rules of the Performance Share Plan, the Awards are not transferable by the holders thereof. In view of this restriction and there being no outstanding Awards, Credit Suisse, for and on behalf of the Offeror, will not make an offer to acquire the Awards. For the avoidance of doubt, as mentioned in Section 2.4(c) of the Offer Document, the Offer will be extended to all new Shares unconditionally issued or to be issued pursuant to the valid vesting or release of Awards prior to the Closing Date (if any).

## 6. INFORMATION ON THE OFFEROR AND THE CONSORTIUM

**6.1 Information on the Offeror**. Details on the Offeror have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***6. INFORMATION ON THE OFFEROR AND THE CONSORTIUM***

*6.1* ***The Offeror***

*The Offeror is a private limited company incorporated in the Republic of Singapore for the purposes of making the Offer. As at the Latest Practicable Date, the Offeror has an issued and paid-up capital of S$100.00, consisting of 100 ordinary shares (the "**Offeror Shares**"), which are held by the shareholders (collectively, the "**Offeror Shareholders**") as follows:*

| ***Offeror Shareholder*** | ***Shareholding Percentage*** |
|---|---|
| *TC-TCM LP* | *42%* |
| *Blanca* | *30%* |
| *Mr. Richard Eu Yee Ming* | *28%* |
| ***Total*** | *100%* |

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

**6.2 Information on the Consortium Members**. Details on the Consortium Members have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"*6.2 **Information on the Consortium Members***

*TC-TCM LP, Blanca and eight (8) existing Shareholders (collectively, the "**Promoters**") have agreed to form a consortium through the Offeror to undertake the Offer.*

*(a) TC-TCM LP*

*TC-TCM LP is an investment holding vehicle established as an exempt limited partnership in the Cayman Islands. The general partner of TC-TCM LP is Tower Capital TCM General Partner Limited, a Cayman Islands company whose sole director and sole founder-cum-shareholder is Mr. Danny Koh Thong Meng, a private equity investment professional who has worked previously at 3i Asia Limited and Actis Capital Partners Pte. Limited. UOB Venture Management Private Limited is one of the investors in TC-TCM LP.*

*(b) Blanca*

*Blanca is an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited.*

*(c) Promoters*

*The Promoters are Mr. Eu Keng Mun Richard, Mr. Richard Eu Yee Ming, Mrs. Eu Sung Hwa Mary, Mr. Eu Zai Qi Richard, Mr. Eu Zai Xiang Anthony, Mr. Eu Zai Xin Christopher, Mr. Robert James Eu Yee Sang[2] and Bestand[3].*

*As at the Latest Practicable Date, the Promoters own or control an aggregate of 105,919,867 Shares, representing approximately 23.594% of the total number of issued Shares and approximately 22.364% of the maximum potential issued share capital of the Company and hold an aggregate of 2,050,000 Warrants.*

*As mentioned in paragraph 1 of **Appendix II** to this Offer Document, Mr. Richard Eu Yee Ming is the current Managing Director and Group Chief Executive Officer of the Company and Mr. Robert James Eu Yee Sang is the current Chairman and Executive Director of the Company.*"

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[2] *Mr. Eu Keng Mun Richard is the father of Mr. Richard Eu Yee Ming. Mrs. Eu Sung Hwa Mary is the wife of Mr. Richard Eu Yee Ming. Mr. Eu Zai Qi Richard, Mr. Eu Zai Xiang Anthony and Mr. Eu Zai Xin Christopher are the sons of Mr. Richard Eu Yee Ming and Mrs. Eu Sung Hwa Mary. Mr. Robert James Eu Yee Sang is the cousin of Mr. Richard Eu Yee Ming.*

[3] *Bestand is a company wholly-owned by the late Mr. Andrew K.W. Eu's will trust. Mr. Andrew K.W. Eu was the father of Mr. Robert James Eu Yee Sang, and Mr. Robert James Eu Yee Sang and his mother, children, siblings, and nephews and nieces are beneficiaries under the late Mr. Andrew K.W. Eu's will trust.*

**6.3 Consortium Arrangements**. Details on the arrangements between the Consortium Members have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"*6.4 **Consortium Arrangements***

*In conjunction with the Offer, each of the Promoters has provided an irrevocable undertaking (collectively, the "**Promoters' Irrevocable Undertakings**") in favour of the Offeror to, inter alia:*

*(a) accept, or procure the acceptance of, the Offer in respect of all the Shares held by it, him or her;*

*(b) waive its, his or her right under Rule 30 of the Code to receive any cash settlement or payment for acceptance of the Offer, save for Mr. Richard Eu Yee Ming who only waives his right to receive any cash settlement or payment for acceptance of the Offer in respect of 28,170,171 Shares; and*

*(c) subscribe for Offeror Shares (save that in the case of Mrs. Eu Sung Hwa Mary, Mr. Eu Zai Xiang Anthony and Mr. Eu Zai Xin Christopher, they shall direct that such Offeror Shares be allotted and issued to Mr. Richard Eu Yee Ming) and for this purpose, pay for the subscription amount in respect of such Offeror Shares (the "**Set-Off Amount**") by setting off 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,*

*(collectively, the "**Consortium Arrangements**").*

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

*In addition, Mr. Richard Eu Yee Ming has, in his irrevocable undertaking, undertaken to the Offeror not to exercise or convert any of his 2,050,000 Warrants into new Shares.*"

**6.4 Consortium Agreement**. Details on the Consortium Agreement have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

*"6.5 **Consortium Agreement***

*On the Offer Announcement Date, TC-TCM LP, Blanca and the Promoters (collectively, the "**Consortium Members**") entered into a consortium and shareholders' agreement (the "**Consortium Agreement**") to, inter alia, regulate their relationship as Consortium Members and in the conduct of the business and affairs of the Offeror (including the Offer).*

*Pursuant to the terms of the Consortium Agreement, the Consortium Members have agreed, inter alia, that:*

*(a) all matters relating to the conduct of the Offer shall be managed by a committee of the board of directors of the Offeror comprising no less than three (3) Directors and which shall include Mr. Chua Siang Hwee, Jeffrey, Mr. Robert James Eu Yee Sang and Mr. Danny Koh Thong Meng;*

*(b) the Consortium Members shall fund the aggregate of the consideration for the Offer Shares acquired by the Offeror, the Options tendered in acceptance of the Options Proposal and the costs and expenses incurred by the Offeror in connection with the Offer by contributing cash or, in the case of the Promoters, by setting off the Set-Off Amount against the proceeds that would otherwise be payable by the Offeror as consideration pursuant to the acceptance of the Offer by each Promoter;*

*(c) following the close of the Offer, the contributions of the Consortium Members set out in the foregoing paragraph 6.5(b) shall be capitalised into additional Offeror Shares;*

*(d) save for the pledging of Offeror Shares as security for loans to finance (i) the Offer and (ii) the release of Encumbrances over certain Offer Shares prior to their being tendered in acceptance of the Offer, the Promoters who hold Offeror Shares (the "**Family Shareholders**") have undertaken not to dispose of or create Encumbrances over their Offeror Shares in favour of any third party for a period of five (5) years from the Closing Date without the prior approval of TC-TCM LP and Blanca;*

*(e) following the close of the Offer, the Offeror Shareholders intend to appoint the person acting as the Chief Executive Officer of the Company from time to time (being Mr. Richard Eu Yee Ming as at the Latest Practicable Date) to the board of directors of the Offeror; and*

*(f) for as long as*

*(i) TC-TCM LP;*

*(ii) Blanca; or*

*(iii) the Family Shareholders collectively,*

*hold at least 20% of the total number of issued Offeror Shares, any questions arising or resolutions proposed in respect of an agreed list of reserved matters shall be decided or passed (as the case may be) by the affirmative vote of each of TC-TCM LP, Blanca and the Family Shareholders (as the case may be).*"

**6.5 Resultant Position**. Details on the resultant position following the Closing Date have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

*"6.6* ***Resultant Position***

*It is envisaged that following the Closing Date, assuming that the Company becomes a wholly-owned subsidiary of the Offeror, the shareholding in the Offeror will be as follows:*

| ***Offeror Shareholder*** | ***Shareholding Percentage*** |
|---|---|
| *TC-TCM* | *42.000%* |
| *Blanca* | *30.000%* |
| *Mr. Eu Keng Mun Richard* | *1.313%* |
| *Mr. Richard Eu Yee Ming* | *19.272%* |
| *Mr. Eu Zai Qi Richard* | *0.033%* |
| *Mr. Robert James Eu Yee Sang* | *0.450%* |
| *Bestand* | *6.932%* |
| ***Total*** | *100.000%* |

"

**6.6 Further Information on the Offeror**. Further information on the Offeror is set out in **Appendix C** to this Circular.

## 7. IRREVOCABLE UNDERTAKINGS

The Promoters and the Undertaking Shareholders have provided the Promoters' Irrevocable Undertakings and Additional Irrevocable Undertakings respectively (collectively, the "**Irrevocable Undertakings**"), details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"*8.1* ***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 105,919,867 Shares, representing approximately 23.594% of the total number of issued Shares and approximately 22.364% of the maximum potential issued share capital of the Company.*

*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:*

| ***Promoter*** | ***Number of Shares to be tendered in acceptance of the Offer*** | ***Percentage of the total number of issued Shares[(1)]*** |
|---|---|---|
| *Mr. Eu Keng Mun Richard* | *5,968,454[(2)]* | *1.329%* |
| *Mr. Richard Eu Yee Ming* | *50,170,171[(3)]* | *11.175%* |
| *Mrs. Eu Sung Hwa Mary* | *15,770,000[(4)]* | *3.513%* |
| *Mr. Eu Zai Qi Richard* | *150,000* | *0.033%* |
| *Mr. Eu Zai Xiang Anthony* | *150,000* | *0.033%* |
| *Mr. Eu Zai Xin Christopher* | *150,000* | *0.033%* |
| *Mr. Robert James Eu Yee Sang* | *2,045,000[(5)]* | *0.456%* |
| *Bestand* | *31,516,242[(6)]* | *7.020%* |
| ***Total*** | *105,919,867* | *23.594%* |

***Notes:***

*(1) Based on the Company's issued share capital of 448,935,217 Shares as at the Latest Practicable Date.*

*(2) The 5,968,454 Shares owned or controlled by Mr. Eu Keng Mun Richard include 2,500,000 Shares that are held by Mr. Eu Keng Mun Richard's nominee, Citibank N.A., Singapore branch, or sub-nominees of Citibank N.A., Singapore branch.*

*(3) The 50,170,171 Shares owned or controlled by Mr. Richard Eu Yee Ming comprise Shares held on his behalf by his nominees as follows: 12,000,000 Shares held on trust by a trustee for him, 21,790,171 Shares held by HL Bank Nominees, 5,500,000 Shares held by Hong Leong Finance Nominees Pte Ltd and 10,880,000 Shares held by Maybank Nominees (Singapore) Private Limited. The 50,170,171 Shares owned or controlled by Mr. Richard Eu Yee Ming excludes his deemed interest in the Shares held by his wife, Mrs. Eu Sung Hwa Mary.*

*As at the Latest Practicable Date, Mr. Richard Eu Yee Ming has granted a security interest over 50,170,171 of his Shares, representing approximately 11.175% of the total number of issued Shares. All Encumbrances over his Shares are to be fully released simultaneously with or prior to his acceptance of the Offer pursuant to the Promoters' Irrevocable Undertaking which he has provided to the Offeror.*

*(4) The 15,770,000 Shares owned or controlled by Mrs. Eu Sung Hwa Mary comprise 15,770,000 Shares held by her nominee, HL Bank Nominees.*

*As at the Latest Practicable Date, Mrs. Eu Sung Hwa Mary has granted a security interest over 15,770,000 of her Shares, representing approximately 3.513% of the total number of issued Shares. All Encumbrances over her Shares are to be fully released simultaneously with or prior to her acceptance of the Offer pursuant to the Promoters' Irrevocable Undertaking which she has provided to the Offeror.*

*(5) The 2,045,000 Shares owned or controlled by Mr. Robert James Eu Yee Sang comprise 2,045,000 Shares held by his nominee, HL Bank Nominees. The 2,045,000 Shares owned or controlled by Mr. Robert James Eu Yee Sang excludes his deemed interest in the Shares held by Bestand.*

*(6) Bestand is a company wholly-owned by the late Mr. Andrew K.W. Eu's will trust. Mr. Andrew K.W. Eu was the father of Mr. Robert James Eu Yee Sang, and Mr. Robert James Eu Yee Sang and his mother, children, siblings, and nephews and nieces are beneficiaries under the late Mr. Andrew K.W. Eu's will trust.*

*8.2* ***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 177,405,029 Shares, representing approximately 39.517% of the total number of issued Shares and approximately 37.457% of the maximum potential issued share capital of the Company. Each of Mr. Eu Yee Tat David, Ms. Eu Mei Ying Helena and Mr. Eu Yee Kwong Geoffrey (the "**Waiving Shareholders**") has further agreed to waive his or her rights under Rule 30 of the Code to receive any cash settlement or payment for acceptance of the Offer (the "**Waived Amount**") and in respect of the Waived Amount, Offeror Shares shall be allotted and issued to Mr. Richard Eu Yee Ming. For the avoidance of doubt, the Waiving Shareholders are not Promoters and will not be subscribing for Offeror 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 Additional Irrevocable Undertakings are as follows:*

| ***Undertaking Shareholder*** | ***Number of Shares to be tendered in acceptance of the Offer*** | ***Percentage of the total number of issued Shares[(1)]*** |
|---|---|---|
| *Mr. Clifford Eu Yee Fong (the son of the late Mr. Eu Keng Dean John, nephew of Mr. Eu Keng Mun Richard and cousin of Mr. Richard Eu Yee Ming and Mr. Robert James Eu Yee Sang)* | *12,198,891[(2)]* | *2.717%* |
| *Mr. Eu Yee Tat David (the son of Mr. Eu Keng Mun Richard, brother of Mr. Richard Eu Yee Ming and cousin of Mr. Robert James Eu Yee Sang)* | *12,390,367* | *2.760%* |
| *Ms. Eu Mei Ying Helena (the daughter of Mr. Eu Keng Mun Richard, sister of Mr. Richard Eu Yee Ming and cousin of Mr. Robert James Eu Yee Sang)* | *7,326,067* | *1.632%* |

| *Undertaking Shareholder* | *Number of Shares to be tendered in acceptance of the Offer* | *Percentage of the total number of issued Shares*[(1)] |
|---|---|---|
| *Mr. Eu Yee Kwong Geoffrey (the son of Mr. Eu Keng Mun Richard, brother of Mr. Richard Eu Yee Ming and cousin of Mr. Robert James Eu Yee Sang)* | *11,833,484*[(3)] | *2.636%* |
| *Perpetual*[(4)] | *6,750,000* | *1.504%* |
| *Megawyn*[(5)] | *9,000,000* | *2.005%* |
| *Euco*[(6)] | *62,987,120* | *14.030%* |
| *Aberdeen Asset Management Asia Limited* | *47,763,800* | *10.639%* |
| *First State Investment Management (UK) Limited (as manager of Scottish Oriental Smaller Companies Trust plc)* | *7,155,300* | *1.594%* |
| ***Total*** | *177,405,029* | *39.517%* |

***Notes:***

*(1) Based on the Company's issued share capital of 448,935,217 Shares as at the Latest Practicable Date.*

*(2) The 12,198,891 Shares in which Mr. Clifford Eu Yee Fong has legal and beneficial interest includes 798,891 Shares held in his own name and Shares held on his behalf by his nominees as follows: 1,700,000 Shares held by Raffles Nominees (Pte.) Limited, 3,000,000 Shares held by HL Bank Nominees, and 6,700,000 Shares held by Hong Leong Finance Nominees Pte Ltd. The 12,198,891 Shares owned or controlled by Mr. Clifford Eu Yee Fong excludes his deemed interest in the Shares held by his wife, Mdm. Chang Seow Ying Alison, and his investment vehicle Euco.*

*As at the Latest Practicable Date, Mr. Clifford Eu Yee Fong has granted a security interest over 11,400,000 of his Shares, representing approximately 2.539% of the total number of issued Shares. All Encumbrances over his Shares are to be fully released simultaneously with or prior to his acceptance of the Offer pursuant to the Additional Irrevocable Undertaking which he has provided to the Offeror.*

*(3) The 11,833,484 Shares in which Mr. Eu Yee Kwong Geoffrey has legal and beneficial interest comprise 11,833,484 Shares held by Raffles Nominees (Pte.) Limited.*

*(4) Perpetual is an investment holding company of Mr. Clifford Eu Yee Fong.*

*(5) Megawyn is an investment holding company of Ms. Eu Victoria (the sister of Mr. Clifford Eu Yee Fong).*

*As at the Latest Practicable Date, Megawyn has granted a security interest over 9,000,000 of its Shares, representing approximately 2.005% of the total number of issued Shares. All Encumbrances over its Shares are to be fully released simultaneously with or prior to its acceptance of the Offer pursuant to the Additional Irrevocable Undertaking which it has provided to the Offeror.*

*(6) Euco is an investment holding vehicle of Mr. Clifford Eu Yee Fong and Mr. Eu Yee Lye Laurence (the brother of Mr. Clifford Eu Yee Fong). The 62,987,120 Shares in which Euco has legal and beneficial interest comprise:*

*a. 11,325,000 Shares held by UOB Nominees (2006) Private Limited;*

*b. 17,100,000 Shares held by CIMB Securities (Singapore) Pte. Ltd.;*

*c. 8,570,400 Shares held by Oversea-Chinese Bank Nominees Private Limited;*

*d. 15,000,000 Shares held by Raffles Nominees (Pte.) Limited; and*

*e. 10,991,720 Shares held in its own name.*

*As at the Latest Practicable Date, Euco has granted a security interest over 51,995,400 of its Shares, representing approximately 11.582% of the total number of issued Shares. All Encumbrances over its Shares are to be fully released simultaneously with or prior to its acceptance of the Offer pursuant to the Additional Irrevocable Undertaking which it has provided to the Offeror.*

*8.3 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 283,324,896 Shares, representing approximately 63.110% of the total number of issued Shares and approximately 59.821% of the maximum potential issued share capital of the Company.*

*8.4 Each Irrevocable Undertaking will terminate, lapse or cease to have any effect on the earlier of the following: (a) the Offer is withdrawn or lapses or fails to become or be declared to be unconditional in all respects for whatever reason, other than as a result of a breach by any of the Promoters or the Undertaking Shareholders of any of its, his or her obligations under the relevant Irrevocable Undertaking, or (b) such other date as may be agreed between the Offeror and the Promoters or the Undertaking Shareholders.*

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

## 8. RATIONALE FOR THE OFFER

The full text of the rationale for the Offer has been extracted from the Offer Document and is set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"*9.1* ***Opportunity for Shareholders to realise their investment in the Shares at a premium***

*The Offer Price represents a premium of approximately 16.50% and 24.74% over the VWAP per Share for the respective three (3)-month and six (6)-month periods up to and including the Last Trading Day. The Offer Price also represents a premium of 2.56% over the last transacted price per Share on the Last Trading Day.*

*The Offer presents Shareholders with a clean cash exit opportunity to realise their entire investment in Shares at a premium over the prevailing trading prices of the Shares without incurring brokerage and other trading costs.*

*9.2* ***Low Trading Liquidity of Shares***

*The trading volume of the Shares has been low, with the total trading volume[4] of approximately 565,500 Shares, 3,260,000 Shares, and 5,111,700 Shares during the respective one (1)-month period, three (3)-month period and six (6)-month period up to and including the Last Trading Day. These represent respectively only 0.13%, 0.73% and 1.14% 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 prevailing market prices which would otherwise not be available given the low trading liquidity.*

*9.3* ***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.*

*9.4* ***Greater Management Flexibility***

*If the Company is delisted from the SGX-ST as a result of the Offer and the Offeror's rights of compulsory acquisition that may arise under Section 215(1) of the Companies Act are exercised, 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 resources and facilitate the implementation of any operational change.*"

## 9. OFFEROR'S INTENTIONS FOR THE COMPANY

The Offer Document sets out the intentions of the Offeror for the Company, the full text of which has been extracted from the Offer Document and is set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document. **Shareholders are advised to read the extract below carefully.**

"*9.5* ***Offeror's Intentions for the Company***

*Subsequent to the Closing Date and depending on the outcome of the Offer, the Offeror intends to undertake a review of the Company's businesses and operations as well as evaluate strategic options. Save as disclosed above, the Offeror has no current intention to (a) make any major changes to the existing businesses of the Company, (b) redeploy the fixed assets of the Company, or (c) discontinue the employment of the existing employees of the Group, other than in the ordinary course of business. Nonetheless, the Offeror retains the flexibility to, at any time, consider options or opportunities which may present themselves, or may be required, and which it regards to be in the best interests of the Offeror and/or the Group.*"

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[4] *Calculated by using the total volume of Shares traded over the one (1)-month period, three (3)-month period and six (6)-month period up to and including 9 May 2016.*

## 10. LISTING STATUS AND COMPULSORY ACQUISITION

The Offer Document sets out the intentions of the Offeror relating to the listing status of the Company and the Offeror's right of compulsory acquisition, the full text of which has been extracted from the Offer Document and is set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document. **Shareholders are advised to read the extract below carefully.**

"***11. LISTING STATUS AND COMPULSORY ACQUISITION***

*11.1* ***Listing Status***

*Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued Shares (excluding any 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 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding any 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 Listing Manual, if the percentage of the Shares held in public hands falls below 10%, the Company must, as soon as possible, announce that fact and the SGX-ST may suspend trading of all the Shares on the SGX-ST. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of the Shares held in public hands to at least 10%, failing which the Company may be delisted.*

***In the event the Company does not meet the free float requirements of the Listing Manual, the Offeror does not intend to maintain the present listing status of the Company and does not intend to take any steps for any trading suspension in the securities of the Company to be lifted. In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.***

*11.2* ***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 as at the date of the Offer (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 such an event, the Offeror intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from the SGX-ST.***

*In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations or 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.*

*11.3* ***Listing Status of Warrants***

*Pursuant to Rule 827 of the Listing Manual, the Warrants may be listed on the Official List of the SGX-ST only if the Shares are listed on the SGX-ST. In the event that the Shares are delisted from the SGX-ST, the Warrants will also be delisted from the Official List of the SGX-ST.*"

## 11. EXEMPTIONS RELATING TO DIRECTORS' RECOMMENDATION

**11.1 SIC Exemption in relation to REYM and RJEYS**. The SIC has, on 24 March 2016, given a ruling that REYM and RJEYS (collectively, the "**Joint Offerors**") be exempted from the requirement to make a recommendation on the Offer to the Shareholders, given that each of the Joint Offerors is of the view that he faces an irreconcilable conflict of interest that would make it inappropriate for him to join the remainder of the Board in making a recommendation to the Shareholders in relation to the Offer for various reasons, as follows:

**11.1.1** REYM is one of the Promoters and a shareholder of the Offeror;

**11.1.2** RJEYS is one of the Promoters and a director of the Offeror; and

**11.1.3** each of the Joint Offerors will be participating in the Offer in a significant manner and not merely as concert parties of the Offeror.

**11.2 SIC Exemption in relation to CEYF**. The SIC has, on 19 May 2016, also given a ruling that CEYF be exempted from the requirement to make a recommendation on the Offer to the Shareholders, given that CEYF is of the view that he faces an irreconcilable conflict of interest that would make it inappropriate for him to join the remainder of the Board in making a recommendation to the Shareholders in relation to the Offer for various reasons, as follows:

**11.2.1** CEYF is the cousin of the Joint Offerors, who together with six other shareholders, TC-TCM LP and Blanca form the consortium through the Offeror to undertake the Offer. The Joint Offerors will be participating in the Offer in a significant manner and not merely as concert parties of the Offeror; and

**11.2.2** in view of the familial relationship between CEYF and the Joint Offerors, CEYF, as a close relative (as defined in the Code) of the Joint Offerors, may face an irreconcilable conflict of interest which may make it inappropriate for him to join the remainder of the Board in making a recommendation in relation to the Offer to the Shareholders.

**11.3 Scope of Responsibility**. In light of the reasons set out in **paragraphs 11.1** and **11.2** above, REYM, RJEYS and CEYF have been exempted by the SIC from the requirement to make a recommendation on the Offer to the Shareholders. 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.

## 12. ADVICE OF THE IFA

**12.1 IFA**. PPCF has been appointed as the independent financial adviser to advise the Independent Directors in respect of the Offer and the Options Proposal. Shareholders should consider carefully the recommendation of the Independent Directors and the advice and recommendation of PPCF to the Independent Directors before deciding whether to accept or reject the Offer and the Options Proposal. The IFA's advice and recommendation are set out in the IFA Letter, which is reproduced in **Appendix A** to this Circular.

**12.2 Factors Taken into Consideration by the IFA**. In arriving at its advice and recommendation, the IFA has taken into consideration certain factors (an extract of which is set out in italics below). All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter.

"***9. OPINION***

*...*

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

***Factors in favor of the Offer Price***

*(a) The Offer Price represents a premium of approximately 22.45%, 24.74%, 16.50%, 8.50% and 2.56% over the 1-year, 6-month, 3-month and 1-month VWAP of the Shares and the last transacted price on the Last Full Trading Day of the Shares respectively. The Shares have not traded at or above the Offer Price of S$0.60 per share for 204 days out of a total 223 market days where there were trades transacted over the 1-year period up to and including the Last Full Trading Day;*

*(b) During the 1-year period up to and including the Last Full Trading Day, the ADTV as a percentage of the Company's Free Float ranged between 0.01% to 0.07%, which is generally below the range of relative percentages for the 30 component stocks of the benchmark FSSTI for the comparative periods. Given the thin trading volume, particularly for investors who wish to transact larger quantum of Shares, the Offer provides the Shareholders with an opportunity to liquidate and realise their investment in the Shares at the Offer Price, which may otherwise not be available given the low trading liquidity;*

*(c) As compared to the relative performance of the market indices, the current market price and the trading volume of the Shares may have been underpinned by the Offer subsequent to the Offer Announcement Date. As such, there is no assurance that the market price and trading volume of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Offer;*

*(d) The valuation multiples implied by the Offer Price are generally higher than the historical traded multiples of the Shares prior to the Offer Announcement Date;*

*(e) The Offer Price of S$0.60 per Share represents a premium of approximately 70.0% over the unaudited NAV per Share of the Company of S$0.353 as at 31 March 2016. We note that the value of revaluation surplus from the Revalued Properties is immaterial and accordingly, the RNAV per Share is approximately equivalent to the unaudited NAV per Share of the Group of S$0.353 as at 31 March 2016;*

*(f) In comparison with the TCM-related Comparable Companies:*

- *The implied P/E of the Company for FY2015 is above the range of the P/E ratios of the TCM-related Comparable Companies and is higher than both the mean and median P/E ratios of 14.52 times and 17.81 times respectively;*

- *The implied LTM EV/EBITDA ratio of the Company is above the range of the LTM EV/EBITDA ratios of TCM-related Comparable Companies, and is higher than both the mean and median LTM EV/EBITDA ratios of 12.72 times and 13.70 times respectively;*

- *The implied P/NAV ratio of the Company is within the range of the P/NAV ratios of the TCM-related Comparable Companies, and is higher than both the mean and median P/NAV ratios of 1.69 times and 1.31 times respectively;*

*(g) In comparison with the Branded Consumer Products Comparable Companies:*

- *The implied P/E of the Company for FY2015 is above the range of the P/E ratios of the Branded Consumer Products Comparable Companies and is higher than both the mean and median P/E ratios of 24.82 times and 20.05 times respectively;*

- *The implied LTM EV/EBITDA ratio of the Company is within the range of the LTM EV/EBITDA ratios of Branded Consumer Products Comparable Companies, and is higher than both the mean and median LTM EV/EBITDA ratios of 10.92 times and 8.64 times respectively;*

- *The implied P/NAV ratio of the Company is within the range of the P/NAV ratios of the Branded Consumer Products Comparable Companies, and is higher than the median P/NAV ratio of 1.69 times;*

*(h) The Offer Price represents a premium of approximately 100.0% and 66.7% to the target prices of S$0.30 and S$0.36 respectively released by two (2) brokers before the Offer Announcement Date;*

*(i) The revenue of the Group decreased by approximately 4.3% from S$366.3 million in FY2014 to S$350.4 million in FY2015 largely due to macro-economic challenges in the key markets of the Group. Such decline continued in 9M2016 where revenue declined by approximately 4.9% year-on-year from S$278.2 million in 9M2015 to S$264.7 million in 9M2016. Correspondingly, the operating profit of the Group for 9M2016 declined by approximately 19.5% and the PBT of the Group declined by approximately 70.0% from S$12.8 million in 9M2015 to S$3.9 million in 9M2016 as impacted by the decline in operating profit, higher foreign exchanges losses and other losses. We note that the Group remains cautious in its business outlook, in light of the persistent economic slowdown in the region weighing down on its core markets;*

*(j) We note that certain Comparable Companies provide better dividend yields than the Company based on its historical dividend yields, suggesting that Shareholders who accept the Offer may potentially experience an increase in dividend income if they re-invested the proceeds from the Offer in the shares of other selected alternative investments;*

***Factors against the Offer Price:***

*(k) The Offer Price is at a discount of approximately 2.44% to the last transacted price of the Shares of S$0.615 as at the Latest Practicable Date;*

*(l) In comparison with the Precedent Privatisations:*

- *The premium of approximately 2.6% implied by the Offer Price over the last transacted price of the Shares on the Last Full Trading Day is within the range but lower than the mean and median premia of 25.3% and 22.2% respectively implied by the respective offer prices paid over the last transacted market prices of the shares on their respective last trading day with respect to the Precedent Privatisations;*

- *The premium of approximately 8.5% implied by the Offer Price over the 1-month VWAP of the Shares up to and including the Last Full Trading Day is within the range but lower than the mean and median premia of 30.6% and 30.0% respectively as implied by the respective offer price over 1-month VWAP of the shares with respect to the Precedent Privatisations;*

- *The premium of approximately 16.5% implied by the Offer Price over the 3-month VWAP of the Shares up to and including the Last Full Trading Day is within the range but lower than the mean and the median premia of 31.1% and 30.7% respectively as implied by the respective offer price over the 3-month VWAP of the shares in respect of the Precedent Privatisations;*

- *The premium of approximately 24.7% implied by the Offer Price over the 6-month VWAP of the Shares up to and including the Last Full Trading Day is within the range but lower than the mean and the median premia of 28.7% and 27.9% respectively as implied by the respective offer price over the 6-month VWAP of the shares in respect of the Precedent Privatisations;*

***Other factors:***

*(m) The Offeror has received irrevocable undertakings from the Promoters and the Undertaking Shareholders to accept the Offer in respect of an aggregate of 283,324,896 Shares, representing approximately 63.1% of the total number of issued Shares as at the Latest Practicable Date and the Company has confirmed that there is no alternative or competing offer available to the Shareholders. In the event of an alternative or competing offer, we note that unless the Promoters and the Undertaking Shareholders accept such alternative or competing offer, any offer made by any third parties would not be capable of becoming unconditional;*

*(n) The intention of the Offeror to exercise any rights of compulsory acquisition 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 Offer Announcement Date and excluding any Shares held by the Company as treasury shares); and*

*(o) The intention of the Offeror not to maintain or support any action taken or to be taken to maintain the listing status of the Company if the Offeror is unable to exercise the right to compulsorily acquire all the Offer Shares not acquired under the Offer and the Company does not meet the free float requirement pursuant to Rule 723 of the Listing Manual.*"

**12.3 Advice of the IFA**. After having regard to the considerations set out in the IFA Letter and the information as at the Latest Practicable Date, the IFA has given certain recommendations to the Independent Directors, an extract of which is set out below. Unless otherwise defined or the context otherwise requires, all terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter. **Shareholders should read the extract in conjunction with, and in the context of, the full text of the IFA Letter as set out in Appendix A of this Circular.**

"***Having considered the aforesaid points including the various factors set out in this letter and summarised in this paragraph, we are of the opinion that, whilst the premium ascribed by the Offer Price over the historical traded price of the Shares is not attractive compared to the Precedent Privatisations, the financial terms of the Offer are on balance, fair and reasonable. Accordingly, we advise the Independent Directors to recommend that Shareholders accept the Offer, unless Shareholders are able to obtain a price higher than the Offer Price on the open market, taking into account all the brokerage commissions or transactions costs in connection with open market transactions.***

*As the Offer is being extended on the same terms and conditions to all new Shares unconditionally issued or to be issued pursuant to the valid exercise prior to the close of the Options Proposal, we recommend that the Independent Directors provide the same advice to the Optionholders whose exercise price is lower than the Offer Price.* ***Accordingly, we***

***advise the Independent Directors to recommend Optionholders to accept the Options Proposal or sell their Shares, after exercising their Options, in the open market if they can obtain a price higher than the Offer Price after deducting the related expenses.***

***We also advise the Independent Directors to consider highlighting to the Shareholders that there is no assurance that the price of the Shares will remain at current levels after the close or lapse of the Offer and the current price performance of the Shares may not be indicative of the future price performance levels of the Shares.***

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

## 13. RECOMMENDATION OF THE INDEPENDENT DIRECTORS

**13.1 Recommendation**. The Independent Directors, having considered carefully the terms of the Offer and the Options Proposal and the advice given and recommendation made by the IFA in the IFA Letter, have set out their recommendation on the Offer and the Options Proposal respectively below:

### 13.1.1 The Offer

The Independent Directors concur with the advice of the IFA in respect of the Offer and accordingly recommend that Shareholders **ACCEPT** the Offer, unless Shareholders are able to obtain a price higher than the Offer Price on the open market, taking into account all the brokerage commissions or transactions costs in connection with open market transactions.

### 13.1.2 The Options Proposal

The Independent Directors concur with the advice of the IFA in respect of the Options Proposal and accordingly recommend that Optionholders **ACCEPT** the Options Proposal or sell their Shares, after exercising their Options, in the open market if they can obtain a price higher than the Offer Price after deducting the related expenses.

**Shareholders should also note that there is no assurance that the price of the Shares will remain at current levels after the close or lapse of the Offer and the current price performance of the Shares may not be indicative of the future price performance levels of the Shares.**

**SHAREHOLDERS ARE ADVISED TO READ THE IFA LETTER SET OUT IN APPENDIX A ON PAGES 36 TO 81 OF THIS CIRCULAR CAREFULLY.**

**13.2 No Regard to Specific Objectives**. In making their recommendation, the Independent 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 Independent 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.

## 14. OVERSEAS SHAREHOLDERS

The Offer Document sets out information in relation to Overseas Shareholders, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***12. 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 FAA and the FAT have not been reviewed by any regulatory authority in any overseas jurisdiction.* ***Where there are potential restrictions on sending this Offer Document, the FAA and/or the FAT to any overseas jurisdictions, the Offeror, Credit Suisse 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 FAA and/or the FAT 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 law of that jurisdiction (a "**Restricted Jurisdiction**") and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.*

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

*Overseas Shareholders may, nonetheless, obtain copies of this Offer Document, the FAA and/or the FAT 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 FAA and/or the FAT 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 FAA and/or the FAT 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 Credit Suisse) 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 Credit Suisse) may be required to pay. In (i) requesting for this Offer Document, the FAA and/or the FAT and/or any related documents and/or (ii) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror and Credit Suisse 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 Credit Suisse 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.*"

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

The Offer Document sets out information pertaining to CPFIS Investors and SRS Investors, details of which have been extracted from the Offer Document and are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***15. GENERAL***

...

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

*SRS Investors will receive further information on how to accept the Offer from the SRS Agent Banks directly. SRS Investors are advised to consult their respective SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, SRS Investors should seek independent professional advice. SRS Investors who wish to accept the Offer are to reply to their respective SRS Agent Banks by the deadline stated in the letter from their respective SRS Agent Banks. SRS Investors who accept the Offer will receive the Offer Price payable in respect of their Offer Shares in their SRS investment accounts.*"

## 16. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who wish to accept the Offer must do so not later than 5.30 p.m. on 4 July 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 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 Share Registrar (in respect of the FAT), as the case may be, not later than 5.30 p.m. on 4 July 2016 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

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

## 17. RESPONSIBILITY STATEMENT

The Directors (including any who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular (other than the IFA Letter for which the IFA has taken responsibility and the Valuation Reports for which the relevant Valuers have taken responsibility) are fair and accurate and that no material facts have been omitted from this Circular and they jointly and severally accept responsibility accordingly.

Where any information in this Circular (other than the IFA Letter for which the IFA has taken responsibility and the Valuation Reports for which the relevant Valuers have taken responsibility) has been extracted or reproduced from the Offer Document or from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information has been accurately extracted from such sources or, as the case may be, reflected or reproduced in this Circular.

Yours faithfully
For and on behalf of
**The Board of Directors**

**Robert James Eu Yee Sang**
**Chairman**

**PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.**
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

20 June 2016

To: The Independent Directors of
**Eu Yan Sang International Ltd**
21 Tai Seng Drive
Singapore 535223

Dear Sirs/Madam

**INDEPENDENT FINANCIAL ADVICE TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE VOLUNTARY CONDITIONAL CASH OFFER BY CREDIT SUISSE (SINGAPORE) LIMITED ("CREDIT SUISSE"), FOR AND ON BEHALF OF RIGHTEOUS CRANE HOLDING PTE. LTD. (THE "OFFEROR"), TO ACQUIRE ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF EU YAN SANG INTERNATIONAL LTD ("EYSI" OR THE "COMPANY")**

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 20 June 2016 and issued by the Company (the "**Circular**") shall have the same meaning herein.*

## 1. INTRODUCTION

On 16 May 2016 (the "**Offer Announcement Date**"), Credit Suisse, for and on behalf of the Offeror, announced that the Offeror intends to make a voluntary conditional cash offer (the "**Offer**") for all the issued and paid-up ordinary shares (the "**Shares**") in the capital of the Company, other than those Shares owned, controlled or agreed to be acquired by the Offeror as at the date of the Offer (the "**Offer Shares**") at S$0.60 in cash (the "**Offer Price**") for each Offer Share.

The Offeror is a private limited company incorporated in the Republic of Singapore for the purposes of making the Offer, and has an issued and paid-up capital of S$100.00, consisting of 100 ordinary shares which are held by Tower Capital TCM Holdings L.P. ("**TC-TCM LP**"), Blanca Investments Pte. Ltd. ("**Blanca**") and Mr Richard Eu Yee Ming. We understand that a consortium has been formed to undertake the Offer through the Offeror and comprises (i) TC-TCM LP; (ii) Blanca; and (iii) Mr Eu Keng Mun Richard, Mr Richard Eu Yee Ming, Mrs Eu Sung Hwa Mary, Mr Eu Zai Qi Richard, Mr Eu Zai Xiang Anthony, Mr Eu Zai Xin Christopher, Mr Robert James Eu Yee Sang and Bestand Development Corp. (collectively, the "**Promoters**").

As at the Latest Practicable Date, options to subscribe for 4,599,000 Shares (the "**Options**") remained outstanding under the Eu Yan Sang Employee Share Option Scheme 2006 (the "**ESOS**"), representing approximately 0.97% of the maximum potential issued share capital of the Company. Under the rules of the ESOS, the Options are not transferable by the holders thereof (the "**Optionholders**"). In view of this restriction, Credit Suisse, for and on behalf of the Offeror, will not make an offer to acquire the Options. Instead, Credit Suisse has, for and on behalf of the Offeror, made a proposal (the "**Options Proposal**") to Optionholders, on the following terms:

(a) subject to the Offer becoming or being declared unconditional in all respects; and

(b) subject to the relevant Options continuing to be exercisable into new Shares,

the Offeror will pay to such Optionholders the Option Price (as determined in paragraph 3.2 of the offer document dated 6 June 2016 issued by Credit Suisse, for and on behalf of the Offeror, in relation to the Offer (the "**Offer Document**")) in consideration of such Optionholders agreeing (i) not to exercise any of such Options into new Shares; and (ii) not to exercise any of their rights as Optionholders, in each case from the date of their acceptance of the Options Proposal to the respective dates of expiry of such Options. Further, if the Offer becomes or is declared unconditional in all respects, Optionholders who have accepted the Options Proposal will also be required to surrender their relevant Options for cancellation. If the Offer lapses or is withdrawn or if the relevant Options cease to be exercisable into new Shares, the Options Proposal will lapse accordingly.

We note that, as at the Offer Announcement Date, the Offeror has received irrevocable undertakings from the Promoters and from Mr Clifford Eu Yee Fong, Mr Eu Yee Tat David, Ms Eu Mei Ying Helena, Mr Eu Yee Kwong Geoffrey, Perpetual Investments Limited, Megawyn Investments Pte. Ltd., Euco Investments Pte Ltd, Aberdeen Asset Management Asia Limited and First State Investment Management (UK) Limited (as manager of Scottish Oriental Smaller Companies Trust plc) (collectively known as the "**Undertaking Shareholders**") to accept the Offer in respect of an aggregate of 283,324,896 Shares, representing approximately 63.1% of the total number of issued Shares as at the Latest Practicable Date.

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

PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**") has been appointed by the Company to advise the Independent Directors in respect of the Offer and the Options Proposal. This letter sets out, *inter alia*, our views and evaluation of the financial terms of the Offer and the Options Proposal, and our opinion thereon, and forms part of the Circular providing, *inter alia*, details of the Offer, Options Proposal and the recommendation of the Independent Directors.

## 2. TERMS OF REFERENCE

We have been appointed to advise the Independent Directors on the financial terms of the Offer and the Options Proposal in compliance with the provisions of The Singapore Code on Take-overs and Mergers (the "**Code**"). We have confined our evaluation to the financial terms of the Offer and Options Proposal and have not taken into account the commercial risks and/or commercial merits of the Offer and Options Proposal.

Our terms of reference do not require us to evaluate or comment on the rationale for, or the strategic or long-term merits of the Offer and Options Proposal or on the future prospects of the Company and its subsidiaries (the "**Group**") or the method and terms by which the Offer and Options Proposal is made or any other alternative methods by which the Offer and Options Proposal may be made. Such evaluations and comments remain the sole responsibility of the Directors, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this letter.

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

In the course of our evaluation of the financial terms of the Offer and Options Proposal, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Group. We have also relied on information provided and representations made, including relevant financial analyses and estimates, by the management of the Company (the "**Management**"), the Directors, the Company's solicitors and auditors. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information, representation or assurance. We have nevertheless made such enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the reliability of the information.

We have relied upon the assurances of the Directors that, upon making all reasonable inquiries and to the best of their respective knowledge, information and belief, all material information in connection with the Offer, Options Proposal and the Company has been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors jointly and severally accept responsibility accordingly.

For the purposes of assessing the financial terms of the Offer and Options Proposal and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Company. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company in connection with our opinion in this letter.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, property, plant and equipment, investment properties) of the Company or the Group and have only relied on the independent valuation reports by Jones Lang LaSalle Limited and Dennis Wee Realty Pte Ltd (collectively, the "**Valuers**") in relation to the valuation of the Revalued Properties (as defined herein).

Our analysis and opinion as set out in this letter is based upon market, economic, industry, monetary and other conditions in effect on, and the information provided to us as at 10 June 2016 (the "**Latest Practicable Date**"). Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should further take note of any announcements relevant to their consideration of the Offer and Options Proposal which may be released by the Company and/or the Offeror after the Latest Practicable Date.

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

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

**Our opinion in respect of the Offer and the Options Proposal, as set out in paragraph 9 of this letter, should be considered in the context of the entirety of this letter and the Circular.**

## 3. THE OFFER

Shareholders should have by now received a copy of the Offer Document that contains the formal offer by Credit Suisse, for and on behalf of the Offeror, to acquire all the Offer Shares, subject to the terms and conditions set out in the Offer Document. The principal terms and conditions of the Offer are set out in paragraph 2 of the Offer Document. **Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully.**

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

### 3.1 Offer Price

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

**For each Offer Share: S$0.60 in cash (the "Offer Price").**

We note that the Offeror does not intend to revise the Offer Price as stated in paragraph 2.2 of the Offer Document.

### 3.2 Offer Shares

As stated in paragraph 2.4 of the Offer Document, the Offer is extended, on the same terms and conditions, to all the Shares, other than those Shares owned, controlled or agreed to be acquired by the Offeror as at the date of the Offer, and will also be extended, on the same terms and conditions, to:

(a) all new Shares unconditionally issued or to be issued pursuant to the valid exercise of any Options prior to 4 July 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 (the "**Closing Date**");

(b) all new Shares unconditionally issued or to be issued pursuant to the valid exercise of any warrants issued by the Company on 29 November 2011 ("**Warrants**") prior to the Closing Date; and

(c) all new Shares unconditionally issued or to be issued pursuant to the valid vesting or release of any awards granted under the Eu Yan Sang Performance Share Plan ("**Awards**") prior to the Closing Date.

### 3.3 Conditions of the Offer

As stated in paragraph 2.5 of the Offer Document, the Offer is conditional upon:

(a) Acceptance Condition

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 the 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.

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 the 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 maximum potential issued share capital of the Company. The "**maximum potential issued share capital of the Company**" means the total number of Shares which would be in issue had all the outstanding Options and Warrants been validly exercised and all Awards been validly vested or released as at the date of such declaration[1].

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[1] The "**maximum potential issued share capital of the Company**" excludes the 2,050,000 Warrants which Mr. Richard Eu Yee Ming has, in his irrevocable undertaking, undertaken to the Offeror not to exercise or convert into new Shares.

(b) Approval Condition

The Offeror having obtained a statement of no objections to the Offer from the Foreign Investment Review Board of Australia.

Save for the above conditions, the Offer will be unconditional in all other respects.

**3.4 No Encumbrances**

As set out in paragraph 2.3 of the Offer Document, the Offer Shares will be acquired (i) fully paid; (ii) free from all liens, equities, mortgages, pledges, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever ("**Encumbrances**"); and (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights, and other distributions and return of capital ("**Distributions**") (if any) which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date, but excluding an interim dividend of S$0.025 per Share (the "**Interim Dividend**"), as announced by the Company on SGXNET on 15 May 2016 and paid on 16 June 2016 to the Entitled Shareholders. **If any Distribution (other than the Interim Dividend) is announced, declared, paid or made by the Company on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by an amount equivalent to such Distribution paid or made by the Company to such Shareholders who accept or have accepted the Offer.**

**3.5 Warranty**

As set out in paragraph 2.6 of the Offer Document, acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, (i) fully paid; (ii) free from Encumbrances; and (iii) 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 (if any) which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date, but excluding the Interim Dividend).

**4. THE OPTIONS PROPOSAL**

As stated in paragraph 3 of the Offer Document, Credit Suisse, for and on behalf of the Offeror, had on 6 June 2016 despatched a separate letter to Optionholders setting out the details of the Options Proposal. A copy of the Options Proposal is available on SGXNET at www.sgx.com.

The principal terms and conditions of the Options Proposal are summarised in paragraph 3 of the Offer Document, details of which have been extracted and set out in italics below. Unless otherwise stated, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

Independent Directors should note that the latest practicable date referred to in the Offer Document is 31 May 2016.

"***3. THE OPTIONS PROPOSAL***

*3.1 As at the Latest Practicable Date, based on latest information available to the Offeror, Options to subscribe for 4,739,000 Shares remain outstanding under the ESOS, representing approximately 1.001% of the maximum potential issued share capital of the Company. Under the rules of the ESOS, the Options are not transferable by Optionholders. In view of this restriction, Credit Suisse, for and on behalf of the Offeror, will not make an offer to acquire the Options. For the avoidance of doubt, as mentioned in paragraph 2.4(a) of this Offer Document, the Offer will be extended to all new Shares unconditionally issued or to be issued pursuant to the valid exercise of Options prior to the Closing Date. Instead, Credit Suisse, for and on behalf of the Offeror, hereby makes a proposal (the "**Options Proposal**") to Optionholders, on the following terms:*

*(a) subject to the Offer becoming or being declared unconditional in all respects; and*

*(b) subject to the relevant Options continuing to be exercisable into new Shares,*

*the Offeror will pay to such Optionholders a cash amount (determined as provided below) (the "**Option Price**") in consideration of such Optionholders agreeing:*

*(i) not to exercise any of such Options into new Shares; and*

*(ii) not to exercise any of their rights as Optionholders,*

*in each case from the date of their acceptance of the Options Proposal to the respective dates of expiry of such Options. Further, if the Offer becomes or is declared unconditional in all respects, Optionholders who have accepted the Options Proposal will also be required to surrender their relevant Options for cancellation. If the Offer lapses or is withdrawn or if the relevant Options cease to be exercisable into new Shares, the Options Proposal will lapse accordingly.*

*3.2 The Option Price is computed on a "see-through" basis. In other words, the Option Price in relation to: (a) any Option in which the Offer Price is higher than the exercise price of that Option is the amount by which the Offer Price is in excess over the exercise price of that Option, and (b) any Option in which the Offer Price is equal to or lower than the exercise price of that Option is a nominal amount of 0.001 cents per Option.*

*3.3 For the avoidance of doubt, whilst the Options Proposal is conditional upon the Offer becoming or being declared unconditional in all respects, the Offer will not be conditional upon acceptances received in relation to the Options Proposal. The Offer and the Options Proposal are separate and mutually exclusive. The Options Proposal does not form part of the Offer, and vice versa. Without prejudice to the foregoing, if Optionholders exercise their Options in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise, they may not accept the Options Proposal in respect of such Options. Conversely, if Optionholders wish to accept the Options Proposal in respect of their Options, they may not exercise those Options in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise.*"

## 5. INFORMATION ON THE OFFEROR AND THE CONSORTIUM MEMBERS

The information on the Offeror and the Consortium Members as set out below in italics has been extracted from paragraph 6 of 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.

*"**6.1 The Offeror***

*The Offeror is a private limited company incorporated in the Republic of Singapore for the purposes of making the Offer. As at the Latest Practicable Date, the Offeror has an issued and paid-up capital of S$100.00, consisting of 100 ordinary shares (the "**Offeror Shares**"), which are held by the shareholders (collectively, the "**Offeror Shareholders**") as follows:*

| *Offeror Shareholder* | *Shareholding Percentage* |
|---|---|
| *TC-TCM LP* | *42%* |
| *Blanca* | *30%* |
| *Mr. Richard Eu Yee Ming* | *28%* |
| ***Total*** | *100%* |

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

***6.2 Information on the Consortium Members***

*TC-TCM LP, Blanca and eight (8) existing Shareholders (collectively, the "**Promoters**") have agreed to form a consortium through the Offeror to undertake the Offer.*

*(a) TC-TCM LP*

*TC-TCM LP is an investment holding vehicle established as an exempt limited partnership in the Cayman Islands. The general partner of TC-TCM LP is Tower Capital TCM General Partner Limited, a Cayman Islands company whose sole director and sole founder-cum-shareholder is Mr. Danny Koh Thong Meng, a private equity investment professional who has worked previously at 3i Asia Limited and Actis Capital Partners Pte. Limited. UOB Venture Management Private Limited is one of the investors in TC-TCM LP.*

*(b) Blanca*

*Blanca is an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited.*

*(c) Promoters*

*The Promoters are Mr. Eu Keng Mun Richard, Mr. Richard Eu Yee Ming, Mrs. Eu Sung Hwa Mary, Mr. Eu Zai Qi Richard, Mr. Eu Zai Xiang Anthony, Mr. Eu Zai Xin Christopher, Mr. Robert James Eu Yee Sang[2] and Bestand[3].*

*As at the Latest Practicable Date, the Promoters own or control an aggregate of 105,919,867 Shares, representing approximately 23.594% of the total number of issued Shares and approximately 22.364% of the maximum potential issued share capital of the Company and hold an aggregate of 2,050,000 Warrants.*

*As mentioned in paragraph 1 of* ***Appendix II*** *to this Offer Document, Mr. Richard Eu Yee Ming is the current Managing Director and Group Chief Executive Officer of the Company and Mr. Robert James Eu Yee Sang is the current Chairman and Executive Director of the Company."*

## 6. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR THE COMPANY

The full text of the rationale for the Offer and the Offeror's intentions for the Company has been extracted from paragraph 9 of the Offer Document and is set out in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***9.1 Opportunity for Shareholders to realise their investment in the Shares at a premium***

*The Offer Price represents a premium of approximately 16.50% and 24.74% over the VWAP per Share for the respective three (3)-month and six (6)-month periods up to and including the Last Trading Day. The Offer Price also represents a premium of 2.56% over the last transacted price per Share on the Last Trading Day.*

*The Offer presents Shareholders with a clean cash exit opportunity to realise their entire investment in Shares at a premium over the prevailing trading prices of the Shares without incurring brokerage and other trading costs.*

***9.2 Low Trading Liquidity of Shares***

*The trading volume of the Shares has been low, with the total trading volume[4] of approximately 565,500 Shares, 3,260,000 Shares, and 5,111,700 Shares during the respective one (1)-month period, three (3)-month period and six (6)-month period up to*

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*2 Mr. Eu Keng Mun Richard is the father of Mr. Richard Eu Yee Ming. Mrs. Eu Sung Hwa Mary is the wife of Mr. Richard Eu Yee Ming. Mr. Eu Zai Qi Richard, Mr. Eu Zai Xiang Anthony and Mr. Eu Zai Xin Christopher are the sons of Mr. Richard Eu Yee Ming and Mrs. Eu Sung Hwa Mary. Mr. Robert James Eu Yee Sang is the cousin of Mr. Richard Eu Yee Ming.*

*3 Bestand is a company wholly-owned by the late Mr. Andrew K.W. Eu's will trust. Mr. Andrew K.W. Eu was the father of Mr. Robert James Eu Yee Sang, and Mr. Robert James Eu Yee Sang and his mother, children, siblings, and nephews and nieces are beneficiaries under the late Mr. Andrew K.W. Eu's will trust.*

*4 Calculated by using the total volume of Shares traded over the one (1)-month period, three (3)-month period and six (6)-month period up to and including 9 May 2016.*

*and including the Last Trading Day. These represent respectively only 0.13%, 0.73% and 1.14% 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 prevailing market prices which would otherwise not be available given the low trading liquidity.*

***9.3 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.*

***9.4 Greater Management Flexibility***

*If the Company is delisted from the SGX-ST as a result of the Offer and the Offeror's rights of compulsory acquisition that may arise under Section 215(1) of the Companies Act are exercised, 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 resources and facilitate the implementation of any operational change.*

***9.5 Offeror's Intentions for the Company***

*Subsequent to the Closing Date and depending on the outcome of the Offer, the Offeror intends to undertake a review of the Company's businesses and operations as well as evaluate strategic options. Save as disclosed above, the Offeror has no current intention to (a) make any major changes to the existing businesses of the Company, (b) redeploy the fixed assets of the Company, or (c) discontinue the employment of the existing employees of the Group, other than in the ordinary course of business. Nonetheless, the Offeror retains the flexibility to, at any time, consider options or opportunities which may present themselves, or may be required, and which it regards to be in the best interests of the Offeror and/or the Group.*"

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

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

(i) Historical market price performance and trading activity of the Shares;

(ii) Share price performance relative to market index;

(iii) Historical trailing valuation multiples of the Shares;

(iv) Net asset value ("**NAV**") and revalued net asset value ("**RNAV**") per Share of the Group;

(v) Valuation ratios of selected listed companies broadly comparable to the Group;

(vi) Selected precedent privatisation and delisting transactions in Singapore;

(vii) Analysts' estimates and target prices for the Company;

(viii) Historical financial performance of the Group and outlook of the industry; and

(ix) Dividend track record of the Company.

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

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

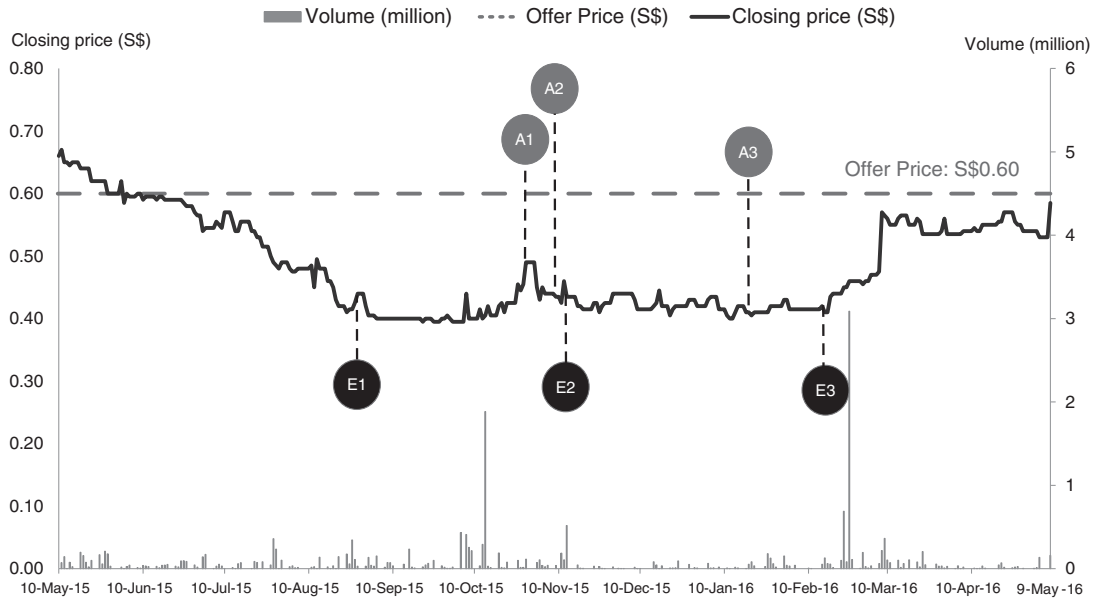
**7.1 Historical market price performance and trading activity of the Shares**

In our evaluation of whether the financial terms of the Offer are fair and reasonable, we have taken into consideration the historical share price performance of the Company over a reasonable period of time.

In Exhibit 1 below, we have compared the Offer Price to the daily closing price and trading volume of the Shares for the 1-year period between 10 May 2015 and 9 May 2016 (the "**Last Full Trading Day**"), being the last full market day[5] immediately prior to the Offer Announcement Date. We have also marked certain dates in the 1-year period where significant events occurred.

[5] As the Company had requested for a trading halt on 10 May 2016 prior to the close of trading on that day, 9 May 2016 is the last full market day immediately prior to the Offer Announcement Date.

**Exhibit 1 – Daily closing price and trading volume of the Shares for the 1-year period up to and including the Last Full Trading Day**




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

**Earnings announcements:**

**E1.** **26 August 2015.** The Company announced its full year financial results for FY2015, in which the Group's revenue declined by approximately 4.3% to S$350.4 million in FY2015 as compared to S$366.3 million in FY2014. The Group's net profit after tax was approximately S$4.6 million in FY2015 which represents a decline of approximately 69.9% as compared to FY2014.

**E2.** **12 November 2015.** The Company announced its financial results for the three-month financial period ended 30 September 2015, in which the Group posted net loss after tax of approximately S$0.2 million. The weak financial performance was largely due to macro-environment factors such as the decreased spending from parallel traders and mainland Chinese visitors in Hong Kong due to travel restrictions imposed by the government of the People's Republic of China (the "**PRC**"). The weak performance of the Hong Kong and Malaysia markets was partially offset by the positive financial performance of the Australia and Singapore markets.

**E3.** **12 February 2016.** The Company announced its financial results for the six-month financial period ended 31 December ("**1H**") 2015. The Group's revenue for 1H2016 declined by approximately 4.1% from S$167.7 million in 1H2015 to S$160.8 million in 1H2016. The decrease in revenue was mainly due to a decline in revenue derived from the Hong Kong market by approximately 21.6%, which was partially offset by the increase in revenue derived from the Singapore, Malaysia and Australia markets. Accordingly, the Company's net profit after tax decreased by approximately 87.1% from S$2.7 million in 1H2015 to S$0.4 million in 1H2016.

**Other significant announcements:**

**A1.** **29 October 2015.** The Company announced that its wholly-owned subsidiary, Eu Yan Sang (Hong Kong) Limited, had entered into collaboration with Shanghai Rong Yue Medical Consultancy and Management Company Limited to start a TCM clinic in Shanghai, the PRC. This collaboration is subject to the relevant Chinese authorities giving the necessary approvals and granting the relevant operating licenses.

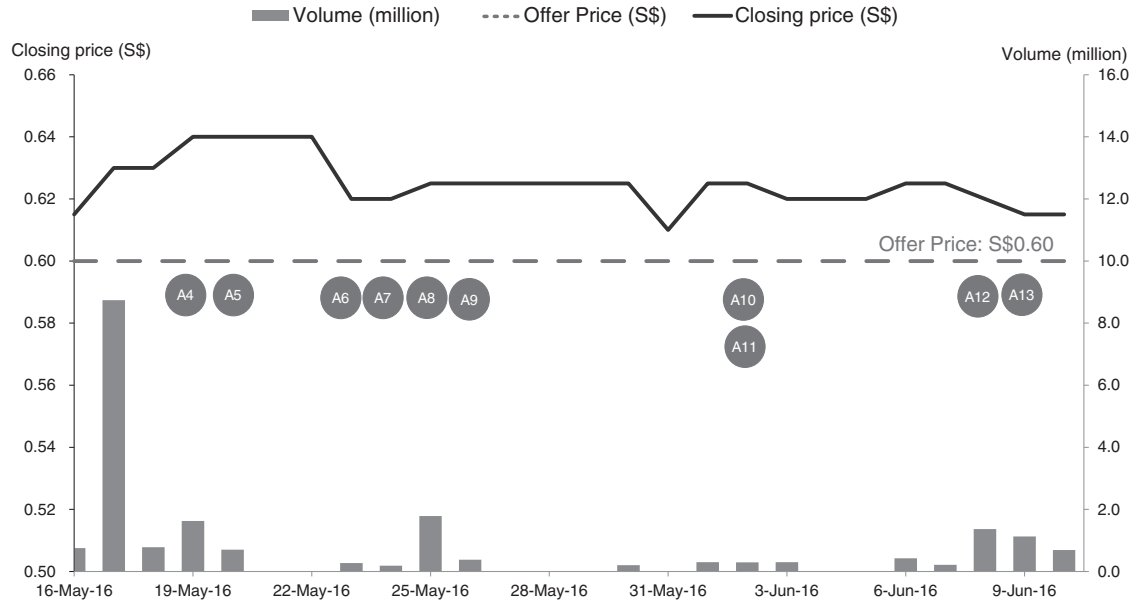
**A2.** **5 November 2015.** The Company announced that its wholly-owned subsidiary, Healthy Life Group ("**HLG**"), had signed a memorandum of understanding with Venture Integrity Health ("**VIH**") in Australia, under which the parties contemplate HLG taking an option to acquire seven (7) of VIH's health food retail stores in the Greater Sydney area. The proposed merger will be made through a combination of cash and shares of HLG and is scheduled to be finalised in 2016 to 2017.

**A3.** **15 January 2016.** The Company announced that it has entered into a joint venture framework agreement on 15 January 2016 with HCare Investments Holding Limited (the "**HCI**") in relation to (i) the proposed joint venture between the Company and HCI for the purpose of, *inter alia*, conducting research and development, and operating a manufacturing, distribution and retail business of TCM-related products in the PRC; and (ii) the proposed issuance of new shares by a wholly-owned subsidiary, to be incorporated by the Company ("**NewCo**") to the Company and HCI. The NewCo will hold the entire issued share capital of Eu Yan Sang (China Venture) Limited and its subsidiary, Eu Yan Sang Trading (Guangdong) Co. Ltd., both of which are currently owned by the Group.

Based on Exhibit 1 above, we note that over the last one (1) year prior and up to the Last Full Trading Day, save for the period between 10 May 2015 to 9 June 2015, the closing prices of the Shares had been consistently below the Offer Price of S$0.60 per Share between 10 June 2015 and the Last Full Trading Day.

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

**Exhibit 2 – Daily closing price and trading volume of the Shares from the Offer Announcement Date up to the Latest Practicable Date**




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

### Significant announcements:

**A4.** **19 May 2016.** The Company responded to queries issued by the SGX-ST in respect of, *inter alia*, (i) its approximately 80% decrease in profit before tax for the financial period ended 31 March 2016 as compared to its corresponding quarter ended 31 March 2015; and (ii) the appreciation of the Hong Kong dollar ("**HKD**") which helped to cushion part of the revenue decline in S$ in relation to the revenue derived from Hong Kong.

**A5.** **20 May 2016.** Based on information received by the Company from Hillhouse Capital Management, Ltd ("**Hillhouse**"), an associate of the Company, on 19 May 2016, the Company announced that Hillhouse had acquired 1,368,800 Shares at a price of S$0.6368 per Share, bringing its shareholding interest in the Company to a total of 23,468,800 Shares, representing approximately 5.234% of the total issued Shares of 448,427,217 Shares.

**A6.** **23 May 2016.** The Company announced the commencement of consent solicitation exercises in connection with the S$25,000,000 4.50% fixed rate notes due 2016, and the S$75,000,000 4.10% fixed rate notes due 2018 comprised in Series 001 issued by the Company.

**A7.** **24 May 2016.** Based on information received by the Company from Hillhouse on 23 May 2016, the Company announced that Hillhouse had acquired an additional 21,000 Shares at a price of S$0.615 per Share, bringing its shareholding interest in the Company to a total of 23,489,800 Shares, representing approximately 5.238% of the total issued Shares of 448,427,217 Shares.

**A8.** **25 May 2016.** Based on information received by the Company from Hillhouse on 24 May 2016, the Company announced that Hillhouse had acquired an additional 112,700 Shares at a price of S$0.620 per Share, bringing its shareholding interest in the Company to a total of 23,602,500 Shares, representing approximately 5.263% of the total issued Shares of 448,427,217 Shares.

**A9.** **26 May 2016.** Based on information received by the Company from Hillhouse on 26 May 2016, the Company announced that Hillhouse had acquired an additional 1,350,000 Shares at a price of S$0.630 per Share, bringing its shareholding interest in the Company to a total of 24,952,500 Shares, representing approximately 5.564% of the total issued Shares of 448,427,217 Shares.

**A10.** **2 June 2016.** Based on information received by the Company from Hillhouse on 2 June 2016, the Company announced that Hillhouse had acquired an additional 20,000 Shares at a price of S$0.620 per Share, bringing its shareholding interest in the Company to a total of 24,972,500 Shares, representing approximately 5.569% of the total issued Shares of 448,427,217 Shares.

**A11.** **2 June 2016.** The Board announced the issue and allotment of an aggregate of 54,000 Shares in the capital of the Company, at the exercise price of S$0.376 each, pursuant to the exercise of options granted under the ESOS.

**A12.** **8 June 2016.** The Board announced the issue and allotment of (i) an aggregate of 42,000 Shares at the exercise price of S$0.376 each, and (ii) an aggregate of 103,575 Shares at the exercise price of S$0.481 each, pursuant to the exercise of options granted under the ESOS.

**A13.** **9 June 2016.** The Board announced the issue and allotment of (i) an aggregate of 152,000 Shares in the capital of the Company at the exercise price of S$0.376 each, (ii) an aggregate of 171,425 Shares at the exercise price of S$0.481 each, and (iii) an aggregate of 90,000 Shares at the exercise price of S$0.569 each, pursuant to the exercise of options granted under the ESOS. Pursuant to the above issue and allotment of new Shares, the number of issued and paid-up Shares in the capital of the Company is 449,040,217 Shares.

Based on Exhibit 2 above, we note the following:

(a) the last transacted price of the Shares on 9 May 2016 (being the Last Full Trading Day prior to the Offer Announcement Date) was S$0.585. On 17 May 2016 (being the Market Day after the lifting of the trading halt), the price of the Shares rose to close at S$0.630. Since 17 May 2016 to the Latest Practicable Date, the Shares have traded at a premium of between approximately 1.67% and 6.67% to the Offer Price; and

(b) We further note that, Hillhouse, a fund based in the PRC, has, in the period after the Offer Announcement Date and up to the Latest Practicable Date, purchased an aggregate of 2,872,500 Shares at an average price per Share of approximately S$0.63, which represents a 5.44% premium over the Offer Price. As at the Latest Practicable Date, Hillhouse holds 24,972,500 Shares representing approximately 5.56% of the total issued Shares.

We have also set out below in Exhibit 3 the premium/discount implied by the Offer Price over the historical volume weighted average price ("**VWAP**") and historical trading volume of the Shares from 10 May 2015 (being the date one (1) year prior to the Last Full Trading Day) to the Latest Practicable Date.

**Exhibit 3 – Premium/(discount) implied by the Offer Price to VWAP[1]**

| | VWAP[1] (S$) | Premium/ (discount) of Offer Price over VWAP (%) | Highest closing price (S$) | Lowest closing price (S$) | Average daily trading volume ("ADTV")[2] | ADTV as a percentage of free float[2][3] (%) | Range of ADTV as a percentage of free float of the FSSTI component stocks[4] (%) |
|---|---|---|---|---|---|---|---|
| **Periods up to and including the Last Full Trading Day** | | | | | | | |
| 1-year VWAP | 0.490 | 22.45 | 0.670 | 0.395 | 80,602 | 0.03 | 0.06 – 0.86 |
| 6-month VWAP | 0.481 | 24.74 | 0.585 | 0.400 | 75,307 | 0.03 | 0.05 – 0.79 |
| 3-month VWAP | 0.515 | 16.50 | 0.585 | 0.410 | 113,297 | 0.05 | 0.07 – 0.82 |
| 1-month VWAP | 0.553 | 8.50 | 0.585 | 0.530 | 28,275 | 0.01 | 0.07 – 0.73 |
| Last Full Trading Day | 0.585 | 2.56 | 0.600 | 0.540 | 158,900 | 0.07 | 0.05 – 0.85 |
| **Periods after the Offer Announcement Date up to the Latest Practicable Date** | | | | | | | |
| Between the Offer Announcement Date and the Latest Practicable Date | 0.627 | (4.31) | 0.640 | 0.610 | 1,061,542 | 0.43 | 0.09 – 1.06 |
| Last transacted price on the Latest Practicable Date | 0.615 | (2.44) | 0.615 | 0.605 | 690,900 | 0.28 | 0.04 – 0.59 |

*Source: Bloomberg L.P.*

**Notes:**

(1) The VWAP has been weighted based on the average traded price of the Shares and traded volume for the relevant trading days for each period as obtained from Bloomberg L.P..

(2) The average daily trading volume of the Shares is calculated based on the total volume of Shares traded during the period divided by the number of market days during that period.

(3) Free float refers to the Shares other than those held by the Directors and the substantial Shareholders of the Company, and amounts to approximately 244.33 million Shares ("**Free Float**"), representing approximately 54.41% of the total issued Shares as at the Latest Practicable Date.

(4) Refers to the 30 component stocks of the broad market, FTSE Straits Times Index ("**FSSTI**").

Based on the above, we note the following:

(a) The Offer Price of S$0.60 per Share is within the range of the daily closing price of the Shares over the 1-year period up to and including the Last Full Trading Day, which is between a low of S$0.395 per Share and a high of S$0.670 per Share;

(b) The Offer Price represents a premium of approximately 22.45%, 24.74%, 16.50% and 8.50% over the 1-year, 6-month, 3-month and 1-month VWAP of the Shares respectively;

(c) The Offer Price represents a premium of approximately 2.56% over the last transacted price of S$0.585 on the Last Full Trading Day prior to the Offer Announcement Date;

(d) Between the Offer Announcement Date and the Latest Practicable Date, the Offer Price represents a discount of approximately 4.31% to the VWAP of the Shares of approximately S$0.627. The Offer Price also represents a discount of approximately 2.44% over the last transacted price of S$0.615 as at the Latest Practicable Date;

(e) During the 1-year period up to and including the Last Full Trading Day, the Shares have traded thinly at an average daily trading volume of between 28,275 Shares and 158,900 Shares over the various periods set out in Exhibit 3. The average daily trading volume as a percentage of the Company's Free Float ranged between 0.01% to 0.07%, which is generally below the range of relative percentages for the 30 component stocks of the benchmark FSSTI for the comparative periods. While there appears to be a ready market for the Shares as indicated by the regular frequency of transactions in the Shares, the absolute trading volume of the Shares is nevertheless very thin which would render the Shares illiquid for investors who wish to transact larger quantum of Shares; and

(f) Between the Offer Announcement Date and the Latest Practicable Date, trading liquidity of the Shares rose significantly to an average daily trading volume of approximately 1,061,542 Shares, representing approximately 0.43% of the Company's Free Float, as compared to the average daily trading volume of approximately 80,602 Shares over the 1-year period up to and including the Last Full Trading Day. Based on the above observations, it appears likely that the market price and the trading volume of the Shares have been supported by the Offer subsequent to the Offer Announcement Date. As such, there is no assurance that the market price and trading volume of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Offer.

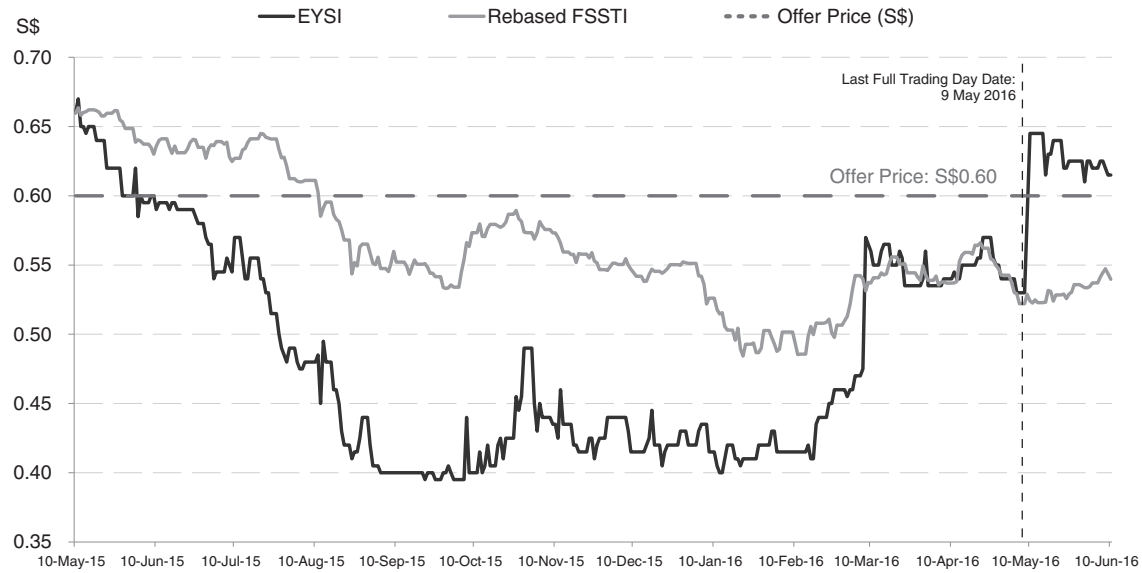
We wish to highlight that the market valuation of shares traded on a stock exchange may be affected by, *inter alia*, its relative liquidity, the size of its free float, the extent of research coverage, the investor interest it attracts and the general market sentiment at a given point in time. **Shareholders should note that the past trading performance of the Shares should not, in any way, be relied upon as an indication or a promise of its future trading performance.**

**7.2 Share price performance relative to market index**

To gauge the market price performance of the Shares relative to the general share price performance of the Singapore's equity market, we have compared the market price movement of the Shares against the FTSE Straits Times Index, which is a market capitalisation weighted index based on stocks of 30 representative companies listed on the Mainboard of the SGX-ST.

The market price performance of the Shares relative to the rebased FSSTI for the period from 10 May 2015 (being the date one (1) year prior to the Last Full Trading Day) up to and including the Latest Practicable Date, is illustrated below in Exhibit 4.

**Exhibit 4 – Share price performance against the rebased FSSTI**




*Source: Bloomberg L.P.*

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

| | As at the Last Full Trading Day prior to Offer Announcement Date | As at the Latest Practicable Date | Percentage Change |
|---|---|---|---|
| Shares (S$) | 0.585 | 0.615 | 5.1% |
| Rebased FSSTI (S$) | 0.529 | 0.540 | 2.1% |

*Source: Bloomberg L.P.*

Based on the above, we note the following:

(a) During the 1-year period up to and including the Last Full Trading Day, the Shares had generally underperformed the FSSTI; and

(b) Between the Last Full Trading Day and the Latest Practicable Date, the Shares generally outperformed the rebased FSSTI, having increased by approximately 5.1% as compared to the increase of approximately 2.1% in the rebased FSSTI over the same period.

The above observation reinforces our view that the market price of the Shares appears to have been supported by the Offer subsequent to the Offer Announcement Date.

### 7.3 Historical trailing valuation multiples of the Shares

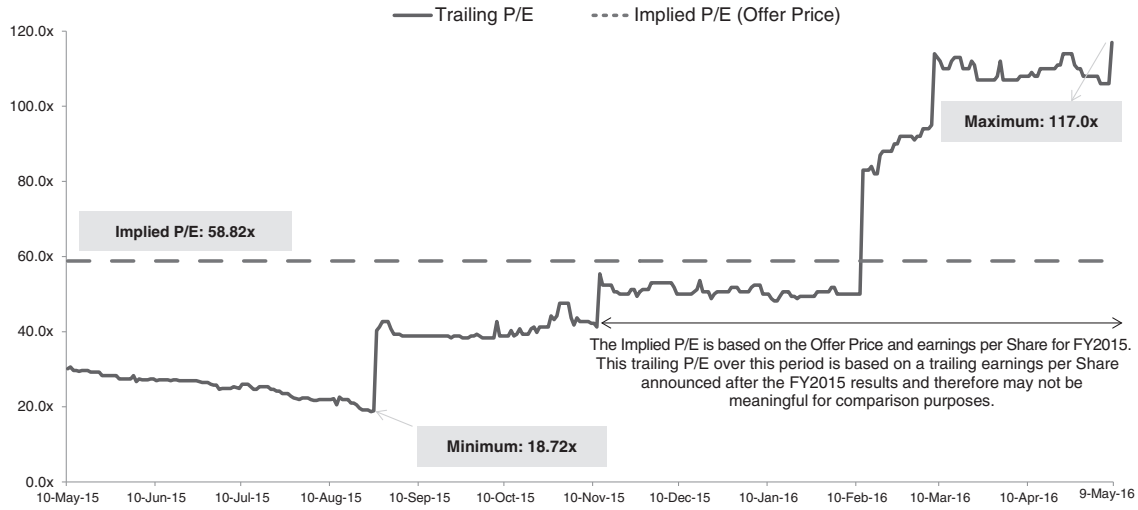
In evaluating the valuation multiples implied by the Offer Price against the historical traded valuation multiples of the Shares, we have applied and used the following valuation ratios:

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

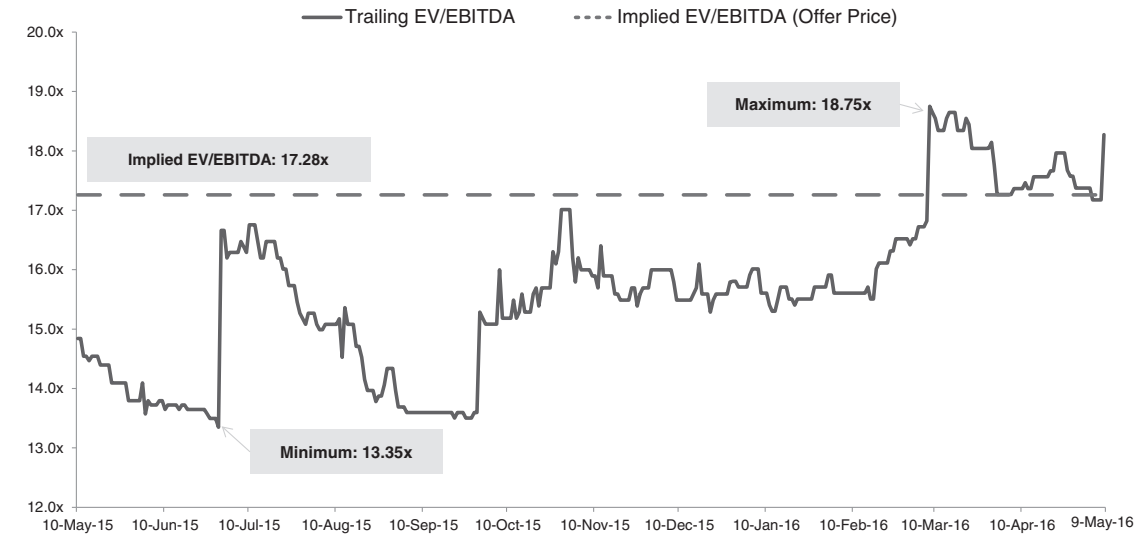
In Exhibit 5 below, we have compared the valuation multiples implied by the Offer Price against the trailing multiples calculated based on the daily closing prices of the Shares for the 1-year period from 10 May 2015 up to and including the Last Full Trading Day.

## Exhibit 5 – Valuation multiples implied by the Offer Price as compared to trailing valuation multiples of the Shares(1)

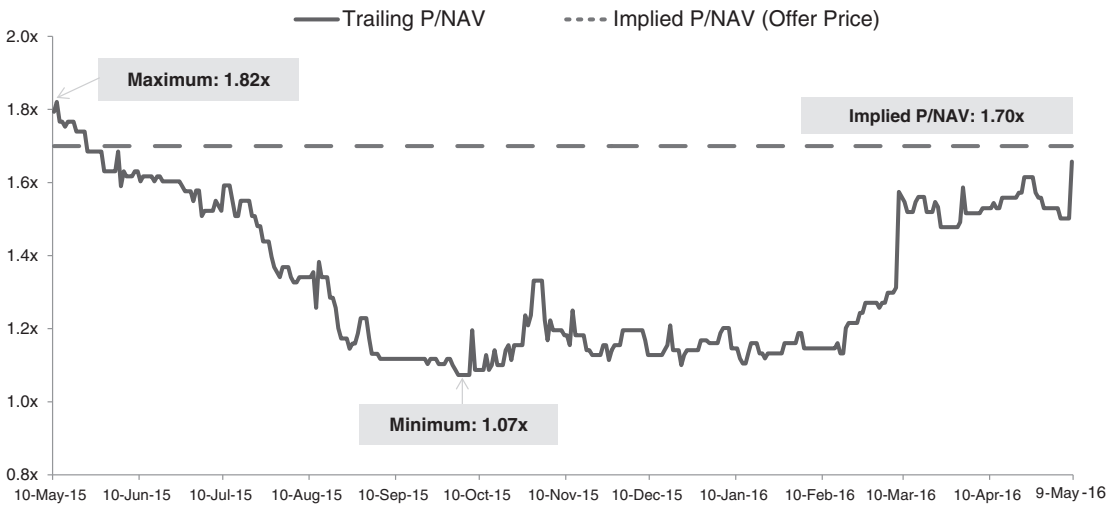
### Historical trailing P/E ratio(2)




### Historical trailing EV/EBITDA ratio(3)



**Historical trailing P/NAV ratio**(4)




*Sources: Bloomberg L.P. and PPCF's calculations*

**Notes:**

(1) The valuation multiples implied by the Offer Price have been calculated using the Company's total number of issued Shares of 449,040,217 Shares as at the Latest Practicable Date.

(2) P/E multiple of the Shares implied by the Offer Price (based on the earnings per Share of the Company for FY2015 as the earnings per Share for the most recent twelve months prior to the Latest Practicable Date is negative) against the trailing P/E multiples of the Shares calculated based on the daily closing prices of the Shares and the Company's trailing twelve-month earnings per Share.

(3) EV/EBITDA multiple of the Shares implied by the Offer Price (based on the EBITDA of the Company as reported for the most recent twelve months prior to the Latest Practicable Date) against the trailing EV/EBITDA multiples of the Shares calculated based on the daily closing prices of the Shares and the Company's trailing twelve-month EBITDA.

(4) P/NAV of the Shares implied by the Offer Price (based on the latest quarterly NAV per Share as reported by the Company prior to the Latest Practicable Date) against the trailing P/NAV multiples of the Shares based on the corresponding quarterly NAV per Share as reported by the Company.

Based on Exhibit 5, we note that the valuation multiples implied by the Offer Price are generally higher than the historical traded multiples of the Shares prior to the Offer Announcement Date.

### 7.4 NAV and RNAV per Share of the Group

(a) NAV of the Group

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

However, such a hypothetical scenario is assumed to be made without considering factors such as, *inter alia*, time value of money, market conditions, legal fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically lower the NAV that can be realised.

Based on the Company's latest unaudited financial statements as at 31 March 2016, the Group's property, plant and equipment (which comprises mainly freehold and leasehold land and buildings) and investment properties had an aggregate book value of approximately S$243.6 million, representing approximately 61.4% of the Group's total assets of approximately S$396.9 million, details of which are set out in Exhibit 6 below:

**Exhibit 6 – Book value of the Group's property, plant and equipment and investment properties**

| (S$'million, unless otherwise indicated) | As at 31 March 2016 (Unaudited) |
|---|---|
| **Property, plant and equipment** | **197.2** |
| *Percentage of total assets* | *49.7%* |
| **Investment properties** | **46.4** |
| *Percentage of total assets* | *11.7%* |
| **Total** | **243.6** |

*Source: The Company's financial results announcement for the nine-month financial period ended 31 March ("**9M**") 2016*

Based on the Company's annual report for FY2015 and the Company's unaudited financial statements for 9M2016, we note that the Offer Price represents:

(i) a premium of approximately 67.6% to the audited NAV per Share of the Group of S$0.358 as at 30 June 2015; and

(ii) a premium of approximately 70.0% to the unaudited NAV per Share of the Group of S$0.353 as at 31 March 2016.

(b) RNAV of the Group

In connection with the Offer, the Company had commissioned the Valuers to advise on the current market valuations of selected material leasehold and freehold properties, as well as investment properties (collectively known as the "**Revalued Properties**"). Exhibit 7 below sets out a summary of the valuation figures for the Revalued Properties and the net revaluation surplus/deficit for each of the respective Revalued Properties:

**Exhibit 7 – Independent valuations of the Revalued Properties**

| Revalued Properties | Valuation[(1)] | Revaluation surplus/(deficit)[(2)] |
|---|---|---|
| | (S$'million) | |
| 265 to 273 South Bridge Road, Singapore | 48.0 | 3.0 |
| 21 Tai Seng Drive, Singapore | 27.5 | – |
| Rés-Do-Chão B, Hei Van, Rua do Monte, No. 1-B, Macau | 12.8[(3)] | (0.9) |
| Shops 1, 2 and 3 on ground floor including flat roof/yard and whole of mezzanine floor of Shum Tower, 268 Des Voeux Road Central, Sheung Wan, Hong Kong | 39.1[(3)] | (0.7) |
| Ground floor (Flat L) of Ning Building, No. 79 Mut Wah Street, Kwun Tong, Kowloon | 14.9[(3)] | (1.2) |
| **Total** | 142.3 | 0.2 |

*Sources: The extracts from the valuation reports as set out in Appendix G to the Circular and Management's accounts*

**Notes:**

(1) The valuation reflects the Group's 100% interest in each of the Revalued Properties.

(2) The revaluation surplus/deficit for each of the Revalued Properties is arrived at based on the difference between the book value of each of the Revalued Properties as at 30 June 2015 and its valuation by the relevant Valuer as at either 31 May 2016 or 6 June 2016. Please refer to the extracts from the valuation reports set out in Appendix G to the Circular for more details on the Revalued Properties and its valuation.

(3) Converted from HKD to S$ based on the exchange rate of HKD1: S$0.1775 as at 31 May 2016, being the date of valuation of the relevant Revalued Properties.

Based on the above, we set out in Exhibit 8 the adjustments which have been made to determine the RNAV of the Group:

**Exhibit 8 – RNAV adjustments for revaluation surplus**

| (S$'million, unless otherwise indicated) | As at 31 March 2016 (Unaudited) |
|---|---|
| **Unaudited NAV attributable to Shareholders** | **158.2** |
| Add: Revaluation surplus arising from the Revalued Properties | 0.2 |
| **RNAV of the Group** | **158.4** |
| Outstanding number of Shares as at the Latest Practicable Date (millions) | 449.0 |
| **RNAV per Share (S$)** | **0.353** |

*Sources: The Company's financial results announcement for 9M2016 and the extracts from valuation reports as set out in Appendix G to the Circular*

We note that the value of revaluation surplus from the Revalued Properties is not material. The RNAV per Share is approximately equivalent to the unaudited NAV per Share of the Group of S$0.353 as at 31 March 2016.

Apart from the Revalued Properties, the Group also owns other property, plant and equipment and investment properties amounting to approximately S$102.5 million or 25.8% of the total assets as at 31 March 2016. Such other properties, plant and equipment have not been revalued for the purposes of determining the RNAV of the Group as we understand from the Company that the revaluation of these assets is not expected to be materially different from their values as at 30 June 2015. The other material assets of the Group as at 31 March 2016 comprised (i) inventories (approximately S$77.3 million or approximately 19.5% of the total assets); (ii) cash and cash equivalents (approximately S$34.1 million or approximately 8.6% of the total assets); and (iii) trade and other receivables (approximately S$22.7 million or approximately 5.7% of the total assets).

We also understand from the Company that the Group's assets are primarily used in the core operations of the Group in the ordinary course of business and note from the Offer Document that the Offeror has no current intentions to make any major changes to the existing businesses of the Group or re-deploy any of the fixed assets of the Group other than in the ordinary course of business.

The Management has confirmed to us that save as disclosed in this letter, to the best of their knowledge and belief, there are no material differences between the realisable value of the abovementioned balances and their respective book values as at 31 March 2016 which would result in a material impact on the NAV of the Group. In addition, the Company has confirmed to us that the Group does not have any material contingent liabilities as at the Latest Practicable Date which may have a material impact on the NAV of the Group.

Shareholders should note that the above analysis on RNAV provides an estimate of the value of the Group assuming the hypothetical sale of the assets (including the Revalued Properties) of the Group as at the Latest Practicable Date. Shareholders should note that the Group has not realised the gains on such Revalued Properties as at the Latest Practicable Date. There is no assurance that the actual gains (if any) eventually recorded by the Group on such Revalued Properties will be the same as that derived from the assessments by the Valuers and the relevant estimates of Management.

### 7.5 Valuation ratios of selected listed companies broadly comparable to the Group

For the purpose of evaluating the financial terms of the Offer, we have made reference to the valuation ratios of selected (i) TCM-related companies listed on the SGX-ST, the Hong Kong Stock Exchange ("**HKSE**") and Kuala Lumpur Stock Exchange ("**KLSE**"); and (ii) branded consumer products companies listed on the SGX-ST which we consider to be broadly comparable to the Company ("**Comparable Companies**"), to provide an indication of the current market expectations with regard to the perceived valuation of the Company.

Brief descriptions of the Comparable Companies are set out below:

**Exhibit 9 – Summary of Comparable Companies**

| Name | Market capitalisation (S$'million)[1] | Business description |
|---|---|---|
| **TCM-RELATED COMPARABLE COMPANIES** | | |
| China Traditional Chinese Medicine Co. Limited ("**China TCM**") | 2,375.4 | China TCM, through its subsidiaries, manufactures and sells medicine and pharmaceutical products in China. |
| Tianjin ZhongXin Pharmaceutical Group Corporation Limited ("**Tianjin ZhongXin**") | 2,187.6 | Tianjin ZhongXin produces and sells traditional Chinese medicine western medicine, health products and healthcare instruments. The group also manufactures gene-related biopharmaceutical products. Tianjin ZhongXin markets its products under the Great Wall, Cypress, and Health brand names. |
| Beijing Tong Ren Tang Chinese Medicine Co. Ltd. ("**Beijing Tong Ren Tang**") | 1,346.1 | Beijing Tong Ren Tang is a Chinese medicine manufacturer. The company mainly develops and produces health products, including patent medicines and health-care products. |

| Exhibit 9 – Summary of Comparable Companies | | |
|---|---|---|
| **Name** | **Market capitalisation (S$'million)[1]** | **Business description** |
| Hai-O Enterprise Bhd ("**Hai-O**") | 174.0 | Hai-O wholesales and retails Chinese and western wines, herbs and medicines. Through its subsidiaries, the company operates retail chain stores and supermarkets, provides multi-level direct marketing, and leases machinery and equipment. Hai-O provides money lending services and produces alcoholic and non-alcoholic drinks, tea, and other beverages. |
| PuraPharm Corp Ltd ("**PuraPharm**") | 127.3 | PuraPharm is a pharmaceutical company that develops medicine. The company researches and develops traditional Chinese medicine. |
| Wai Yuen Tong Medicine Holdings Limited ("**Wai Yuen Tong**") | 50.8 | Wai Yuen Tong, through its subsidiaries, manufactures and sells Chinese and western pharmaceutical products. |
| **BRANDED CONSUMER PRODUCTS COMPARABLE COMPANIES** | | |
| Delfi Limited ("**Delfi**") | 1,527.9 | Delfi manufactures, markets, and distributes chocolate confectionery products. The company offers a broad range of chocolate and sugar confectionery products such as molded chocolate, dragees, enrobed wafers, and biscuits. Delfi serves customers across South East Asia. |
| Super Group Ltd. ("**Super Group**") | 947.3 | Super Group manufactures, packages, and distributes instant cereal flakes, instant beverages, instant coffee powder, and other convenience food products. |
| QAF Limited ("**QAF**") | 623.7 | QAF manufactures and distributes bread, bakery, and confectionery products. The company also operates supermarkets and cold storage warehousing. QAF trades and distributes food, beverages, food related ingredients and commodities. QAF produces, processes, and markets pork and feed mill production. |

**Exhibit 9 – Summary of Comparable Companies**

| Name | Market capitalisation (S$'million)[1] | Business description |
|---|---|---|
| Del Monte Pacific Limited ("**Del Monte**") | 621.8 | Del Monte produces and markets packaged vegetable and fruit, beverage and culinary products. The group has the exclusive right to use the Del Monte brand for packaged products in the United States of America, South America, Philippines, the Indian subcontinent and Myanmar, and the S&W brand for both packaged and fresh products globally except Australia and New Zealand. |
| BreadTalk Group Limited ("**BreadTalk**") | 323.5 | BreadTalk is an investment holding company that engages in the provision of management services in the bakery, food, and restaurant businesses. The company, through its subsidiaries, manufactures and retails a variety of food, bakery, and confectionery products. BreadTalk also offers franchising opportunities and operates internationally. |
| Food Empire Holdings Limited ("**Food Empire**") | 183.8 | Food Empire manufactures and markets instant beverage products, frozen convenience food, confectionery and snack food. The company exports its products to markets such as Russia, Eastern Europe, Central Asia, the Middle East and Indochina. |

*Source: Bloomberg L.P.*

**Note:**

(1) Market capitalisation of the Comparable Companies is based on their respective last transacted prices as at the Latest Practicable Date.

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

We set out in Exhibit 10 below the valuation statistics for the Comparable Companies based on their last transacted share prices as at the Latest Practicable Date.

**Exhibit 10 – Valuation ratios of Comparable Companies**

| Comparable Companies | Stock exchange | Market capitalisation (S$'m) | Enterprise value (S$'m) | P/E (times) | | LTM EV/ EBITDA (times) | P/NAV (times) |
|---|---|---|---|---|---|---|---|
| | | | | LTM[1] | FY2015 | | |
| **TCM-related** | | | | | | | |
| China TCM | HKSE | 2,375.4 | 2,576.3 | 15.19 | 17.88 | 15.15 | 1.05 |
| Tianjin ZhongXin | SGX | 2,187.6 | 2,087.9 | 9.09 | 1.38 | N.A.[1] | 1.04 |
| Beijing Tong Ren Tang | HKSE | 1,346.1 | 1,129.1 | 20.23 | 21.93 | 13.70 | 4.25 |
| Hai-O | KLSE | 174.0 | 161.3 | 15.18 | 17.74 | 9.32 | 2.12 |
| PuraPharm | HKSE | 127.3 | 107.8 | 22.55 | 26.65 | N.A.[1] | 1.57 |
| Wai Yuen Tong | HKSE | 50.8 | 79.6 | 1.38 | 1.55 | N.A.[1] | 0.12 |
| | | | **Maximum** | **22.55** | **26.65** | **15.15** | **4.25** |
| | | | **Minimum** | **1.38** | **1.38** | **9.32** | **0.12** |
| | | | **Mean** | **13.94** | **14.52** | **12.72** | **1.69** |
| | | | **Median** | **15.19** | **17.81** | **13.70** | **1.31** |
| **Branded Consumer Products** | | | | | | | |
| Delfi | SGX | 1,527.9 | 1,460.8 | N.A.[1] | N.A.[1] | 24.62 | 4.40 |
| Super Group | SGX | 947.3 | 843.1 | 20.94 | 20.05 | 9.87 | 1.84 |
| QAF | SGX | 623.7 | 642.5 | 11.17 | 11.81 | 5.92 | 1.40 |
| Del Monte | SGX | 621.8 | 3,466.4 | 19.81 | N.A.[1] | 12.46 | 1.54 |
| BreadTalk | SGX | 323.5 | 440.3 | 39.79 | 42.59 | 5.23 | 2.51 |
| Food Empire | SGX | 183.8 | 200.8 | 15.34 | N.M.[1] | 7.42 | 0.99 |
| | | | **Maximum** | **39.79** | **42.59** | **24.62** | **4.40** |
| | | | **Minimum** | **11.17** | **11.81** | **5.23** | **0.99** |
| | | | **Mean** | **21.41** | **24.82** | **10.92** | **2.11** |
| | | | **Median** | **19.81** | **20.05** | **8.64** | **1.69** |
| **EYSI** (based on the Offer Price) | | **269.4**[2] | **417.1**[2] | **N.A.**[3] | **58.82** | **17.28** | **1.70** |

*Sources: Bloomberg L.P. and the Company's and the Comparable Companies' financial statements*

**Notes:**

(1) LTM means latest twelve months, N.M. means not meaningful and N.A. means not applicable.

(2) Based on the Offer Price and the total number of issued Shares of 449,040,217 Shares as at the Latest Practicable Date.

(3) N.A. as the LTM earnings of the Group is negative.

*Comparison with TCM-related Comparable Companies*

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

(a) The LTM P/E ratio of the Company is negative and hence not meaningful as a comparison metric. The implied P/E of the Company for FY2015 is above the range of the P/E ratios of the TCM-related Comparable Companies and is higher than both the mean and median P/E ratios of 14.52 times and 17.81 times respectively;

(b) The implied LTM EV/EBITDA ratio of the Company is above the range of the LTM EV/EBITDA ratios of TCM-related Comparable Companies, and is higher than both the mean and median LTM EV/EBITDA ratios of 12.72 times and 13.70 times respectively; and

(c) The implied P/NAV ratio of the Company is within the range of the P/NAV ratios of the TCM-related Comparable Companies, and is higher than both the mean and median P/NAV ratios of 1.69 times and 1.31 times respectively.

*Comparison with Branded Consumer Products Comparable Companies*

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

(d) The LTM P/E ratio of the Company is negative and hence not meaningful as a suitable comparison metric. The implied P/E of the Company for FY2015 is above the range of the P/E ratios of the Branded Consumer Products Comparable Companies and is higher than both the mean and median P/E ratios of 24.82 times and 20.05 times respectively;

(e) The implied LTM EV/EBITDA ratio of the Company is within the range of the LTM EV/EBITDA ratios of Branded Consumer Products Comparable Companies, and is higher than both the mean and median LTM EV/EBITDA ratios of 10.92 times and 8.64 times respectively; and

(f) The implied P/NAV ratio of the Company is within the range of the P/NAV ratios of the Branded Consumer Products Comparable Companies, and is higher than the median P/NAV ratio of 1.69 times but lower than the mean P/NAV ratio of 2.11 times in respect of the Comparable Companies.

### 7.6 Selected precedent privatisation and delisting transactions in Singapore

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

We set out below in Exhibit 11 the statistics on (i) privatisation transactions of companies listed on the SGX-ST, whether by way of scheme of arrangement under Section 210 of the Companies Act, voluntary general offers or mandatory general offers under the Code; and (ii) delisting offers under Rule 1307 of the Listing Manual, where the offerors had majority control[6], and the offer resulted in a successful privatisation and delisting of the target company ("**Precedent Privatisations**"). Details on the Precedent Privatisations announced from 1 January 2014 up to the Latest Practicable Date are set out as follow:

**Exhibit 11 – Precedent Privatisations in Singapore**

| | | | Premium/(discount) implied by the respective offer[(1)] | | | |
|---|---|---|---|---|---|---|
| **Target Company** | **Announcement Date** | **Offer Price (S$)** | **Last Transacted Price[(2)] (%)** | **1-month VWAP (%)** | **3-month VWAP (%)** | **6-month VWAP (%)** |
| OSIM International Ltd | 07-Mar-16 | 1.41 | 27.0 | 40.9 | 42.5 | 16.7 |
| Tiger Airways Holdings Limited | 06-Nov-15 | 0.41 | 45.2 | 48.5 | 56.3 | 50.0 |
| Chosen Holdings Limited | 01-Sept-15 | 0.24 | 21.2 | 26.3 | 27.0 | 33.0 |
| Lizhong Wheel Group Limited | 17-Aug-15 | 0.50 | 96.1 | 87.3 | 79.2 | 92.3 |
| Keppel Land Limited | 23-Jan-15 | 4.38[(3)] | 20.0 | 25.0 | 28.8 | 28.2 |
| Popular Holdings Limited | 14-Jan-15 | 0.32 | 39.1 | 39.7 | 37.3 | 32.2 |
| Forterra Trust | 24-Nov-14 | 2.25[(4)] | 32.4 | 51.1 | 49.7 | 39.8 |
| ECS Holdings Limited | 14-Nov-14 | 0.68 | 11.5 | 9.0 | 11.5 | 9.3 |
| UE E&C Ltd. | 03-Oct-14 | 1.25 | (2.3) | 2.7 | 5.0 | (2.9) |

6 Majority control means that the offeror and the parties acting in concert with it, and together with irrevocable undertakings obtained, collectively own more than 50.0% of the issued shares in the company as at the date of the offer announcement.

**Exhibit 11 – Precedent Privatisations in Singapore**

| Target Company | Announcement Date | Offer Price (S$) | Premium/(discount) implied by the respective offer[1] Last Transacted Price[2] (%) | 1-month VWAP (%) | 3-month VWAP (%) | 6-month VWAP (%) |
|---|---|---|---|---|---|---|
| Lee Kim Tah Holdings Limited | 25-Sep-14 | 1.08 | 6.4 | 11.8 | 12.3 | 13.5 |
| Capitamalls Asia Limited | 14-Apr-14 | 2.35[5] | 30.2 | 34.4 | 32.8 | 27.6 |
| China XLX Fertiliser Ltd. | 31-Mar-14 | 0.40 | 23.1 | 28.9 | 24.8 | 22.2 |
| Asia Power Corporation Limited | 24-Mar-14 | 0.16 | 0.0 | 1.2 | 2.1 | 9.7 |
| Chemoil Energy Limited | 25-Feb-14 | 0.50[6] | 29.0 | 31.1 | 32.5 | 31.1 |
| Singapore Land Limited | 24-Feb-14 | 9.40 | 11.2 | 16.9 | 13.9 | 11.0 |
| SuperBowl Holdings Limited | 06-Jan-14 | 0.75 | 15.4 | 34.9 | 41.2 | 45.0 |
| | | **Maximum** | 96.1 | 87.3 | 79.2 | 92.3 |
| | | **Minimum** | (2.3) | 1.2 | 2.1 | (2.9) |
| | | **Mean** | 25.3 | 30.6 | 31.1 | 28.7 |
| | | **Median** | 22.2 | 30.0 | 30.7 | 27.9 |
| **EYSI** (based on the Offer Price) | | | **2.6** | **8.5** | **16.5** | **24.7** |

*Sources: Bloomberg L.P. and the respective target companies' shareholders' circular*

**Notes:**

(1) Market premia/discounts calculated relative to the closing price of the respective target companies one (1) day prior to the respective announcement dates and VWAP of the 1-month, 3-month and 6-month period prior to the respective announcement dates.

(2) Closing share price on the last trading market day of the respective target companies prior to the announcement date.

(3) Based on the based offer price of S$4.38 per share as announced by the offeror on 23 January 2015.

(4) Based on the revised final offer price of S$2.25 per share as announced by the offeror on 24 November 2014.

(5) Based on the revised final offer price of S$2.35 per share as announced by the offeror on 16 May 2014.

(6) Based on the offer price of US$0.40 using an exchange rate of US$1.00: S$1.2623 as at 25 February 2014, as published on the Monetary Authority of Singapore's website.

Based on the above analysis, we note the following:

(a) The premium of approximately 2.6% implied by the Offer Price over the last transacted price of the Shares on the Last Full Trading Day is within the range but lower than the mean and median premia of 25.3% and 22.2% respectively implied by the respective offer prices paid over the last transacted market prices of the shares on their respective last trading day with respect to the Precedent Privatisations;

(b) The premium of approximately 8.5% implied by the Offer Price over the 1-month VWAP of the Shares up to and including the Last Full Trading Day is within the range but lower than the mean and median premia of 30.6% and 30.0% respectively as implied by the respective offer price over 1-month VWAP of the shares with respect to the Precedent Privatisations;

(c) The premium of approximately 16.5% implied by the Offer Price over the 3-month VWAP of the Shares up to and including the Last Full Trading Day is within the range but lower than the mean and the median premia of 31.1% and 30.7% respectively as implied by the respective offer price over the 3-month VWAP of the shares in respect of the Precedent Privatisations; and

(d) The premium of approximately 24.7% implied by the Offer Price over the 6-month VWAP of the Shares up to and including the Last Full Trading Day is within the range but lower than the mean and the median premia of 28.7% and 27.9% respectively as implied by the respective offer price over the 6-month VWAP of the shares in respect of the Precedent Privatisations.

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

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

**We wish to highlight that the Company is not in the same industry and does not conduct the same businesses as the other companies in the list of Precedent Privatisations and would not, therefore, be directly comparable to the list of companies in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria. Accordingly, the Independent Directors should note that the above comparison merely serves as a general guide to provide an indication of the premium or discount in connection with the Precedent Privatisations.**

**Therefore, any comparison of the Offer with the Precedent Privatisations is for illustration purposes only. Conclusions drawn from the comparisons made may not necessarily reflect any perceived market valuation for the Company.**

### 7.7 Analysts' estimates and target prices for the Company

We have reviewed the target prices of the Company by stock analysts as provided by Bloomberg L.P..

Exhibit 12 below summarises the key points of two (2) broker research reports which were released prior to the Offer Announcement Date.

**Exhibit 12 – Analysts' estimates and target prices for the Company**

| Broker | Date of research report | Recommendation | Target price (S$) | Premium/(Discount) of Offer Price over Target price |
|---|---|---|---|---|
| CIMB | 15-Feb-2016 | Reduce | 0.30 | 100.00% |
| RHB Securities | 15-Feb-2016 | Sell | 0.36 | 66.67% |
| **Mean** | | | **0.33** | **81.82%** |

*Source: Various research reports of the brokers above*

Based on the above broker research reports, we note that:

(a) The Offer Price represents a premium of approximately 81.8% to the mean target price of S$0.33 estimated by two (2) brokers prior to the Offer Announcement Date; and

(b) We note that prior to the Offer Announcement Date, both CIMB and RHB Securities made recommendations to "Reduce" and "Sell" the Company's Shares respectively.

**We wish to highlight that the above broker research reports are not exhaustive and the estimated price targets of the Shares in these reports represent the individual views of the respective brokers (and not PPCF) based on the circumstances, including but not limited to, market, economic and industry conditions and market sentiment and investor perceptions on the prospects of the Company, prevailing at the date of the publication of the respective reports. The opinion of the analysts may change over time due to, *inter alia*, changes in market conditions, the Company's corporate developments and the emergence of new information relevant to the Company. As such, the estimated target prices in these broker research reports may not be an accurate prediction of future market prices of the Shares.**

### 7.8 Historical financial performance of the Group and outlook of the industry

A summary of the financial results of the Group for the financial years ended 30 June ("**FY**") 2014 and 2015 and for 9M2015 and 9M2016 is set out in Exhibit 13, Exhibit 14 and Exhibit 15 below. The following summary financial information should be read in conjunction with the full text of the Company's annual reports and financial results announcements in respect of the relevant financial periods including the notes thereto.

**Exhibit 13 – Summary financial information of the Group**

| (S$'million) | FY2014 (Audited) | FY2015 (Audited) | 9M2015 (Unaudited) | 9M2016 (Unaudited) |
|---|---|---|---|---|
| **Income statement** | | | | |
| **Revenue** | **366.3** | **350.4** | **278.2** | **264.7** |
| **Gross profit** | **184.3** | **173.1** | **137.7** | **128.3** |
| *Gross profit margin* | *50.3%* | *49.4%* | *49.5%* | *48.5%* |
| **Operating Profit** | **27.9** | **18.2** | **14.6** | **11.8** |
| *Operating profit margin* | *7.8%* | *5.3%* | *5.3%* | *4.5%* |
| **Profit before taxation ("PBT")** | **22.7** | **12.4** | **12.8** | **3.9** |
| *PBT margin* | *6.2%* | *3.5%* | *4.6%* | *1.5%* |
| **Net profit after tax ("NPAT")** | **15.1** | **4.6** | **8.2** | **0.6** |
| *NPAT margin* | *4.1%* | *1.3%* | *2.9%* | *0.2%* |
| **Net profit attributable to Shareholders** | **15.0** | **4.6** | **8.2** | **0.6** |
| *Net profit margin (excludes non-controlling interests)* | *4.1%* | *1.3%* | *2.9%* | *0.2%* |
| **Cash flow statement** | | | | |
| Net cash from operating activities | 6.4 | 14.9 | 11.4 | 13.1 |
| Net cash used in investing activities | (20.9) | (66.7) | (59.1) | (9.3) |
| Net cash from/(used in) financing activities | (38.2) | 31.6 | 29.5 | 5.6 |
| **Net increase/(decrease) in cash and cash equivalents** | **(52.6)** | **(20.2)** | **(18.1)** | **9.4** |

| Exhibit 13 – Summary financial information of the Group | | | |
|---|---|---|---|
| **(S$'million)** | **As at 30 June 2014 (Audited)** | **As at 30 June 2015 (Audited)** | **As at 30 March 2016 (Unaudited)** |
| **Financial position** | | | |
| **Total Assets** | **349.7** | **392.4** | **396.9** |
| Current assets: | | | |
| **Cash and cash equivalents** | **45.1** | **25.1** | **34.1** |
| *Percentage of total assets* | *12.9%* | *6.4%* | *8.6%* |
| **Inventories** | **83.2** | **87.2** | **77.3** |
| *Percentage of total assets* | *23.8%* | *22.2%* | *19.5%* |
| **Trade and other receivables** | **17.2** | **15.1** | **22.7** |
| *Percentage of total assets* | *4.9%* | *3.8%* | *5.7%* |
| Non-current assets: | | | |
| **Property, plant and equipment** | **115.5** | **200.1** | **197.2** |
| *Percentage of total assets* | *33.0%* | *51.0%* | *49.7%* |
| **Investment properties** | **62.4** | **46.3** | **46.4** |
| *Percentage of total assets* | *17.8%* | *11.8%* | *11.7%* |
| **Total Debt**(1) | **132.2** | **173.1** | **181.6** |
| *Debt to asset ratio* | *0.38x* | *0.44x* | *0.46x* |
| **NAV attributable to Shareholders** | **157.6** | **160.0** | **158.2** |

*Sources: The Company's annual reports for FY2014 and FY2015 and the financial results announcement for 9M2016*

**Notes:**

(1) Total debt includes interest bearing loans and borrowings, notes payable, hire purchase creditors and long term loan from non-controlling shareholders of subsidiaries.

(2) Any discrepancies in the tables in Exhibits 13, 14 and 15, between the total sum of amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

| Exhibit 14 – Summary financial information of the Group by segment | | |
|---|---|---|
| **(S$'million)** | **FY2014 (Audited)** | **FY2015 (Audited)** |
| **Revenue by segment** | | |
| **TCM** | **304.6** | **280.1** |
| *Percentage of revenue* | *83.2%* | *79.9%* |
| **Non-TCM** | **40.7** | **48.6** |
| *Percentage of revenue* | *11.1%* | *13.9%* |
| **Clinics** | **16.9** | **16.9** |
| *Percentage of revenue* | *4.6%* | *4.8%* |
| **Others** | **3.9** | **4.8** |
| *Percentage of revenue* | *1.1%* | *1.4%* |
| **Total revenue**(1) | **366.3** | **350.4** |
| **Profit/(loss) before taxation by segment** | | |
| **TCM** | **47.9** | **33.5** |
| *Segmental profit before taxation margin* | *15.7%* | *12.0%* |
| **Non-TCM** | **(8.1)** | **(5.4)** |
| *Segmental loss before taxation margin* | *N.M.*(2) | *N.M.*(2) |
| **Clinics** | **1.5** | **1.0** |
| *Segmental profit before taxation margin* | *9.0%* | *5.8%* |
| **Others** | **(18.6)** | **(16.7)** |
| *Segmental loss before taxation margin* | *N.M.*(2) | *N.M.*(2) |
| **Total profit before taxation by segment**(1) | **22.7** | **12.4** |

*Source: The Company's annual reports for FY2014 and FY2015*

**Note:**

(1) Amounts set out in Exhibit 14 above in relation to the revenue and profit/(loss) before taxation by segment do not include inter-segment revenue and consolidation adjustments.

(2) N.M. means not meaningful.

| Exhibit 15 – Summary financial information of the Group by geographical locations | | | | |
|---|---|---|---|---|
| (S$'million) | FY2014 (Audited) | FY2015 (Audited) | 9M2015 (Unaudited) | 9M2016 (Unaudited) |
| **Revenue by geographical locations** | | | | |
| **Hong Kong** | **160.4** | **137.1** | **109.9** | **100.2** |
| *Percentage of revenue* | *43.8%* | *39.1%* | *39.5%* | *37.9%* |
| **Singapore** | **75.1** | **77.9** | **59.6** | **64.6** |
| *Percentage of revenue* | *20.5%* | *22.2%* | *21.4%* | *24.4%* |
| **Malaysia** | **89.7** | **86.6** | **72.2** | **61.4** |
| *Percentage of revenue* | *24.5%* | *24.7%* | *26.0%* | *23.2%* |
| **Australia** | **41.0** | **48.9** | **36.5** | **38.4** |
| *Percentage of revenue* | *11.2%* | *14.0%* | *13.1%* | *14.5%* |
| **Total revenue** | **366.3** | **350.4** | **278.2** | **264.7** |

*Sources: The Company's annual reports for FY2014 and FY2015 and the financial results announcements for 9M2016*

**Note:**

(1) Amounts set out in Exhibit 15 above in relation to the total revenue by geographical locations do not include inter-segment revenue and consolidation adjustments.

***Historical financial performance of the Group***

*FY2015 as compared to FY2014*

We note that the revenue of the Group decreased by approximately 4.3% from S$366.3 million in FY2014 to S$350.4 million in FY2015 due mainly to weaker performance in the Hong Kong and Malaysia markets, which contributed an aggregate of approximately 63.8% to the Group's revenue in FY2015.

We note that revenue derived from the Hong Kong market declined by approximately 14.6% from S$160.4 million in FY2014 to S$137.1 million in FY2015 and revenue derived from the Malaysia market declined by approximately 3.5% from S$89.7 million in FY2014 to S$86.5 million in FY2015. The decrease in revenue derived from the Hong Kong and Malaysia markets was mainly due to political and macroeconomic uncertainties such as (i) the "Occupy Central" protests in Hong Kong; (ii) new travel restrictions on PRC visitors to Hong Kong which affected spending from PRC visitors; and (iii) political instability and introduction of goods and services tax in Malaysia.

The Group's TCM operating segment revenue which, contributed approximately 83.2% to the total revenue in FY2014, declined by approximately 8.1% from S$304.6 million in FY2014 to S$280.1 million in FY2015. This decline was mainly due to a slowdown in retail and wholesale activities of the TCM segment, despite the increase in the number of company-operated outlets during the period.

The Group's gross profit margins decreased marginally from 50.3% in FY2014 to 49.4% in FY2015. The Group's PBT also decreased by approximately 45.6% from S$22.7 million in FY2014 to S$12.4 million in FY2015, as the decrease in total revenue was exacerbated by increased distribution and selling expenses. Accordingly, net profit after tax attributable to Shareholders of the Company decreased by 69.6%, from S$15.0 million in FY2014 to S$4.6 million in FY2015.

*9M2016 as compared to 9M2015*

During 9M2016, the Group's revenue decreased by S$13.5 million or 4.9% from S$278.2 million in 9M2015 to S$264.7 million in 9M2016. The decrease was primarily attributable to a continued decline in revenue from the Group's key markets of Hong Kong and Malaysia, primarily in retail and wholesale activities which include revenue derived from both TCM and non-TCM segments. We note that revenue decline in the Hong Kong market continued through 9M2016 mainly impacted by challenges in the retail environment and decline in PRC tourists' spending.

The Group's operating profit decreased by approximately 19.5% from S$14.6 million in 9M2015 to S$11.8 million in 9M2016 mainly due to the decline in revenue and gross margin contribution. Accordingly, the Group's PBT decreased by approximately 70.0% from S$12.8 million in 9M2015 to S$3.9 million in 9M2016 as impacted by the decline in operating profit, higher foreign exchange losses and other losses.

***Historical financial position of the Group***

We note that the assets of the Group mainly comprised property, plant and equipment, consisting of (i) leasehold and freehold land and buildings; (ii) construction-in-progress; and (iii) furniture, fittings and equipment, which collectively accounted for approximately 49.7% of the total assets of the Group as at 31 March 2016. Property, plant and equipment are recorded at cost and subsequent to recognition, land and buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Further, the Group also holds non-current investment properties which are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation. As at 31 March 2016, the Group's investment properties accounted for approximately 11.7% of the total assets of the Group.

In respect of the current assets of the Group, these comprised mainly (i) cash and cash equivalents; and (ii) inventories, which collectively accounted for 28.1% of the total assets of the Group as at 31 March 2016. Inventories comprised mainly of finished goods.

As at 31 March 2016, the debt position of the Group, net of cash and cash equivalents, amounted to approximately S$147.5 million and recorded a debt to asset ratio of 0.46 times.

***Significant trends and competitive conditions of the industry***

We note that the Company had made a commentary in their financial results announcement for 9M2016 on the significant trends and competitive conditions of the industry that may affect the Group in the next reporting period and the next 12 months. The commentary has been reproduced below in italics and should be read in the context of the entire financial results announcement for 9M2016:

"*The Group remains cautious in its business outlook, in light of the persistent economic slowdown in the region weighing down on its core markets. Although the Hong Kong market appears to have bottomed out, its short-term outlook is still expected to be challenging. In Malaysia, the Group expects a continued slowdown in private consumption and waning consumer confidence. Deterioration in either of these markets may have a significant impact on the Group's operating profits next quarter.*

*Singapore continues to perform despite a slowing local economy. The Group also remains cautiously optimistic about future prospects in Australia, and intends to continue growing its Australian network through strategic acquisitions and partnerships. Finally, the Group expects to complete all legal arrangements for the joint venture with HCare Investments Holding Limited for China by the end of the financial year.*

*Given that the weak operating business outlook is expected to endure, the Group will keep its cautious approach and it hopes to improve gradually its business through cost reduction initiatives, rationalisation of weak performing retail outlets, together with its consistent focus on increasing efficiency in its back office operations using technology. The Group will scrutinise and assess the continual feasibility of all non-profitable lines of business. The Group will also continue to review its cash flow and funding requirements to ensure its balance sheet remains sufficiently strong to support future growth. With these initiatives, the Group expects to mitigate the impact of the negative operating environment.*"

**7.9 Dividend track record of the Company**

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

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

**Exhibit 16 – Historical dividend track record of the Company**

| (S$) | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 |
|---|---|---|---|---|---|
| Final dividend per Share | 0.0100 | 0.0100 | 0.0220 | 0.0220 | 0.0050 |
| Special dividend per Share | 0.0120 | 0.0100 | – | – | – |
| **Total dividend per Share** | **0.0220** | **0.0200** | **0.0220** | **0.0220** | **0.0050** |
| Share price on final cum-dividend date[(1)] | 0.735 | 0.605 | 0.755 | 0.760 | 0.450 |
| **Final dividend yield (%)** | **1.36** | **1.65** | **2.91** | **2.89** | **1.11** |
| **Total dividend yield (%)** | **2.99** | **3.31** | **2.91** | **2.89** | **1.11** |

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

**Note:**

(1) The closing market price as at the final cum dividend date for each respective financial year.

We understand from the Management that, although the Company has been paying dividends every financial year since its listing on the SGX-ST, the Company does not have a fixed rate of dividend payment. As such, the quantum of dividends paid by the Company in any period would depend on various factors including but not limited to the financial performance of the Group, its working capital and capital expenditure need as well as other considerations. We note that based on the Company's most recent unaudited financial statements for 9M2016, the Company had reserves of approximately S$116.3 million. The observation above only serves as an illustrative guide and is not an indication of the future dividend policy of the Company.

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

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

**Exhibit 17 – Dividend yields of Comparable Companies and STI ETF**

| | **LTM dividend yield (%)[1]** |
|---|---|
| **TCM-related Comparable Companies** | |
| China TCM | – |
| Tianjin ZhongXin | 2.14 |
| Tong Ren Tang | 1.32 |
| Hai-O | 6.38 |
| PuraPharm | 2.06 |
| Wai Yuen Tong | – |
| **Branded Consumer Products Comparable Companies** | |
| Delfi | 0.83 |
| Super Group | 2.62 |
| QAF | 4.74 |
| Del Monte | – |
| BreadTalk | 1.33 |
| Food Empire | – |
| **STI ETF** | 3.23 |

*Source: Bloomberg L.P.*

**Note:**

(1) Net dividend yield of each selected alternative investment is computed as the dividends declared over the latest twelve months divided by the closing market price as at the final cum dividend date (or where there was no trading on such date, the last available closing market price). The aforementioned dividend yield computed may differ from the actual dividend yield which will vary depending on the actual cost of investment paid by the individual investor.

Based on the above, we note that there are certain Comparable Companies that provide better dividend yields than the Company's historical dividend yields. A shareholder who received the proceeds from the Offer may potentially experience similar or better dividend income if he or she were to reinvest the proceeds from the Offer in the shares of certain Comparable Companies. This is on the assumption that the Comparable Companies that have paid dividends in their respective most recent financial years will maintain their respective dividend yields at the same levels as illustrated above.

Notwithstanding the above, it is uncertain whether the Company and the Comparable Companies can maintain its 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.

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

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

## 8. OTHER CONSIDERATIONS

### 8.1 Irrevocable undertakings

We note that as at the Latest Practicable Date, the Promoters have provided irrevocable undertakings to the Offeror ("**Promoters' Irrevocable Undertakings**") to, *inter alia*, accept the Offer in respect of an aggregate of 105,919,867 Shares, representing approximately 23.6% of the total number of issued Shares as at the Latest Practicable Date.

Besides the Promoters, the Undertaking Shareholders, have also provided irrevocable undertakings to the Offeror ("**Additional Irrevocable Undertakings**") to, *inter alia*, accept the Offer in respect of an aggregate of 177,405,029 Shares, representing approximately 39.5% of the total number of issued Shares as at the Latest Practicable Date.

**Pursuant to the Promoters' Irrevocable Undertakings and the Additional Irrevocable Undertakings, the Offeror has received irrevocable undertakings to accept the Offer in respect of an aggregate of 283,324,896 Shares, representing approximately 63.1% of the total number of issued Shares as at the Latest Practicable Date.**

### 8.2 Listing status of the Company

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

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

**As stated in the Offer Document, in the event the Company does not meet the free float requirements of the Listing Manual, the Offeror does not intend to preserve the listing status of the Company and does not intend to take any steps for any trading suspension of the Shares by the SGX-ST to be lifted. In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.**

### 8.3 Compulsory Acquisition

As stated in the Offer Document, pursuant to Section 215(1) of the Companies Act, in the event that the Offeror receives valid acceptances pursuant to the Offer of not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding treasury shares), the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares from the Shareholders who have not accepted the Offer on the same terms as those offered under the Offer.

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

### 8.4 Offeror's future plans for the Group

As stated in the Offer Document, subsequent to the Closing Date and depending on the outcome of the Offer, the Offeror intends to undertake a review of the Group's businesses and operations as well as evaluate strategic options. Save as disclosed, the Offeror has no current intention to (i) make any major changes to the existing businesses of the Group; (ii) redeploy the fixed assets of the Group; or (iii) discontinue the employment of the existing employees of the Group, other than in the ordinary course of business.

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

**8.5 The Offer is the only offer available to the Shareholders**

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

The Company has confirmed that there is no alternative or competing offer available to the Shareholders as at the Latest Practicable Date and we note that pursuant to the Promoters' Irrevocable Undertakings and the Additional Irrevocable Undertakings, the Offeror has received irrevocable undertakings to accept the Offer in respect of an aggregate of 283,324,896 Shares, representing approximately 63.1% of the total number of issued Shares as at the Latest Practicable Date. We note that unless the Promoters and the Undertaking Shareholders accept such alternative or competing offer, any offer made by any third parties would not be capable of becoming unconditional.

**8.6 Implications of delisting for Shareholders**

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

Shareholders should note that shares of unlisted companies are generally valued at a discount to the shares of comparable listed companies as a result of the lack of marketability. **In the event that the Company is 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 Shareholders to exit. Even if such Shareholders were able to sell their Shares, they may receive a lower price as compared to the Offer Price.** Further, any transfer or sale of Shares represented by share certificates will be subject to stamp duty.

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

As an unlisted company, the Company will no longer be obliged to comply with the listing requirements of the SGX-ST, in particular the continuing corporate disclosure requirements of the Listing Manual.

## 9. OPINION

We note that as the Option Price is calculated on a "see-through" basis, the consideration an Optionholder would receive from accepting the Options Proposal would be the same as if the Optionholder were to convert the Options and accept the Offer. Accordingly, our analysis and conclusion with respect to the Offer Price will similarly be relevant to the Optionholders.

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

**Factors in favor of the Offer Price**

(a) The Offer Price represents a premium of approximately 22.45%, 24.74%, 16.50%, 8.50% and 2.56% over the 1-year, 6-month, 3-month and 1-month VWAP of the Shares and the last transacted price on the Last Full Trading Day of the Shares respectively. The Shares have not traded at or above the Offer Price of S$0.60 per share for 204 days out of a total 223 market days where there were trades transacted over the 1-year period up to and including the Last Full Trading Day;

(b) During the 1-year period up to and including the Last Full Trading Day, the ADTV as a percentage of the Company's Free Float ranged between 0.01% to 0.07%, which is generally below the range of relative percentages for the 30 component stocks of the benchmark FSSTI for the comparative periods. Given the thin trading volume, particularly for investors who wish to transact larger quantum of Shares, the Offer provides the Shareholders with an opportunity to liquidate and realise their investment in the Shares at the Offer Price, which may otherwise not be available given the low trading liquidity;

(c) As compared to the relative performance of the market indices, the current market price and the trading volume of the Shares may have been underpinned by the Offer subsequent to the Offer Announcement Date. As such, there is no assurance that the market price and trading volume of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Offer;

(d) The valuation multiples implied by the Offer Price are generally higher than the historical traded multiples of the Shares prior to the Offer Announcement Date;

(e) The Offer Price of S$0.60 per Share represents a premium of approximately 70.0% over the unaudited NAV per Share of the Company of S$0.353 as at 31 March 2016. We note that the value of revaluation surplus from the Revalued Properties is immaterial and accordingly, the RNAV per Share is approximately equivalent to the unaudited NAV per Share of the Group of S$0.353 as at 31 March 2016;

(f) In comparison with the TCM-related Comparable Companies:

- The implied P/E of the Company for FY2015 is above the range of the P/E ratios of the TCM-related Comparable Companies and is higher than both the mean and median P/E ratios of 14.52 times and 17.81 times respectively;
- The implied LTM EV/EBITDA ratio of the Company is above the range of the LTM EV/EBITDA ratios of TCM-related Comparable Companies, and is higher than both the mean and median LTM EV/EBITDA ratios of 12.72 times and 13.70 times respectively;

- The implied P/NAV ratio of the Company is within the range of the P/NAV ratios of the TCM-related Comparable Companies, and is higher than both the mean and median P/NAV ratios of 1.69 times and 1.31 times respectively;

(g) In comparison with the Branded Consumer Products Comparable Companies:

- The implied P/E of the Company for FY2015 is above the range of the P/E ratios of the Branded Consumer Products Comparable Companies and is higher than both the mean and median P/E ratios of 24.82 times and 20.05 times respectively;
- The implied LTM EV/EBITDA ratio of the Company is within the range of the LTM EV/EBITDA ratios of Branded Consumer Products Comparable Companies, and is higher than both the mean and median LTM EV/EBITDA ratios of 10.92 times and 8.64 times respectively;
- The implied P/NAV ratio of the Company is within the range of the P/NAV ratios of the Branded Consumer Products Comparable Companies, and is higher than the median P/NAV ratio of 1.69 times;

(h) The Offer Price represents a premium of approximately 100.0% and 66.7% to the target prices of S$0.30 and S$0.36 respectively released by two (2) brokers before the Offer Announcement Date;

(i) The revenue of the Group decreased by approximately 4.3% from S$366.3 million in FY2014 to S$350.4 million in FY2015 largely due to macro-economic challenges in the key markets of the Group. Such decline continued in 9M2016 where revenue declined by approximately 4.9% year-on-year from S$278.2 million in 9M2015 to S$264.7 million in 9M2016. Correspondingly, the operating profit of the Group for 9M2016 declined by approximately 19.5% and the PBT of the Group declined by approximately 70.0% from S$12.8 million in 9M2015 to S$3.9 million in 9M2016 as impacted by the decline in operating profit, higher foreign exchange losses and other losses. We note that the Group remains cautious in its business outlook, in light of the persistent economic slowdown in the region weighing down on its core markets;

(j) We note that certain Comparable Companies provide better dividend yields than the Company based on its historical dividend yields, suggesting that Shareholders who accept the Offer may potentially experience an increase in dividend income if they re-invested the proceeds from the Offer in the shares of other selected alternative investments;

**Factors against the Offer Price:**

(k) The Offer Price is at a discount of approximately 2.44% to the last transacted price of the Shares of S$0.615 as at the Latest Practicable Date;

(l) In comparison with the Precedent Privatisations:

- The premium of approximately 2.6% implied by the Offer Price over the last transacted price of the Shares on the Last Full Trading Day is within the range but lower than the mean and median premia of 25.3% and 22.2% respectively implied by the respective offer prices paid over the last transacted market prices of the shares on their respective last trading day with respect to the Precedent Privatisations;

- The premium of approximately 8.5% implied by the Offer Price over the 1-month VWAP of the Shares up to and including the Last Full Trading Day is within the range but lower than the mean and median premia of 30.6% and 30.0% respectively as implied by the respective offer price over 1-month VWAP of the shares with respect to the Precedent Privatisations;
- The premium of approximately 16.5% implied by the Offer Price over the 3-month VWAP of the Shares up to and including the Last Full Trading Day is within the range but lower than the mean and the median premia of 31.1% and 30.7% respectively as implied by the respective offer price over the 3-month VWAP of the shares in respect of the Precedent Privatisations;
- The premium of approximately 24.7% implied by the Offer Price over the 6-month VWAP of the Shares up to and including the Last Full Trading Day is within the range but lower than the mean and the median premia of 28.7% and 27.9% respectively as implied by the respective offer price over the 6-month VWAP of the shares in respect of the Precedent Privatisations;

**Other factors:**

(m) The Offeror has received irrevocable undertakings from the Promoters and the Undertaking Shareholders to accept the Offer in respect of an aggregate of 283,324,896 Shares, representing approximately 63.1% of the total number of issued Shares as at the Latest Practicable Date and the Company has confirmed that there is no alternative or competing offer available to the Shareholders. In the event of an alternative or competing offer, we note that unless the Promoters and the Undertaking Shareholders accept such alternative or competing offer, any offer made by any third parties would not be capable of becoming unconditional;

(n) The intention of the Offeror to exercise any rights of compulsory acquisition 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 Offer Announcement Date and excluding any Shares held by the Company as treasury shares); and

(o) The intention of the Offeror not to maintain or support any action taken or to be taken to maintain the listing status of the Company if the Offeror is unable to exercise the right to compulsorily acquire all the Offer Shares not acquired under the Offer and the Company does not meet the free float requirement pursuant to Rule 723 of the Listing Manual.

**Having considered the aforesaid points including the various factors set out in this letter and summarised in this paragraph, we are of the opinion that, whilst the premium ascribed by the Offer Price over the historical traded price of the Shares is not attractive compared to the Precedent Privatisations, the financial terms of the Offer are on balance, fair and reasonable. Accordingly, we advise the Independent Directors to recommend that Shareholders accept the Offer, unless Shareholders are able to obtain a price higher than the Offer Price on the open market, taking into account all the brokerage commissions or transactions costs in connection with open market transactions.**

As the Offer is being extended on the same terms and conditions to all new Shares unconditionally issued or to be issued pursuant to the valid exercise prior to the close of the Options Proposal, we recommend that the Independent Directors provide the same advice to the Optionholders whose exercise price is lower than the Offer Price. **Accordingly, we advise the Independent Directors to recommend Optionholders to accept the Options Proposal or sell their Shares, after exercising their Options, in the open market if they can obtain a price higher than the Offer Price after deducting the related expenses.**

**We also advise the Independent Directors to consider highlighting to the Shareholders that there is no assurance that the price of the Shares will remain at current levels after the close or lapse of the Offer and the current price performance of the Shares may not be indicative of the future price performance levels of the Shares.**

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

This letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the financial terms of the Offer and the Options Proposal and should not be relied on by any other party. The recommendation made by the Independent Directors to the Shareholders in relation to the Offer and the Option Proposals shall remain the sole responsibility of the Independent Directors.

Whilst a copy of this letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of PPCF in each specific case. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

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

Mark Liew
Chief Operating Officer

Andrew Leo
Director, Corporate Finance

## 1. DIRECTORS

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

| Name | Address | Designation |
|---|---|---|
| RJEYS | 1356 Greenwich Street<br>San Francisco,<br>CA 94109<br>United States of America | Chairman |
| REYM | 12 Nassim Road<br>#04-02<br>Beaufort on Nassim<br>Singapore 258380 | Group Chief Executive Officer |
| CEYF | 8 Farrer Road<br>#12-03<br>Waterfall Garden<br>Singapore 268820 | Group Managing Director, International |
| Mr. Matthew J. Estes | 99 Sugarloaf Drive,<br>Tiburon CA 94920<br>United States of America | Lead Independent Director |
| Ms. Ng Shin Ein | 7A Holland Hill<br>#02-09<br>Singapore 278732 | Independent Director |
| Mr. Daniel Soh Chung Hian | 14 Grove Drive<br>Henry Park<br>Singapore 279054 | Independent Director |

## 2. PRINCIPAL ACTIVITIES

The Company is a public limited company incorporated in Singapore on 10 April 1993. The Company was listed on 28 July 2000 on the Main Board of the SGX-ST.

The Company is a leading integrative health and wellness company with a unique heritage in traditional chinese medicine ("**TCM**"). As one of the largest TCM groups in Southeast Asia, the Company drives the industry forward with scientific and innovative approaches in the production and retail of its TCM and wellness products.

From the sourcing of raw materials to manufacturing and distribution of the finished products, as well as the provision of treatments, the Group is able to control the total supply chain, giving it a competitive advantage in the industry.

As at 31 March 2016, the Company has an extensive distribution network comprising 248 company-operated retail outlets and 20 franchises in China, Hong Kong, Macau, Malaysia, Singapore and Australia. Its products are available online at www.EuYanSang.com, as well as in drugstores, pharmacies, medical halls, supermarkets, convenience stores, hospitals,

health clubs and spas worldwide. The Group also operates a chain of 32 TCM clinics in Singapore and Malaysia and two integrative medical centres in Hong Kong. In addition to that, the Group also runs two food and beverage outlets in Malaysia.

## 3. SHARE CAPITAL

**3.1** **Issued Shares**. As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S$41,419,421.13, comprising 449,040,217 Shares. There is only one class of shares in issue.

As at the Latest Practicable Date, save for 1,759,000 Shares issued pursuant to the valid exercise of Options, no new Shares have been issued by the Company since 30 June 2015, being the end of the previous financial year. 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 other class of share capital as at the Latest Practicable Date.

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

**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 are contained in the Constitution. For ease of reference, selected texts of the Constitution relating to the same have been extracted and reproduced in **Appendix F** to this Circular.

**3.3** **Convertible Securities**. Save as disclosed below and in this Circular, the Company has not issued any other instruments convertible into, rights to subscribe for and options in respect of Shares and securities which carry voting rights affecting Shares that are outstanding as at the Latest Practicable Date.

As at the Latest Practicable Date, the following convertible securities in respect of the Shares are outstanding:

**3.3.1** there are 22,000,000 outstanding Warrants in issue, each carrying the right to subscribe for one new Share at the Warrants Exercise Price; and

**3.3.2** there are 4,599,000 Options to subscribe for an aggregate of 4,599,000 Shares.

## 4. DISCLOSURE OF INTERESTS

**4.1** **Interests of Company in Offeror Securities**. As at the Latest Practicable Date, neither the Company nor its subsidiaries has any direct or deemed interests in the Offeror Securities.

**4.2** **Dealings in Offeror Securities by Company**. During the period commencing three months prior to the Offer Announcement Date and ending on the Latest Practicable Date, neither the Company nor its subsidiaries has dealt for value in the Offeror Securities.

**4.3** **Interests of Directors in Offeror Securities**. As at the Latest Practicable Date, the Company has been informed that pursuant to the Consortium Arrangements, REYM has a direct interest in 28 Offeror Shares (the "**REYM Offeror Shares**"), representing 28 per cent. of the issued share capital of the Offeror as at the Latest Practicable Date. REYM holds such REYM Offeror Shares for and on behalf of REKM, himself, REZQ, RJEYS and

Bestand. Approximately 26.4 per cent. of the REYM Offeror Shares are held for and on behalf of RJEYS and Bestand. RJEYS is therefore deemed to have an interest in approximately 7.39 per cent. of the total share capital of the Offeror as at the Latest Practicable Date.

Save as disclosed above and in this Circular, as at the Latest Practicable Date, none of the Directors has any direct or deemed interests in the Offeror Securities.

**4.4 Dealings in Offeror Securities by Directors**. Save as disclosed below and in this Circular, during the period commencing three months prior to the Offer Announcement Date and ending on the Latest Practicable Date, none of the Directors has dealt for value in the Offeror Securities. The Company understands that on 13 May 2016, in connection with the Consortium Arrangements, REYM subscribed for the REYM Offeror Shares at an issue price of S$1.00 per share.

**4.5 Interests of Directors in Company Securities**. Save as disclosed below and in this Circular, as at the Latest Practicable Date, none of the Directors has any direct or deemed interests in the Company Securities.

As at the Latest Practicable Date, the (direct and deemed) interests of the Directors in the Shares, the Warrants and the Options are set out in the tables below.

**4.5.1 Shares**

| | Direct Interest | | Deemed Interest | | Total Interest | |
|---|---|---|---|---|---|---|
| **Directors** | **No. of Shares** | **%(1)** | **No. of Shares** | **%(1)** | **No. of Shares** | **%(1)** |
| RJEYS | 2,045,000 | 0.46 | 31,516,242(2) | 7.02 | 33,561,242 | 7.47 |
| REYM | – | – | 65,940,171(3) | 14.68 | 65,940,171 | 14.68 |
| CEYF | 798,891 | 0.18 | 84,187,120(4) | 18.75 | 84,986,011 | 18.93 |
| Mr. Matthew J. Estes | – | – | – | – | – | – |
| Ms. Ng Shin Ein | – | – | – | – | – | – |
| Mr. Daniel Soh Chung Hian | – | – | – | – | – | – |

**Notes:**

(1) Based on 449,040,217 issued Shares as at the Latest Practicable Date and rounded to the nearest two decimal places.

(2) RJEYS is deemed interested in the 31,516,242 Shares held by Bestand. Bestand is a company wholly-owned by the late Mr. Andrew K.W. Eu's will trust. Mr. Andrew K.W. Eu was the father of RJEYS, and RJEYS and his mother, children, siblings, and nephews and nieces are beneficiaries under the late Mr. Andrew K.W. Eu's will trust.

(3) The deemed interests of REYM relates to the Shares held by his nominees. He is also deemed to be interested in 15,770,000 Shares owned by his wife (held in trust by her nominees).

(4) CEYF is deemed to be interested in all the 11,400,000 Shares held in trust by his nominees, 62,987,120 Shares held by Euco (by itself or in trust by its nominees), 6,750,000 Shares held by Perpetual (in trust by its nominees) and 3,050,000 Shares owned by his wife.

#### 4.5.2 Warrants

| Directors | Exercise Period | Exercise Price | Direct Interest | Deemed Interest |
|---|---|---|---|---|
| RJEYS | – | – | – | – |
| REYM | 29 November 2011 – 28 November 2016 | S$0.83 | 2,000,000 | 50,000[(1)] |
| CEYF | – | – | – | – |
| Mr. Matthew J. Estes | – | – | – | – |
| Ms. Ng Shin Ein | – | – | – | – |
| Mr. Daniel Soh Chung Hian | – | – | – | – |

**Note:**

(1) REYM is deemed interested in 50,000 Warrants held on his behalf by HL Bank Nominees.

#### 4.5.3 Options

| Directors | Date of Grant | Exercise Period | Exercise Price per Option | Number of Options |
|---|---|---|---|---|
| RJEYS | – | – | – | – |
| REYM | – | – | – | – |
| CEYF | – | – | – | – |
| Mr. Matthew J. Estes | 20 January 2012 | 20 January 2012 – 19 January 2022 | S$0.668 | 240,000 |
| Ms. Ng Shin Ein | – | – | – | – |
| Mr. Daniel Soh Chung Hian | – | – | – | – |

**4.6** **Dealings in Company Securities by Directors**. Save as disclosed in this Circular, during the period commencing three months prior to the Offer Announcement Date and ending on the Latest Practicable Date, none of the Directors has dealt for value in the Company Securities.

**4.7** **Interests of IFA in Company Securities**. As at the Latest Practicable Date, none of PPCF, its related corporations or funds whose investments are managed by PPCF or its related corporations on a discretionary basis, owns or controls any Company Securities.

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

**4.9** **Intentions of the Directors**. The following Directors who have direct or deemed interests in the Shares and/or have been granted Options have informed the Company of their intentions in respect of the Offer and the Options Proposal, as follows:

**4.9.1** RJEYS has given a Promoters' Irrevocable Undertaking and, accordingly, will be accepting, or procuring the acceptance of, the Offer in respect of all of the Shares held by him;

**4.9.2** REYM has given a Promoters' Irrevocable Undertaking and, accordingly, will be accepting, or procuring the acceptance of, the Offer in respect of all of the Shares held by him[5] ;

**4.9.3** CEYF has given an Additional Irrevocable Undertaking and, accordingly, will be, subject to the terms of the Additional Irrevocable Undertaking, accepting, or procuring the acceptance of, the Offer in respect of all of the Shares held by him; and

**4.9.4** Mr. Matthew J. Estes will not be accepting the Options Proposal in respect of his Options.

## 5. OTHER DISCLOSURES

**5.1** **Directors' Service Contracts**. As at the Latest Practicable Date, (i) there are no service contracts between any Director or proposed director with the Company or any of its subsidiaries with more than 12 months to run and which cannot be terminated by the employing company within the next 12 months without paying any compensation and (ii) there were no such service contracts entered into or amended between any Director or proposed director with the Company or any of its subsidiaries during the period commencing six months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

**5.2** **No Payment or Benefit to Directors**. As at the Latest Practicable Date, 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 related corporation of 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 Irrevocable Undertakings, the Consortium Arrangements and the Consortium Agreement, as at the Latest Practicable Date, 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 Irrevocable Undertakings and the documents which are to be executed in relation to the Irrevocable Undertakings entered into by each of REYM, RJEYS and CEYF, the Consortium Agreement and agreements and arrangements relating to the Consortium and the financing of the Offer entered into by REYM and RJEYS, as at the Latest Practicable Date, there are no material contracts entered into by the Offeror in which any Director has a material personal interest, whether direct or indirect.

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[5] In accordance with his Promoters' Irrevocable Undertaking, REYM has undertaken to the Offeror not to exercise or convert any of his 2,050,000 Warrants into new Shares.

## 6. FINANCIAL INFORMATION OF THE GROUP

Set out below is certain financial information extracted from the annual reports of the Company for FY2013, FY2014 and FY2015 and from the 3Q2016 Results 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 respectively, and the financial information for 3Q2016 should be read in conjunction with the 3Q2016 Results as set out in the announcement dated 15 May 2016 issued by the Company.

The audited consolidated financial statements of the Group for FY2013, FY2014 and FY2015 set out below have been reproduced from the annual reports of the Company and were not specifically prepared for inclusion in this Circular.

Copies of the audited financial statements of the Group for FY2013, FY2014 and FY2015 and the 3Q2016 Results are available for inspection at 21 Tai Seng Drive, Singapore 535223 during normal business hours for the period for which the Offer remains open for acceptance.

### 6.1 Consolidated Income Statement of the Group

| Group | Unaudited 3Q2016 S$'000 | Audited FY2015 S$'000 | Audited FY2014 S$'000 | Audited FY2013 S$'000 |
|---|---|---|---|---|
| **Revenue** | 264,656 | 350,408 | 366,267 | 326,921 |
| Cost of sales | (136,377) | (177,300) | (181,995) | (161,324) |
| **Gross profit** | 128,279 | 173,108 | 184,272 | 165,597 |
| Other operating income | 1,922 | 10,400 | 4,842 | 7,421 |
| Distribution and selling expenses | (95,379) | (128,365) | (122,996) | (110,528) |
| Administrative expenses | (23,228) | (36,570) | (37,752) | (33,848) |
| Other operating expenses | – | (340) | (475) | (1,207) |
| Other losses | (3,033) | – | – | – |
| Interest income | 91 | 88 | 241 | 100 |
| Interest expense | (4,829) | (5,981) | (5,410) | (2,675) |
| Share of results of joint ventures | 28 | 27 | 15 | (9) |
| **Profit before taxation** | 3,851 | 12,367 | 22,737 | 24,851 |
| Income tax expense | (3,225) | (7,803) | (7,594) | (6,665) |
| **Profit for the financial period/year, net of tax** | 626 | 4,564 | 15,143 | 18,186 |
| **Profit/(loss) attributable to:** | | | | |
| Owners of the Company | 634 | 4,563 | 15,033 | 18,103 |
| Non-controlling interests | (8) | 1 | 110 | 83 |
| | 626 | 4,564 | 15,143 | 18,186 |
| **Earnings per share (cents)** | | | | |
| – Basic | 0.14 | 1.02 | 3.38 | 4.09 |
| – Diluted | 0.14 | 1.02 | 3.36 | 4.07 |
| **Profit for the financial period/year, net of tax** | 626 | 4,564 | 15,143 | 18,186 |

| Group | Unaudited 3Q2016 S$'000 | Audited FY2015 S$'000 | Audited FY2014 S$'000 | Audited FY2013 S$'000 |
|---|---|---|---|---|
| **Other comprehensive income:** | | | | |
| **Item that will not be reclassified to profit or loss:** | | | | |
| Revaluation of land and buildings, net of tax | – | 3,120 | 4,578 | 5,715 |
| **Item that may be reclassified subsequently to profit or loss:** | | | | |
| Foreign currency translation | (510) | 3,755 | (2,261) | (1,009) |
| **Other comprehensive income for the financial period/year, net of tax** | (510) | 6,875 | 2,317 | 4,706 |
| **Total comprehensive income for the financial period/year** | 116 | 11,439 | 17,460 | 22,892 |
| **Total comprehensive income attributable to:** | | | | |
| Owners of the Company | 123 | 11,425 | 17,360 | 22,815 |
| Non-controlling interests | (7) | 14 | 100 | 77 |
| | 116 | 11,439 | 17,460 | 22,892 |

| Group | Unaudited 3Q2016 Singapore Cents | Audited FY2015 Singapore Cents | Audited FY2014 Singapore Cents | Audited FY2013 Singapore Cents |
|---|---|---|---|---|
| Net dividends per share | 2.5 | 0.5 | 2.2 | 2.2 |

**Note:**

(1) There are no exceptional items in the audited consolidated financial statements of the Group for FY2013, FY2014 and FY2015 and no exceptional items in the 3Q2016 Results.

## 6.2 Consolidated Statement of Financial Position of the Group

| Group | Unaudited As at 31 March 2016 S$'000 | Audited As at 30 June 2015 S$'000 |
|---|---|---|
| **Non-current assets** | | |
| Property, plant and equipment | 197,226 | 200,134 |
| Other receivables | 7,404 | 8,183 |
| Investments in joint ventures | 876 | 844 |
| Long term investments | 357 | – |
| Investment properties | 46,353 | 46,276 |
| Intangible assets | 4,311 | 4,536 |
| Prepayments | 679 | 1,670 |
| Deferred tax assets | 838 | 858 |
| | **258,044** | **262,501** |

| Group | Unaudited As at 31 March 2016 S$'000 | Audited As at 30 June 2015 S$'000 |
|---|---|---|
| **Current assets** | | |
| Inventories | 77,349 | 87,227 |
| Trade and other receivables | 22,695 | 15,107 |
| Prepayments | 3,886 | 2,298 |
| Tax recoverable | 814 | 221 |
| Cash and cash equivalents | 34,115 | 25,068 |
| | **138,859** | **129,921** |
| **Current liabilities** | | |
| Trade and other payables | 35,069 | 36,504 |
| Provision for long service payments | 76 | 85 |
| Interest bearing loans and borrowings | 80,916 | 73,398 |
| Notes payable | 23,859 | – |
| Hire purchase creditors | 117 | 142 |
| Provision for restoration costs | 705 | 1,097 |
| Deferred revenue | 3,718 | 3,377 |
| Tax payable | 3,599 | 4,716 |
| Amounts due to a joint venture | 431 | 493 |
| Derivatives | – | – |
| | **148,490** | **119,812** |
| **Net current (liabilities)/assets** | **(9,631)** | **10,109** |
| **Non-current liabilities** | | |
| Interest bearing loans and borrowings | 773 | 934 |
| Notes payable | 75,668 | 98,287 |
| Long term loans from non-controlling shareholders of subsidiaries | 152 | 151 |
| Hire purchase creditors | 96 | 180 |
| Provision for restoration costs | 2,340 | 2,119 |
| Provision for long service payments | 213 | 216 |
| Deferred tax liabilities | 9,859 | 9,823 |
| Other payables | 950 | 745 |
| | **90,051** | **112,455** |
| **Net assets** | **158,362** | **160,155** |
| **Equity attributable to owners of the Company** | | |
| Share capital | 41,840 | 41,490 |
| Reserves | 116,346 | 118,482 |
| | **158,186** | **159,972** |
| Non-controlling interests | 176 | 183 |
| **Total equity** | **158,362** | **160,155** |

## 7. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as disclosed in this Circular and the 3Q2016 Results and save for any publicly available information on the Group (including, without limitation, the announcements released by the Company on the SGX-ST), there have been no material changes to the financial position of the Group since 30 June 2015, being the date of the last published audited accounts of the Group.

## 8. MATERIAL CHANGES IN INFORMATION

Save as disclosed in this Circular and save for publicly available information relating to the Company, there have been no material changes in any information previously published by or on behalf of the Company during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date.

## 9. SIGNIFICANT ACCOUNTING POLICIES

The Company prepares its financial statements in accordance with the provisions of the Companies Act and the Singapore Financial Reporting Standards. 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 D** to this Circular.

## 10. CHANGES IN ACCOUNTING POLICIES

The changes in the significant accounting policies of the Company are disclosed in paragraph 5 of the 3Q2016 Results. Save as disclosed above and in publicly available information on the Group, as at the Latest Practicable Date:

(i) there are no significant accounting policies or any matter from the notes of the financial statements of the Company which are of any major relevance for the interpretation of the financial statements of the Company; and

(ii) there are no changes in the accounting policies of the Company which will cause the financial information disclosed in this Circular to not be comparable to a material extent.

## 11. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, save as disclosed in this Circular, neither the Company nor any of its subsidiaries have 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.

## 12. MATERIAL LITIGATION

As at the Latest Practicable Date, save as disclosed in publicly available information on the Group, (i) neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Group taken as a whole and (ii) the Directors are not aware of any litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any litigation, claim or proceeding which might materially or adversely affect the financial position of the Group taken as a whole.

## 13. VALUATION REPORTS

**13.1 Bases of Valuation.** The Company has commissioned independent valuations of the Subject Properties. Extracts of the Valuation Reports (which include the basis of the respective valuations) are set out in **Appendix G** to this Circular.

**13.2 Potential Tax Liability**. Under Rule 26.3 of the Code, for the valuation of the assets given in connection with the Offer, 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 the Offer, were to be sold at the amount of the valuation.

Based on information from the Valuation Reports as well as information provided by the Company, the Group would not incur any tax liabilities on the hypothetical disposal of the Subject Properties on an "as is" basis.

## 14. GENERAL

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

**14.2 Consent of the IFA.** The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name, its advice to the Independent Directors set out in **paragraph 12.3** of the Letter to Shareholders in this Circular and the IFA Letter as set out in **Appendix A** to this Circular and all references thereto, in the form and context in which they appear in this Circular.

**14.3 Consent of the Auditors.** EY has given and has not withdrawn its written consent to the inclusion herein of its name and its independent auditor's report on the audited consolidated financial statements of the Group for FY2015 as set out in **Appendix D** to this Circular.

**14.4 Consents of the Valuers.** Each of the Valuers has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name and extracts of its Valuation Reports as set out in **Appendix G** to this Circular and all references thereto, in the form and context in which they appear in this Circular.

**14.5 Consent of the Share Registrar.** The Share Registrar has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of and all references to its name, in the form and context in which they appear in this Circular.

## 15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at 21 Tai Seng Drive, Singapore 535223, during normal business hours for the period which the Offer remains open for acceptance:

(i) the Constitution of the Company;

(ii) the annual reports of the Company for FY2013, FY2014 and FY2015;

(iii) the 3Q2016 Results as set out in **Appendix E** to this Circular;

(iv) the IFA Letter as set out in **Appendix A** to this Circular;

(v) the Valuation Reports as set out in **Appendix G** to this Circular; and

(vi) the letters of consent referred to in **paragraph 14** of **Appendix B** to this Circular.

## 1. THE OFFEROR

The following information on the Offeror has been extracted from the Offer Document and is set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***1. DIRECTORS OF THE OFFEROR***

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

| ***Name*** | ***Address*** | ***Description*** |
|---|---|---|
| *Mr. Chua Siang Hwee, Jeffrey* | *55 Meyer Road<br>#12-05<br>The Seafront on Meyer<br>Singapore 437978* | *Director* |
| *Mr. Robert James Eu Yee Sang* | *1356 Greenwich Street<br>San Francisco<br>CA 94109<br>United States of America* | *Director* |
| *Mr. Danny Koh Thong Meng* | *1 Robin Road<br>#12-01<br>One Robin<br>Singapore 258176* | *Director* |

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

*The registered office of the Offeror is at 80 Robinson Road, #02-00, Singapore 068898.*

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

*The Offeror is a private limited company incorporated in the Republic of Singapore for the purposes of making the Offer. Its principal activity is investment holding.*

***4. SUMMARY OF FINANCIAL INFORMATION***

*The Offeror was incorporated on 8 April 2015 and no audited financial statements of the Offeror have been prepared since the date of its incorporation. As no audited financial statements of the Offeror have been prepared to date, there are no significant accounting policies to be noted.*

***5. MATERIAL CHANGES IN FINANCIAL POSITION***

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

## 2. HOLDINGS AND DEALINGS IN THE SHARES AND COMPANY SECURITIES

The following information on the holdings of, and dealings in, the Shares and Company Securities by the Offeror and certain parties acting in concert with it has been extracted from the Offer Document and is set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"***1. DISCLOSURE OF INTERESTS***

(a) *As at the Latest Practicable Date, save for the Irrevocable Undertakings and as disclosed below, none of the Offeror, the 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**"):*

| ***Name*** | ***Number of Shares*** | ***Percentage of the total number of issued Shares(1)*** |
|---|---|---|
| ***Director*** | | |
| *Mr. Robert James Eu Yee Sang* | *2,045,000(2)* | *0.456%* |
| ***Offeror's Concert Parties*** | | |
| *Mr. Eu Keng Mun Richard* | *5,968,454(3)* | *1.329%* |
| *Mr. Richard Eu Yee Ming* | *50,170,171(4)* | *11.175%* |
| *Mrs. Eu Sung Hwa Mary* | *15,770,000(5)* | *3.513%* |
| *Mr. Eu Zai Qi Richard* | *150,000* | *0.033%* |
| *Mr. Eu Zai Xiang Anthony* | *150,000* | *0.033%* |
| *Mr. Eu Zai Xin Christopher* | *150,000* | *0.033%* |
| *Bestand* | *31,516,242(6)* | *7.020%* |
| *Mr. Eu Yee Tat David(7)* | *12,390,367* | *2.760%* |
| *Ms. Eu Mei Ying Helena(8)* | *7,326,067* | *1.632%* |
| *Mr. Eu Yee Kwong Geoffrey(9)* | *11,833,484(10)* | *2.636%* |
| *Total* | *137,469,785* | *30.621%* |

***Notes:***

*(1) Based on the Company's issued share capital of 448,935,217 Shares as at the Latest Practicable Date.*

*(2) The 2,045,000 Shares owned or controlled by Mr. Robert James Eu Yee Sang comprise 2,045,000 Shares held by his nominee, HL Bank Nominees. The 2,045,000 Shares owned or controlled by Mr. Robert James Eu Yee Sang excludes his deemed interest in the Shares held by Bestand.*

*(3) The 5,968,454 Shares owned or controlled by Mr. Eu Keng Mun Richard include 2,500,000 Shares that are held by Mr. Eu Keng Mun Richard's nominee, Citibank N.A., Singapore branch, or sub-nominees of Citibank N.A., Singapore branch.*

*(4) The 50,170,171 Shares owned or controlled by Mr. Richard Eu Yee Ming comprise Shares held on his behalf by his nominees as follows: 12,000,000 Shares held on trust by a trustee for him, 21,790,171 Shares held by HL Bank Nominees, 5,500,000 Shares held by Hong Leong Finance Nominees Pte Ltd and 10,880,000 Shares held by Maybank Nominees (Singapore) Private Limited. The 50,170,171 Shares owned or controlled by Mr. Richard Eu Yee Ming excludes his deemed interest in the Shares held by his wife, Mrs. Eu Sung Hwa Mary.*

*As at the Latest Practicable Date, Mr. Richard Eu Yee Ming has granted a security interest over 50,170,171 of his Shares, representing approximately 11.175% of the total number of issued Shares. All Encumbrances over his Shares are to be fully released simultaneously with or prior to his acceptance of the Offer pursuant to the Promoters' Irrevocable Undertaking which he has provided to the Offeror.*

*(5) The 15,770,000 Shares owned or controlled by Mrs. Eu Sung Hwa Mary comprise 15,770,000 Shares held by her nominee, HL Bank Nominees.*

*As at the Latest Practicable Date, Mrs. Eu Sung Hwa Mary has granted a security interest over 15,770,000 of her Shares, representing approximately 3.513% of the total number of issued Shares. All Encumbrances over her Shares are to be fully released simultaneously with or prior to her acceptance of the Offer pursuant to the Promoters' Irrevocable Undertaking which she has provided to the Offeror.*

*(6) Bestand is a company wholly-owned by the late Mr. Andrew K.W. Eu's will trust. Mr. Andrew K.W. Eu was the father of Mr. Robert James Eu Yee Sang, and Mr. Robert James Eu Yee Sang and his mother, children, siblings, and nephews and nieces are beneficiaries under the late Mr. Andrew K.W. Eu's will trust.*

*(7) Mr. Eu Yee Tat David is the son of Mr. Eu Keng Mun Richard, the brother of Mr. Richard Eu Yee Ming and the cousin of Mr. Robert James Eu Yee Sang.*

*(8) Ms. Eu Mei Ying Helena is the daughter of Mr. Eu Keng Mun Richard, the sister of Mr. Richard Eu Yee Ming and the cousin of Mr. Robert James Eu Yee Sang.*

*(9) Mr. Eu Yee Kwong Geoffrey is the son of Mr. Eu Keng Mun Richard, the brother of Mr. Richard Eu Yee Ming and the cousin of Mr. Robert James Eu Yee Sang.*

*(10) The 11,833,484 Shares in which Mr. Eu Yee Kwong Geoffrey has legal and beneficial interest comprise 11,833,484 Shares held by Raffles Nominees (Pte.) Limited.*

| ***Name*** | ***No. of Warrants*** |
|---|---|
| *Mr. Richard Eu Yee Ming* | *2,050,000* |

(b) *None of the Offeror, the 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.*"

## APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2015

The audited consolidated financial statements of the Group for FY2015 which are set out below have been reproduced from the annual report of the Company for FY2015, and were not specifically prepared for inclusion in this Circular.

# DIRECTORS' REPORT

30 JUNE 2015

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of Eu Yan Sang International Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2015.

## DIRECTORS

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

| | |
|---|---|
| Robert James Eu Yee Sang | (Chairman) |
| Richard Eu Yee Ming | (Group Chief Executive Officer) |
| Clifford Eu Yee Fong | (Group Managing Director, International) |
| Matthew J. Estes | |
| Ng Shin Ein | |
| Daniel Soh Chung Hian | |

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

## DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

| | Direct interest | | Deemed interest | |
|---|---|---|---|---|
| **Names of directors** | **At 1.7.2014** | **At 30.6.2015** | **At 1.7.2014** | **At 30.6.2015** |
| ***The Company*** | | | | |
| ***Ordinary shares*** | | | | |
| Robert James Eu Yee Sang | 2,045,000 | 2,045,000 | 31,516,242 | 31,516,242 |
| Richard Eu Yee Ming | 450,000 | 450,000 | 65,154,171 | 65,154,171 |
| Clifford Eu Yee Fong | 498,891 | 498,891 | 84,187,120 | 84,187,120 |
| ***Interest in warrants to subscribe for ordinary shares*** | | | | |
| Richard Eu Yee Ming | 2,000,000 | 2,000,000 | – | 50,000 |
| ***Options to subscribe for ordinary shares*** | | | | |
| Richard Eu Yee Ming | 336,000 | 336,000 | – | – |
| Clifford Eu Yee Fong | 300,000 | 300,000 | – | – |
| Matthew J. Estes | 240,000 | 240,000 | – | – |

By virtue of Section 7 of the Act, Mr Richard Eu Yee Ming is deemed to have an interest held on his behalf by HL Bank Nominee (S) Pte Ltd.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2015.

Except as disclosed in this report, no Director who held office at the end of the financial year had an interest in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

# DIRECTORS' REPORT

30 JUNE 2015

**WARRANTS**

On 22 November 2011, the Company issued 22,000,000 warrants at an issue price of $0.04 per warrant, each warrant carrying the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of $0.83 for each new share. The warrants will expire on 22 November 2016.

As at 30 June 2015, no warrants were exercised and converted into ordinary shares of the Company.

**DIRECTORS' CONTRACTUAL BENEFITS**

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest.

**EMPLOYEES SHARE OPTION SCHEME**

The Eu Yan Sang Employees Share Option Scheme ("EYS ESOS 2000") was approved by the shareholders at an Extraordinary General Meeting held on 3 July 2000. The EYS ESOS 2000 was granted to executive directors, executives, and other employees of the Group and associated companies.

Options had been granted under the EYS ESOS 2000 (excluding lapsed options) in respect of a total of 8,235,500 shares (including 1,214,500 shares as a result of bonus shares issue), of which options to subscribe for 1,944,000 shares remain outstanding as at 30 June 2015. No further options may be granted under the EYS ESOS 2000 as it has lapsed on 30 June 2006, except for adjustment in accordance with Rule 10 of the scheme.

Following the lapse of the EYS ESOS 2000, the Company implemented a share option scheme for executives, directors and other employees, in the form of the Eu Yan Sang Employee Share Option Scheme 2006 ("EYS ESOS 2006"), which was approved by the shareholders at an Extraordinary General Meeting on 27 October 2006.



Under the EYS ESOS 2006, the options will have exercise prices that are set at Market Price, being a price equal to the average of the last dealt prices for the shares on the SGX-ST for the 5 consecutive market days immediately preceding the relevant date of grant for which there was trading in the shares on the SGX-ST and may be exercised after twelve (12) months from the date of grant.

The EYS ESOS 2006 is administered by a committee comprising Richard Eu Yee Ming, Matthew J. Estes and Ng Shin Ein, all of whom are Directors of the Company. The committee has power to determine, inter alia, the persons to be granted options, the number of options to be granted, whether options granted continue to be valid in the event of cessation of employment or appointment of a selected person, the exercise price and any adjustments thereon and recommendations for modifications to the EYS ESOS 2006.

Options had been granted under EYS ESOS 2006 (excluding lapsed options) in respect of a total of 20,466,600 shares (including 1,536,600 shares as a result of bonus shares issue), of which options to subscribe for 5,911,000 shares remain outstanding as at 30 June 2015.

# DIRECTORS' REPORT

30 JUNE 2015

**EMPLOYEES SHARE OPTION SCHEME (CONT'D)**

***Unissued shares under option***

During the financial year, 588,000 shares under EYS ESOS 2000 and 881,000 shares under EYS ESOS 2006 were issued by virtue of an exercise of options to take up unissued shares of the Company.

At the end of the financial year, unissued shares of the Company under the options were as follows:

| Date of grant | As at 1.7.2014 | Number of options lapsed | Number of options exercised | As at 30.6.2015 | Exercise price per share $ | Exercisable period |
|---|---|---|---|---|---|---|
| **ESOS 2000** | | | | | | |
| 15.12.2005 | 2,532,000 | – | (588,000) | 1,944,000 | 0.445* | 15.12.2006 to 14.12.2015 |
| **ESOS 2006** | | | | | | |
| 13.11.2006 | 1,020,000 | – | (210,000) | 810,000 | 0.569* | 13.11.2007 to 12.11.2016 |
| 13.12.2007 | 1,068,000 | – | (332,000) | 736,000 | 0.481* | 13.12.2008 to 12.12.2017 |
| 29.12.2008 | 336,000 | – | – | 336,000 | 0.254* | 29.12.2009 to 28.12.2018 |
| 15.12.2009 | 869,000 | – | (111,000) | 758,000 | 0.376* | 15.12.2010 to 14.12.2019 |
| 20.12.2010 | 1,966,000 | (457,000) | – | 1,509,000 | 0.855 | 20.12.2011 to 19.12.2020 |
| 20.01.2012 | 2,287,000 | (297,000) | (228,000) | 1,762,000 | 0.668 | 20.01.2013 to 19.01.2022 |
| | 10,078,000 | (754,000) | (1,469,000) | 7,855,000 | | |

* Following approval by the Company's shareholders of the Bonus Share Issue on 30 November 2010, the Committee administering the employee share options schemes had adjusted the exercise prices of all the share options outstanding on 30 November 2010 in accordance with Rule 10 of the Rules of the EYS ESOS 2000 and Rule 13 of the Rules of the EYS ESOS 2006 scheme. The exercise prices reflected here are the exercise prices after such adjustment.

The information on directors participating in the option schemes and employees who receive 5 percent or more of the total number of options available under the option schemes are as follows:

| Name | Aggregate options granted during the financial year | Aggregate options granted since commencement of the option schemes to 30 June 2015 | Aggregate options exercised since commencement of the option schemes to 30 June 2015 | Aggregate options outstanding as at 30 June 2015 |
|---|---|---|---|---|
| **EYS ESOS 2000** | | | | |
| ***Directors*** | | | | |
| Richard Eu Yee Ming | – | 636,000 | (300,000) | 336,000 |
| Clifford Eu Yee Fong | – | 570,000 | (270,000) | 300,000 |
| ***Employees*** | | | | |
| Alice Wong Suet Ying | – | 550,000 | (310,000) | 240,000 |
| | – | 1,756,000 | (880,000) | 876,000 |
| **EYS ESOS 2006** | | | | |
| ***Directors*** | | | | |
| Matthew J. Estes | – | 240,000 | – | 240,000 |
| ***Employees*** | | | | |
| Alice Wong Suet Ying | – | 1,080,000 | – | 1,080,000 |
| | – | 1,320,000 | – | 1,320,000 |

# DIRECTORS' REPORT

30 JUNE 2015

**THE PERFORMANCE SHARE PLAN**

The Eu Yan Sang Performance Share Plan ("EYS PSP") is established with the objective of providing the Company greater flexibility to align interests of employees, especially the key executives, with those of the shareholders. It is also intended that the EYS PSP complements EYS ESOS 2006 in its continuing efforts to reward, retain and motivate employees to achieve superior performance which create and enhance economic value for the shareholders. The EYS PSP was approved by the shareholders at the Extraordinary General Meeting on 25 October 2007.

The EYS PSP is administered by a committee comprising Richard Eu Yee Ming, Matthew J. Estes and Ng Shin Ein, all of whom are Directors of the Company. Award given are released once the committee is satisfied that the prescribed performance target has been achieved.

Shares awarded to a particular selected person will be determined by the EYS PSP committee. In deciding on an award to be granted to a selected person, the EYS PSP committee will also consider the compensation and/or benefits to be given to the selected person under the EYS ESOS 2006 and other share-based incentive schemes of the Company.

Since the commencement of the EYS PSP and during the current financial year, no shares were awarded pursuant to the EYS PSP.

**BOARD OPINION ON THE ADEQUACY OF INTERNAL CONTROLS ADDRESSING FINANCIAL, OPERATIONAL, COMPLIANCE AND INFORMATION TECHNOLOGY RISKS**

Based on the internal controls established and maintained by the Group, work performed by the internal auditor, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's framework of internal controls and procedures as well as risk management systems, addressing financial, operational, compliance and information technology risks, were adequate as at 30 June 2015.



**AUDIT COMMITTEE**

The Audit Committee ("AC") comprises three independent non-executive directors. The members of the AC at the date of this report are:

Daniel Soh Chung Hian (Chairman)
Matthew J. Estes
Ng Shin Ein

The AC carried out its functions in accordance with Section 210B(5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviews the audit plans of the internal and external auditors of the Company and reviews the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors;
- Reviews the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Company before their submission to the board of directors;
- Reviews effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls and risk management via reviews carried out by the internal auditors;
- Meets with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviews the cost effectiveness and the independence and objectivity of the external auditors;
- Reviews the nature and extent of non-audit services provided by the external auditors;
- Recommends to the board of directors the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope and results of the audit;

# DIRECTORS' REPORT

30 JUNE 2015

**AUDIT COMMITTEE (CONT'D)**

- Reports actions and minutes of the AC to the board of directors with such recommendations as the AC considers appropriate; and
- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's ("SGX-ST") Listing Manual.

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

The AC has met four times during the financial year. The AC has also met with internal and external auditors without the presence of the Company's management at least once a year.

Further details regarding the audit committee are disclosed in the Report on Corporate Governance.

**AUDITOR**

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

On behalf of the Board of Directors:

Richard Eu Yee Ming
Director

Clifford Eu Yee Fong
Director

Singapore
10 September 2015

# STATEMENT BY DIRECTORS

We, Richard Eu Yee Ming and Clifford Eu Yee Fong, being two of the Directors of Eu Yan Sang International Ltd (the "Company"), do hereby state that, in the opinion of the Directors:

(i) the accompanying statements of financial position, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors:

Richard Eu Yee Ming
Director

Clifford Eu Yee Fong
Director

Singapore
10 September 2015

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EU YAN SANG INTERNATIONAL LTD
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of Eu Yan Sang International Ltd (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 34 to 110 which comprise the statements of financial position of the Group and the Company as at 30 June 2015, the statements of changes in equity of the Group and the Company, the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

***Management's responsibility for the financial statements***

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

***Auditor's responsibility***

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

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

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

***Opinion***

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
10 September 2015

# CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

| | Note | 2015 $'000 | 2014 $'000 |
|---|---|---|---|
| **Revenue** | 4 | 350,408 | 366,267 |
| Cost of sales | | (177,300) | (181,995) |
| **Gross profit** | | 173,108 | 184,272 |
| Other operating income | 5 | 10,400 | 4,842 |
| Distribution and selling expenses | | (128,365) | (122,996) |
| Administrative expenses | | (36,570) | (37,752) |
| Other operating expenses | | (340) | (475) |
| Interest income | 6 | 88 | 241 |
| Interest expense | 7 | (5,981) | (5,410) |
| Share of results of joint ventures | | 27 | 15 |
| **Profit before taxation** | 8 | 12,367 | 22,737 |
| Income tax expense | 9 | (7,803) | (7,594) |
| **Profit for the financial year, net of tax** | | 4,564 | 15,143 |
| **Profit attributable to:** | | | |
| Owners of the Company | | 4,563 | 15,033 |
| Non-controlling interests | | 1 | 110 |
| | | 4,564 | 15,143 |
| **Earnings per share (cents)** | 11 | | |
| - Basic | | 1.02 | 3.38 |
| - Diluted | | 1.02 | 3.36 |

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| **Profit for the financial year, net of tax** | 4,564 | 15,143 |
| **Other comprehensive income:** | | |
| ***Item that will not be reclassified to profit or loss:*** | | |
| Revaluation of land and buildings, net of tax | 3,120 | 4,578 |
| ***Item that may be reclassified subsequently to profit or loss:*** | | |
| Foreign currency translation | 3,755 | (2,261) |
| **Other comprehensive income for the financial year, net of tax** | 6,875 | 2,317 |
| **Total comprehensive income for the financial year** | 11,439 | 17,460 |
| **Total comprehensive income attributable to:** | | |
| Owners of the Company | 11,425 | 17,360 |
| Non-controlling interests | 14 | 100 |
| | 11,439 | 17,460 |

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2015

| | Note | Group 2015 $'000 | Group 2014 $'000 | Company 2015 $'000 | Company 2014 $'000 |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Property, plant and equipment | 12 | 200,134 | 115,471 | 568 | 591 |
| Investments in subsidiaries | 13 | – | – | 77,583 | 80,758 |
| Amounts due from subsidiaries | 20 | – | – | 57,342 | 45,307 |
| Other receivables | 19 | 8,183 | 10,017 | – | – |
| Investments in joint ventures | 14 | 844 | 761 | – | – |
| Long term investments | 15 | – | – | – | – |
| Investment properties | 16 | 46,276 | 62,385 | – | – |
| Intangible assets | 17 | 4,536 | 5,084 | 971 | 1,082 |
| Prepayments | 12 | 1,670 | 7,683 | – | – |
| Deferred tax assets | 29 | 858 | 724 | 102 | – |
| | | 262,501 | 202,125 | 136,566 | 127,738 |
| **Current assets** | | | | | |
| Inventories | 18 | 87,227 | 83,171 | – | – |
| Trade and other receivables | 19 | 15,107 | 17,221 | 117 | 72 |
| Prepayments | | 2,298 | 1,852 | 88 | 86 |
| Amounts due from subsidiaries | 20 | – | – | 59,871 | 47,859 |
| Tax recoverable | | 221 | 187 | – | – |
| Cash and cash equivalents | 21 | 25,068 | 45,118 | 3,482 | 12,116 |
| | | 129,921 | 147,549 | 63,558 | 60,133 |
| **Current liabilities** | | | | | |
| Trade and other payables | 22 | 36,504 | 38,327 | 2,087 | 2,218 |
| Provision for long service payments | | 85 | 46 | – | – |
| Interest bearing loans and borrowings | 23 | 73,398 | 30,507 | 50,500 | 27,200 |
| Notes payable | 25 | – | 24,565 | – | 24,565 |
| Hire purchase creditors | 24 | 142 | 140 | 78 | 78 |
| Provision for restoration costs | 26 | 1,097 | 1,102 | – | – |
| Deferred revenue | 27 | 3,377 | 3,437 | – | – |
| Tax payable | | 4,716 | 7,306 | 88 | 225 |
| Amounts due to a joint venture | | 493 | 108 | – | – |
| Derivatives | 25 | – | 9 | – | 9 |
| | | 119,812 | 105,547 | 52,753 | 54,295 |
| **Net current assets** | | 10,109 | 42,002 | 10,805 | 5,838 |
| **Non-current liabilities** | | | | | |
| Interest bearing loans and borrowings | 23 | 934 | 1,931 | – | 700 |
| Notes payable | 25 | 98,287 | 74,679 | 98,287 | 74,679 |
| Long term loans from non-controlling shareholders of subsidiaries | 28 | 151 | 143 | – | – |
| Hire purchase creditors | 24 | 180 | 246 | 120 | 198 |
| Provision for restoration costs | 26 | 2,119 | 2,844 | – | – |
| Provision for long service payments | | 216 | 264 | – | – |
| Deferred tax liabilities | 29 | 9,823 | 5,572 | – | 62 |
| Other payables | | 745 | 641 | – | – |
| | | 112,455 | 86,320 | 98,407 | 75,639 |
| | | 160,155 | 157,807 | 48,964 | 57,937 |
| **Equity attributable to owners of the Company** | | | | | |
| Share capital | 30 | 41,490 | 40,639 | 41,490 | 40,639 |
| Reserves | 31 | 118,482 | 116,999 | 7,474 | 17,298 |
| | | 159,972 | 157,638 | 48,964 | 57,937 |
| **Non-controlling interests** | | 183 | 169 | – | – |
| **Total equity** | | 160,155 | 157,807 | 48,964 | 57,937 |

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

| | | Attributable to owners of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Note | Share capital $'000 | Asset revaluation reserve $'000 | Capital reserve $'000 | Premium paid on acquisition of non-controlling interests $'000 | Share options reserve $'000 | Warrant reserve $'000 | Foreign currency translation reserve $'000 | Revenue reserve $'000 | Total $'000 | Non-controlling interests $'000 | Total equity $'000 |
| **Group** | | | | | | | | | | | | |
| At 1 July 2014 | | 40,639 | 27,872 | 453 | (35) | 1,258 | 437 | (20,116) | 107,130 | 157,638 | 169 | 157,807 |
| Profit for the financial year, net of tax | | – | – | – | – | – | – | – | 4,563 | 4,563 | 1 | 4,564 |
| Other comprehensive income: | | | | | | | | | | | | |
| - Revaluation of land and buildings, net of tax | | – | 3,120 | – | – | – | – | – | – | 3,120 | – | 3,120 |
| - Foreign currency translation | | – | – | – | – | – | – | 3,742 | – | 3,742 | 13 | 3,755 |
| Other comprehensive income for the financial year, net of tax | | – | 3,120 | – | – | – | – | 3,742 | – | 6,862 | 13 | 6,875 |
| **Total comprehensive income for the financial year** | | – | 3,120 | – | – | – | – | 3,742 | 4,563 | 11,425 | 14 | 11,439 |
| Contributions by and distributions to owners: | | | | | | | | | | | | |
| - Shares issued pursuant to the exercise of share options | | 851 | – | – | – | (117) | – | – | – | 734 | – | 734 |
| - Share options lapsed | | – | – | – | – | (371) | – | – | 371 | – | – | – |
| - Dividends | 10 | – | – | – | – | – | – | – | (9,825) | (9,825) | – | (9,825) |
| **Total contributions by and distributions to owners** | | 851 | – | – | – | (488) | – | – | (9,454) | (9,091) | – | (9,091) |
| **Total transactions with owners in their capacity as owners** | | 851 | – | – | – | (488) | – | – | (9,454) | (9,091) | – | (9,091) |
| Others: | | | | | | | | | | | | |
| - Transfer to revenue reserve upon realisation | | – | (41) | – | – | – | – | – | 41 | – | – | – |
| At 30 June 2015 | | 41,490 | 30,951 | 453 | (35) | 770 | 437 | (16,374) | 102,280 | 159,972 | 183 | 160,155 |

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

| | | Attributable to owners of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Note | Share capital $'000 | Asset revaluation reserve $'000 | Capital reserve $'000 | Premium paid on acquisition of non-controlling interests $'000 | Share options reserve $'000 | Warrant reserve $'000 | Foreign currency translation reserve $'000 | Revenue reserve $'000 | Total $'000 | Non-controlling interests $'000 | Total equity $'000 |
| **Group** | | | | | | | | | | | | |
| At 1 July 2013 | | 39,598 | 23,336 | 453 | – | 1,403 | 437 | (17,865) | 101,823 | 149,185 | 492 | 149,677 |
| Profit for the financial year, net of tax | | – | – | – | – | – | – | – | 15,033 | 15,033 | 110 | 15,143 |
| Other comprehensive income: | | | | | | | | | | | | |
| - Revaluation of land and buildings, net of tax | | – | 4,578 | – | – | – | – | – | – | 4,578 | – | 4,578 |
| - Foreign currency translation | | – | – | – | – | – | – | (2,251) | – | (2,251) | (10) | (2,261) |
| Other comprehensive income for the financial year, net of tax | | – | 4,578 | – | – | – | – | (2,251) | – | 2,327 | (10) | 2,317 |
| **Total comprehensive income for the financial year** | | – | 4,578 | – | – | – | – | (2,251) | 15,033 | 17,360 | 100 | 17,460 |
| Contributions by and distributions to owners: | | | | | | | | | | | | |
| - Shares issued pursuant to the exercise of share options | | 1,041 | – | – | – | (145) | – | – | – | 896 | – | 896 |
| - Dividends to non-controlling shareholders | | – | – | – | – | – | – | – | – | – | (53) | (53) |
| - Dividends | 10 | – | – | – | – | – | – | – | (9,768) | (9,768) | – | (9,768) |
| **Total contributions by and distributions to owners** | | 1,041 | – | – | – | (145) | – | – | (9,768) | (8,872) | (53) | (8,925) |
| Changes in ownership interests in subsidiaries: | | | | | | | | | | | | |
| - Acquisition of non-controlling interests without a change in control | | – | – | – | (35) | – | – | – | – | (35) | (370) | (405) |
| **Total contributions by and distributions to owners** | | – | – | – | (35) | – | – | – | – | (35) | (370) | (405) |
| **Total transactions with owners in their capacity as owners** | | 1,041 | – | – | (35) | (145) | – | – | (9,768) | (8,907) | (423) | (9,330) |
| Others: | | | | | | | | | | | | |
| - Transfer to revenue reserve upon realisation | | – | (42) | – | – | – | – | – | 42 | – | – | – |
| At 30 June 2014 | | 40,639 | 27,872 | 453 | (35) | 1,258 | 437 | (20,116) | 107,130 | 157,638 | 169 | 157,807 |

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

| | Note | Share capital $'000 | Share options reserve $'000 | Warrant reserve $'000 | Revenue reserve $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **Company** | | | | | | |
| At 1 July 2014 | | 40,639 | 1,258 | 437 | 15,603 | 57,937 |
| Profit for the financial year | | – | – | – | 316 | 316 |
| Other comprehensive income | | – | – | – | – | – |
| **Total comprehensive income for the financial year** | | – | – | – | 316 | 316 |
| Contributions by and distributions to owners: | | | | | | |
| - Shares issued pursuant to the exercise of share options | | 851 | (117) | – | – | 734 |
| - Share options lapsed | | – | (371) | – | 173 | (198) |
| - Dividends | 10 | – | – | – | (9,825) | (9,825) |
| **Total contributions by and distributions to owners** | | 851 | (488) | – | (9,652) | (9,289) |
| At 30 June 2015 | | 41,490 | 770 | 437 | 6,267 | 48,964 |
| At 1 July 2013 | | 39,598 | 1,403 | 437 | 17,760 | 59,198 |
| Profit for the financial year | | – | – | – | 7,611 | 7,611 |
| Other comprehensive income | | – | – | – | – | – |
| **Total comprehensive income for the financial year** | | – | – | – | 7,611 | 7,611 |
| Contributions by and distributions to owners: | | | | | | |
| - Shares issued pursuant to the exercise of share options | | 1,041 | (145) | – | – | 896 |
| - Dividends | 10 | – | – | – | (9,768) | (9,768) |
| **Total contributions by and distributions to owners** | | 1,041 | (145) | – | (9,768) | (8,872) |
| At 30 June 2014 | | 40,639 | 1,258 | 437 | 15,603 | 57,937 |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Profit before taxation | 12,367 | 22,737 |
| Depreciation of property, plant and equipment | 11,788 | 9,757 |
| Amortisation of intangible assets | 1,327 | 1,007 |
| Loss on disposal of property, plant and equipment | 69 | 61 |
| Impairment loss on property, plant and equipment | 84 | – |
| Property, plant and equipment written off | 181 | 388 |
| Intangible assets written off | 1 | 63 |
| Foreign currency translation realignment | (1,112) | (901) |
| Fair value loss on property, plant and equipment | 27 | 4 |
| Fair value gain on investment properties | (6,409) | (2,376) |
| Fair value gain on derivatives | (9) | (62) |
| Fair value (gain)/loss on financial instruments | (104) | 471 |
| Impairment loss on financial assets | 333 | – |
| Net write-down/(reversal of write-down) of inventories | 242 | (218) |
| Inventories written off | 1,305 | 1,856 |
| Allowance for doubtful receivables (trade) | 3 | 145 |
| Bad debts (trade) written off | 47 | 20 |
| Interest income | (88) | (241) |
| Interest expense | 5,981 | 5,410 |
| Share of results of joint ventures | (27) | (15) |
| Deferred revenue | 154 | 508 |
| Increase in long service provisions | 17 | 14 |
| **Operating cash flows before changes in working capital** | 26,177 | 38,628 |
| Decrease/(increase) in trade and other receivables | 3,898 | (5,419) |
| Decrease/(increase) in prepayments | 5,671 | (1,001) |
| Increase in inventories | (5,603) | (15,718) |
| Decrease in trade and other payables | (2,917) | (280) |
| Increase in amount due to a joint venture | 385 | 108 |
| **Cash flows from operations** | 27,611 | 16,318 |
| Interest received | 84 | 241 |
| Interest paid | (5,384) | (4,865) |
| Tax refund | 322 | 565 |
| Income taxes paid | (7,779) | (5,888) |
| **Net cash flows from operating activities** | 14,854 | 6,371 |

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

| | Note | 2015 $'000 | 2014 $'000 |
|---|---|---|---|
| **Cash flows from investing activities:** | | | |
| Purchase of property, plant and equipment (Note A) | | (50,729) | (16,741) |
| Purchase of investment property | 16 | (15,097) | (1,288) |
| Purchase of intangible assets | 17 | (617) | (1,684) |
| Proceeds from sale of property, plant and equipment | | 57 | 187 |
| Investment in joint ventures | | – | (736) |
| Repayment of quasi loan by a joint venture, net | | – | 39 |
| Payment for long term investments | | (333) | – |
| Net cash outflow on acquisition of business by a subsidiary | | – | (224) |
| Purchase of additional interest in subsidiaries | | – | (405) |
| **Net cash used in investing activities** | | (66,719) | (20,852) |
| **Cash flows from financing activities:** | | | |
| Proceeds from interest bearing loans and borrowings | | 80,262 | 8,581 |
| Repayment of interest bearing loans and borrowings | | (37,983) | (37,484) |
| Repayment of hire purchase creditors | | (145) | (337) |
| Redemption of notes payable | | (1,400) | – |
| Proceeds from exercise of employee share options | | 734 | 896 |
| Dividends paid | | (9,825) | (9,768) |
| Dividends paid to non-controlling shareholders | | – | (53) |
| **Net cash flows generated from/(used in) financing activities** | | 31,643 | (38,165) |
| Net decrease in cash and cash equivalents | | (20,222) | (52,646) |
| Cash and cash equivalents at beginning of the financial year | | 45,118 | 98,076 |
| Effects of exchange rates changes on cash and cash equivalents | | 172 | (312) |
| **Cash and cash equivalents at end of the financial year** | 21 | 25,068 | 45,118 |

**A. Purchase of property, plant and equipment**

| | | | |
|---|---|---|---|
| Aggregate cost of property, plant and equipment acquired | | 51,200 | 17,916 |
| Less: Acquisition through business combination | | – | (5) |
| | 12 | 51,200 | 17,911 |
| Less: Financed by hire purchase creditors | | (93) | (118) |
| Restoration costs capitalised | | (378) | (1,052) |
| Cash payments to acquire property, plant and equipment | | 50,729 | 16,741 |

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 1. CORPORATE INFORMATION

Eu Yan Sang International Ltd ("the Company") is a public limited company which is incorporated in Singapore. The Company's registration number is 199302179H. The registered office and principal place of business of Eu Yan Sang International Ltd is located at 21 Tai Seng Drive, Singapore 535223.

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries and joint ventures are shown in Notes 13 and 14 to the financial statements respectively.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

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

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

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.



### 2.3 Standards issued but not yet effective

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

| Description | Effective for annual periods beginning on or after |
|---|---|
| FRS 114 *Regulatory Deferral Accounts* | 1 January 2016 |
| Amendments to FRS 1: *Disclosure Initiative* | 1 January 2016 |
| Amendments to FRS 27: *Equity Method in Separate Financial Statements* | 1 January 2016 |
| Amendments to FRS 16 and FRS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation* | 1 January 2016 |
| Amendments to FRS 111: *Accounting for Acquisitions of Interests in Joint Operations* | 1 January 2016 |
| Amendments to FRS 110 and FRS 28: *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture* | 1 January 2016 |
| Amendments to FRS 110, FRS 112 and FRS 28: *Investment Entities Applying the Consolidation Exception* | 1 January 2016 |
| Improvements to FRSs (November 2014) | |
| (a) Amendments to FRS 105: *Non-current Assets Held for Sale and Discontinued Operations* | 1 January 2016 |
| (b) Amendments to FRS 107: *Financial Instruments Disclosures* | 1 January 2016 |
| (c) Amendments to FRS 19: *Employee Benefits* | 1 January 2016 |
| FRS 115 *Revenue from Contracts with Customers* | 1 January 2017 |
| FRS 109 *Financial instruments* | 1 January 2018 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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

Except for FRS 115 and FRS 109, the Directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below:

FRS 115 Revenue from Contracts with Customers

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115.

FRS 109 Financial Instruments

In December 2014, the Accounting Standards Council issued the final version of FRS 109 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory in the year of adoption. The Group is currently assessing the impact of FRS 109.

**2.4 Basis of consolidation and business combinations**

***(a) Basis of consolidation***

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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

***(b) Business combinations and goodwill***

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.13(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

**2.5 Transactions with non-controlling interests**

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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

**2.6 Joint arrangements**

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.6 Joint arrangements (cont'd)**

***(a) Joint operations***

The Group recognises in relation to its interest in a joint operation,

(i) its assets, including its share of any assets held jointly;
(ii) its liabilities, including its share of any liabilities incurred jointly;
(iii) its revenue from the sale of its share of the output arising from the joint operation;
(iv) its share of the revenue from the sale of the output by the joint operation; and
(v) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

***(b) Joint ventures***

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.7.

**2.7 Joint ventures and associates**

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

The Group account for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

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

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.8 Subsidiaries**

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

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

**2.9 Foreign currency**

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

***(a) Transactions and balances***

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.





***(b) Consolidated financial statements***

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

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

**2.10 Revenue**

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

***(a) Sale of goods***

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

***(b) Rendering of services***

Revenue for the provision of integrative medical services is recognised when services are rendered to the customers.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.10 Revenue (cont'd)**

***(c) Revenue on award credits***

Revenue on award credits are recognised based on the number of award credits that have been redeemed in full or partial in exchange for goods, relative to the total number of award credits expected to be redeemed.

***(d) Membership fees***

Membership fee is recognised as income on a straight-line basis over the membership period.

***(e) Rental income***

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

***(f) Interest income***

Interest income is recognised using the effective interest method.

***(g) Dividend income***

Dividend income is recognised when the Group's or the Company's right to receive payment is established.

**2.11 Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost.

Subsequent to recognition, land and buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Freehold land has an unlimited useful life and therefore is not depreciated. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period. All other property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

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

| | | |
|---|---|---|
| Freehold buildings, leasehold land and buildings | – | 20 - 50 years |
| Furniture, fittings and equipment | – | 3 - 10 years |
| Motor vehicles | – | 5 years |
| Renovations | – | 3 - 10 years |
| Plant and machinery | – | 10 years |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.11 Property, plant and equipment (cont'd)**

Construction in progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

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

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

**2.12 Investment properties**

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties are initially measured at cost including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.11 up to the date of change in use.

**2.13 Intangible assets**

***(a) Goodwill***

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.13 Intangible assets (cont'd)**

***(a) Goodwill (cont'd)***

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.9(b).

***(b) Other intangible assets***

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

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

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

(i) Computer software

Computer software was acquired separately and is amortised on a straight-line basis over its finite useful life of 2 to 5 years.

(ii) Brands

Brands were acquired in business combinations and are amortised on a straight-line basis over its finite useful life of 8 to 10 years.

(iii) Distribution networks

Distribution networks were acquired in business combinations and are amortised on a straight-line basis over its finite useful life of 9 to 19 years.

(iv) Customer relationships

Customer relationships were acquired in business combinations and are amortised on a straight-line basis over its finite useful life of 4 years.

(v) Product development

Product development costs arising from development expenditures on house brand vitamins and supplements are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of the product development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Product development costs have a finite useful life and are amortised over the period of expected sales from the products of 5 years, on a straight-line basis.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.13 Intangible assets (cont'd)**

***(b) Other intangible assets (cont'd)***

(vi) Copyrights

Copyrights relate to the right, title and interest in images and artwork for both commercial and non-commercial purposes and are amortised over its finite useful life of 3 years.

**2.14 Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

**2.15 Financial instruments**

***(a) Financial assets***

*Initial recognition and measurement*

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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

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

*Subsequent measurement*

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

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

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

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

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

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(ii) Loans and receivables

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

(iii) Available-for-sale financial assets

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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

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

*De-recognition*

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

***(b) Financial liabilities***

*Initial recognition and measurement*

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

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

*Subsequent measurement*

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

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

(ii) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

*De-recognition*

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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

***(c) Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**2.16 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials on a weighted average cost basis and includes freight and handling charges. In the case of finished products, costs include direct labour and attributable production overheads based on a normal level of activity.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**2.17 Financial guarantee**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

**2.18 Borrowing costs**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**2.19 Provisions**

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.20 Impairment of financial assets**

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

***(a) Financial assets carried at amortised cost***

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

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

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

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

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

***(b) Financial assets carried at cost***

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

***(c) Available-for-sale financial assets***

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.21 Employee benefits**

***(a) Employee leave entitlement***

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

***(b) Defined contribution plans***

As required by law, the companies in the Group make contributions to the state pension funds of the respective countries in which they operate. Such contributions are recognised as compensation expenses in the same period as the employment that gives rise to the contribution.

***(c) Employment Ordinance long service payments***

Certain employees of the Group have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

A provision is recognised in respect of the probable future long service payments expected to be made. Provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group at the end of the reporting period.

***(d) Long service leave***

Long service leave is a period of paid leave for employees who have been working for the subsidiaries in Australia for a qualifying period of time. Long service leave forms part of the National Employment Standards in Australia (NES), where the NES applies to all employees covered by the national workplace relations system. Depending on the relevant state or territory law, an employee may be entitled to long service leave after a period of continuous service ranging from seven to fifteen years with the same or related employer.

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

***(e) Employee share option plan***

The Group has in place an Employees Share Option Scheme for the granting of options to eligible employees to subscribe for shares in the Company.

Details of the Plan are disclosed in Note 32 to the financial statements.

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expenses.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

The employee share option reserve is transferred to retained earnings upon expiry or lapse of the share option.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.22 Leases**

***(a) As lessee***

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

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

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

***(b) As lessor***

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.10(e). Contingent rents are recognised as revenue in the period in which they are earned.



**2.23 Taxes**

***(a) Current income tax***

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.23 Taxes (cont'd)**

***(b) Deferred tax***

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

***(c) Sales tax***

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.24 Segment reporting**

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37.

**2.25 Share capital and share issuance expenses**

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

**2.26 Treasury shares**

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

**2.27 Contingencies**

A contingent liability is:

(a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) A present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

**2.28 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, these also include bank overdrafts that form an integral part of the Group's cash management.

**2.29 Transfers between levels of the fair value hierarchy**

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

In the process of applying the Group's accounting policies, management has made estimates and judgments, based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Such estimates and judgments which have the most significant effect on the amounts recognised in the consolidated financial statements are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

***(a) Income taxes***

The Group has exposure to income taxes in several jurisdictions. Significant judgment is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amounts of the Group's tax recoverable, tax payables, deferred tax liabilities and deferred tax assets at 30 June 2015 were $221,000 (2014: $187,000), $4,716,000 (2014: $7,306,000), $9,823,000 (2014: $5,572,000) and $858,000 (2014: $724,000) respectively.

***(b) Other estimates and judgments applied***

The Group, on its own or in reliance on third party experts, also applies estimates, assumptions and judgements in the following areas:

(i) the determination of fair values of land and buildings under property, plant and equipment, and investment properties by independent professional valuers;
(ii) classification between investment properties and owner-occupied properties;
(iii) impairment assessment of goodwill;
(iv) provision for restoration costs; and
(v) deferred revenue for membership fees and customer loyalty programmes.

These estimates, assumptions and judgments are not expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities as disclosed in the notes to the financial statements within the next financial year.



## 4. REVENUE

Revenue for the Group represents sales of goods at invoiced value less returns and trade discounts, rental income and medical and laboratory service income.

Revenue is analysed as follows:

| | Group | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Sales of goods | | |
| - Traditional Chinese Medicine ("TCM") | 280,089 | 304,637 |
| - Non-TCM | 48,617 | 40,745 |
| - Others | 3,418 | 2,318 |
| Integrative medical service income | 16,905 | 16,938 |
| Rental income | 1,379 | 1,629 |
| | 350,408 | 366,267 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 5. OTHER OPERATING INCOME

| | Group | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Foreign exchange gain/(loss), net | 1,409 | (373) |
| Fair value gain on derivatives | 9 | 62 |
| Fair value gain on investment properties | 6,409 | 2,376 |
| Membership fee income | 1,457 | 1,744 |
| Loss on disposal of property, plant and equipment | (69) | (61) |
| Government grants and incentives | 378 | 347 |
| Refund of contingent consideration | – | 323 |
| Others | 807 | 424 |
| | 10,400 | 4,842 |

## 6. INTEREST INCOME

| | Group | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Interest earned from bank deposits | 88 | 241 |

## 7. INTEREST EXPENSE

| | Group | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Interest expense on: | | |
| - bank overdrafts | 11 | 2 |
| - hire purchase | 15 | 16 |
| - loans and borrowings | 1,533 | 963 |
| - fixed rate notes | 4,422 | 4,429 |
| | 5,981 | 5,410 |

## 8. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

| | Group | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Audit fees: | | |
| - Auditors of the Company | 434 | 411 |
| - Other auditors | 446 | 378 |
| Non-audit fees: | | |
| - Auditors of the Company | 237 | 108 |
| - Other auditors | 558 | 688 |
| Depreciation of property, plant and equipment | 11,788 | 9,757 |
| Amortisation of intangible assets | 1,327 | 1,007 |
| Property, plant and equipment written off | 181 | 388 |
| Impairment loss on financial assets | 333 | – |
| Fair value loss on property, plant and equipment | 27 | 4 |
| Advertising and promotion expenses | 13,562 | 15,393 |
| Directors' fees | 142 | 148 |
| Directors' emoluments: | | |
| - Directors of the Company | 1,721 | 1,711 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 9. INCOME TAX EXPENSE

***Major components of income tax expense***

The major components of income tax expense for the financial year ended 30 June are:

| | Group | |
|---|---|---|
| | **2015** | **2014** |
| | **$'000** | **$'000** |
| **Consolidated income statement:** | | |
| Current income tax | | |
| - Current income taxation | 4,436 | 7,994 |
| - Under/(over) provision in respect of prior years | 33 | (868) |
| Deferred income tax | | |
| - Origination and reversal of temporary differences | 1,278 | (183) |
| - Over provision in respect of prior years | (11) | (204) |
| - Transfer of investment properties to property, plant and equipment | 2,067 | 855 |
| Income tax expense recognised in profit or loss | 7,803 | 7,594 |
| **Consolidated statement of comprehensive income:** | | |
| Deferred tax expense/(credit) related to other comprehensive income | | |
| - Net surplus on revaluation of land and buildings | 607 | 616 |
| - Transfer of property, plant and equipment to investment properties | – | (2,360) |

***Reconciliation between tax expense and accounting profit***

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 30 June 2015 and 2014 is as follows:

| | | |
|---|---|---|
| Profit before tax for the financial year | 12,367 | 22,737 |
| Tax at the domestic rates applicable to profits in the countries where the Group operates | 1,264 | 2,807 |
| Adjustments: | | |
| Expenses not deductible for tax purposes | 3,381 | 2,652 |
| Income not subject to taxation | (2,009) | (647) |
| Deferred tax assets not recognised | 2,931 | 3,198 |
| Benefits from previously unrecognised tax losses | (12) | (148) |
| Transfer of investment properties to property, plant and equipment | 2,067 | 855 |
| Under/(over) provision in respect of prior years | 22 | (1,072) |
| Effect of partial tax exemption and tax relief | (352) | (226) |
| Others | 511 | 175 |
| Income tax expense recognised in profit or loss | 7,803 | 7,594 |

The reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The Group operates mainly in Singapore, Malaysia, Hong Kong and Australia, where the applicable corporate tax rates for the years ended 30 June 2015 and 30 June 2014 are 17.0%, 25.0%, 16.5% and 30.0% respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 10. DIVIDENDS

| | Group and Company | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| **Declared and paid during the financial year** | | |
| First and final dividend for 2014 of 2.2 cents per share tax exempt one-tier (2013: 2.2 cents per share tax exempt one-tier) | 9,825 | 9,768 |

The Directors have proposed a first and final dividend of 0.5 cent per share in respect of the current financial year. This dividend will be recorded as a liability on the statements of financial position of the Group and of the Company upon approval by the shareholders of the Company at the forthcoming Annual General Meeting of the Company.

## 11. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing profit for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 30 June:

| | Group | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Profit for the financial year, net of tax, attributable to owners of the Company | 4,563 | 15,033 |

| | Group | |
|---|---|---|
| | 2015 '000 | 2014 '000 |
| Weighted average number of ordinary shares for computing basic earnings per share | 446,732 | 444,368 |
| Effect of dilution - share options | 1,941 | 2,927 |
| Weighted average number of ordinary shares adjusted for the effect of dilution | 448,673 | 447,295 |

| | Cents | |
|---|---|---|
| Basic earnings per share | 1.02 | 3.38 |
| Diluted earnings per share | 1.02 | 3.36 |

1,509,000 (2014: 1,966,000) share options granted to employees under the existing employee share option plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

The 22,000,000 warrants issued on 22 November 2011 have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

Since the end of the financial year, employees have exercised the options to acquire nil (2014: 252,000) ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 12. PROPERTY, PLANT AND EQUIPMENT

| | Freehold land and buildings $'000 | Leasehold land and buildings $'000 | Furniture, fittings and equipment $'000 | Motor vehicles $'000 | Renovations $'000 | Plant and machinery $'000 | Cons-truction in progress $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| ***Group*** | | | | | | | | |
| **Cost and valuation** | | | | | | | | |
| At 1 July 2013 | 6,992 | 62,638 | 40,721 | 2,398 | 22,536 | 3,118 | 288 | 138,691 |
| Additions | – | 917 | 7,773 | 193 | 4,802 | 2,282 | 1,944 | 17,911 |
| Transfer to investment properties and intangible assets | – | (17,344) | – | – | – | – | (277) | (17,621) |
| Transfer from investment properties | – | 26,000 | – | – | – | – | – | 26,000 |
| Acquisition through business combination | – | – | – | – | – | 5 | – | 5 |
| Reclassification | – | (6,792) | (14,295) | – | 7,622 | 6,780 | 6,685 | – |
| Disposals | – | – | (702) | (398) | (852) | (17) | – | (1,969) |
| Written off | – | – | (1,834) | – | (1,248) | (1) | – | (3,083) |
| Gain on revaluation (recognised in other comprehensive income) | 179 | 2,650 | – | – | – | – | – | 2,829 |
| Elimination of accumulated depreciation on revaluation | (44) | (945) | – | – | – | – | – | (989) |
| Foreign currency translation adjustment | (171) | (336) | (245) | (29) | (347) | (153) | (1) | (1,282) |
| At 30 June 2014 and 1 July 2014 | 6,956 | 66,788 | 31,418 | 2,164 | 32,513 | 12,014 | 8,639 | 160,492 |
| Additions | – | 14,256 | 5,984 | 120 | 6,653 | 2,537 | 21,650 | 51,200 |
| Transfer to intangible assets | – | – | (161) | – | – | – | (399) | (560) |
| Transfer from investment properties | – | 41,019 | – | – | – | – | – | 41,019 |
| Reclassification | – | – | 87 | – | 18 | – | (105) | – |
| Disposals | – | – | (212) | (152) | (789) | (394) | – | (1,547) |
| Written off | – | – | (488) | – | (747) | (8) | (6) | (1,249) |
| Gain on revaluation (recognised in other comprehensive income) | 318 | 3,383 | – | – | – | – | – | 3,701 |
| Elimination of accumulated depreciation on revaluation | (42) | (1,657) | – | – | – | – | – | (1,699) |
| Foreign currency translation adjustment | (590) | 1,355 | (1,040) | (47) | 563 | 353 | 640 | 1,234 |
| At 30 June 2015 | 6,642 | 125,144 | 35,588 | 2,085 | 38,211 | 14,502 | 30,419 | 252,591 |
| Representing - | | | | | | | | |
| Cost | – | – | 35,588 | 2,085 | 38,211 | 14,502 | 30,419 | 120,805 |
| Valuation | 6,642 | 125,144 | – | – | – | – | – | 131,786 |
| | 6,642 | 125,144 | 35,588 | 2,085 | 38,211 | 14,502 | 30,419 | 252,591 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Freehold land and buildings $'000 | Leasehold land and buildings $'000 | Furniture, fittings and equipment $'000 | Motor vehicles $'000 | Renovations $'000 | Plant and machinery $'000 | Construction in progress $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| ***Group*** | | | | | | | | |
| **Accumulated depreciation and impairment** | | | | | | | | |
| At 1 July 2013 | – | – | 27,227 | 1,184 | 10,656 | 1,954 | – | 41,021 |
| Charge for the financial year | 44 | 1,554 | 3,624 | 346 | 3,182 | 1,007 | – | 9,757 |
| Reclassification | – | (117) | (8,638) | – | 5,433 | 3,322 | – | – |
| Disposals | – | – | (689) | (163) | (852) | (17) | – | (1,721) |
| Written off | – | – | (1,723) | – | (971) | (1) | – | (2,695) |
| Elimination of accumulated depreciation on revaluation | (44) | (945) | – | – | – | – | – | (989) |
| Foreign currency translation adjustment | – | 112 | (179) | (18) | (178) | (89) | – | (352) |
| At 30 June 2014 and 1 July 2014 | – | 604 | 19,622 | 1,349 | 17,270 | 6,176 | – | 45,021 |
| Charge for the financial year | 42 | 2,214 | 4,042 | 333 | 3,924 | 1,233 | – | 11,788 |
| Impairment loss | – | – | – | – | 84 | – | – | 84 |
| Reclassification | – | – | 4 | – | (4) | – | – | – |
| Disposals | – | – | (194) | (152) | (755) | (314) | – | (1,415) |
| Written off | – | – | (455) | – | (610) | (3) | – | (1,068) |
| Transfer to intangible assets | – | – | (27) | – | – | – | – | (27) |
| Elimination of accumulated depreciation on revaluation | (42) | (1,657) | – | – | – | – | – | (1,699) |
| Foreign currency translation adjustment | – | 64 | (638) | (34) | 248 | 133 | – | (227) |
| At 30 June 2015 | – | 1,225 | 22,354 | 1,496 | 20,157 | 7,225 | – | 52,457 |
| **Net carrying amount** | | | | | | | | |
| At 30 June 2015 | 6,642 | 123,919 | 13,234 | 589 | 18,054 | 7,277 | 30,419 | 200,134 |
| At 30 June 2014 | 6,956 | 66,184 | 11,796 | 815 | 15,243 | 5,838 | 8,639 | 115,471 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

| | Furniture, fittings and equipment $'000 | Motor vehicles $'000 | Renovations $'000 | Construction in progress $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Company** | | | | | |
| **Cost** | | | | | |
| At 1 July 2013 | 735 | 804 | 83 | 288 | 1,910 |
| Additions | 150 | – | – | – | 150 |
| Transfer to intangible assets | – | – | – | (277) | (277) |
| At 30 June 2014 and 1 July 2014 | 885 | 804 | 83 | 11 | 1,783 |
| Additions | 27 | – | – | 592 | 619 |
| Transfer to intangible assets | – | – | – | (399) | (399) |
| At 30 June 2015 | 912 | 804 | 83 | 204 | 2,003 |
| **Accumulated depreciation and impairment** | | | | | |
| At 1 July 2013 | 634 | 224 | 83 | – | 941 |
| Charge for the financial year | 90 | 161 | – | – | 251 |
| At 30 June 2014 and 1 July 2014 | 724 | 385 | 83 | – | 1,192 |
| Charge for the financial year | 82 | 161 | – | – | 243 |
| At 30 June 2015 | 806 | 546 | 83 | – | 1,435 |
| **Net carrying amount** | | | | | |
| At 30 June 2015 | 106 | 258 | – | 204 | 568 |
| At 30 June 2014 | 161 | 419 | – | 11 | 591 |

***(i) Revaluation of freehold and leasehold land and buildings***

The Group has engaged Dennis Wee Realty Pte Ltd (2014: Dennis Wee Realty Pte Ltd), W.M. Malik & Kamaruzaman (2014: W.M. Malik & Kamaruzaman) and Jones Lang LaSalle Limited (2014: Prudential Surveyors International Ltd) which are registered independent appraisers, to determine the fair value of its freehold and leasehold land and buildings in Singapore, Malaysia and Hong Kong respectively as at 30 June 2015 and 30 June 2014. The appraisers have appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The valuations are based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market.

***(ii) Construction-in-progress***

Construction-in-progress represents costs incurred on implementation of software systems and construction of property, plant and equipment. The Construction-in-progress is not depreciated until such time when the relevant assets are completed.

***(iii) Asset pledged as security***

The Group's property at No.1 Jalan 6/2B, Taman Industri Selesa Jaya, Selangor, Malaysia, with a carrying amount of $2,528,000 (2014: $2,634,000) has been pledged as a security against a subsidiary's bank loan (Note 23).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

***(iv) Assets held under hire purchase***

The carrying amount of motor vehicles held under hire purchase at the end of the reporting period for the Group and Company were $448,000 (2014: $558,000) and $258,000 (2014: $419,000) respectively.

***(v) Prepayments (non-current)***

Prepayments (non-current) represents initial down-payments made to suppliers for the purchase and construction of property, plant and equipment.

The Group's major properties are as follows:

| Location | | Description | Floor area (sq ft) | Tenure |
|---|---|---|---|---|
| (a) | No. 22 and 23, Jalan Dato Bandar, Tunggal, Negeri Sembilan, Malaysia | Shop | 13,263 | Freehold |
| (b) | No. 1 SS2/67 SEA Park Petaling Jaya, Selangor, Malaysia | Shop/hostel | 5,216 | Freehold |
| (c) | No. 36 and 38 Leech Street, Ipoh, Perak, Malaysia | Shop/warehouse | 5,880 | Freehold |
| (d) | No. 2 Jalan Othman Talib, No. 1 Lorong Iskandar Shah, Ipoh, Perak, Malaysia | Warehouse | 4,140 | Freehold |
| (e) | No. 98 Jalan Idris Kampar, Perak, Malaysia | Shop/warehouse | 4,600 | Freehold |
| (f) | No. 156 Lebuh Chulia Georgetown, Pulau Pinang, Malaysia | Shop/warehouse | 18,800 | Freehold |
| (g) | No. 1, Jalan 6/2B, Taman Industri Selesa Jaya, Seri Kembangan, Selangor, Malaysia | Office/factory | 20,480 | Freehold |
| (h) | 269 South Bridge Road, Singapore | Shop | 3,369 | Lot 99868A – 999 years from 1 October 1827 (811 years remaining) |
| (i) | 273 South Bridge Road, Singapore | Shop | 2,680 | 999 years from 1 October 1823 (807 years remaining) |
| (j) | 21 Tai Seng Drive, Singapore | Office/ warehouse | 79,006 | 60 years lease from 16 December 1990 (35 years remaining) |
| (k) | No. 2 Persiaran 1/118C, Desa Tun Razak Industrial Park II, Cheras, Kuala Lumpur, Malaysia | Factory | 7,200 | 99 years lease, expiry 20.3.2085 |
| (l) | No. 4 Persiaran 1/118C, Desa Tun Razak Industrial Park II, Cheras, Kuala Lumpur, Malaysia | Factory | 11,360 | 99 years lease, expiry 20.3.2085 |
| (m) | Ground Floor, 192 Lai Chi Kok Road, Kowloon, Hong Kong | Shop | 617 | 75 years lease from 23.3.1923, renewed for a further 75 years |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Location | Description | Floor area (sq ft) | Tenure |
|---|---|---|---|---|
| (n) | 10 Wang Lee Street, Yuen Long Industrial Park, New Territories, Hong Kong | Office/factory/ laboratory/ warehouse | 78,021 | 49 years lease from 1.12.1998 to 30.6.2047 |
| (o) | 12 Wang Lee Street, Yuen Long Industrial Park, New Territories, Hong Kong | Office/factory/ laboratory/ warehouse | 21,380 | 49 years lease from 1.12.1998 to 30.6.2047 |
| (p) | Subsection 1 of Section M of Yuen Long Town Lot No. 313, Hong Kong | Land | 170,489 | 34 years lease from 18.02.2013 to 27.06.2047 |
| (q) | Shop 1-3 on Ground Floor and flat roof/ yard and whole of Mezzanine Floor of Shum Tower, 268 Des Voeux Road Central, Sheung Wan, Hong Kong | Shop | 4,064 | 999 years lease from 26 December 1866 (850 years remaining) |
| (r) | Rés-Do-Chão B, Hei Van, Rua do Monte N° 1-B, Macau | Shop | 465 | Freehold |
| (s) | Rés-Do-Chão B, Weng Meng, Rua Entre-Campos N° 20-B, Macau | Warehouse | 283 | Freehold |

If the revalued property, plant and equipment were measured using the cost model, the net carrying amounts would be as follows:

| | Group | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Freehold land and buildings | 1,137 | 1,252 |
| Leasehold land and buildings | 47,684 | 19,982 |
| | 48,821 | 21,234 |

## 13. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Unquoted shares, at cost | 34,395 | 34,395 |
| Less: Impairment loss | (3,742) | (3,742) |
| | 30,653 | 30,653 |
| Amounts due from subsidiaries [1] | 46,930 | 50,105 |
| | 77,583 | 80,758 |

(1) Amounts due from subsidiaries are unsecured and non-trade in nature. Management has designated these amounts due from subsidiaries as indirect capital contribution by the Company as part of the Group funding structure.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**13. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

**(a) Composition of the Group**

The Group has the following investment in subsidiaries:

| | Name of company | Principal place of business | Principal activities | Percentage of equity held by the Group 2015 % | 2014 % |
|---|---|---|---|---|---|
| | ***Held by the Company*** | | | | |
| # | Eu Yan Sang (Singapore) Private Limited | Singapore | Distribution and sale of traditional Chinese and other medicine | 100 | 100 |
| * | Eu Yan Sang (Hong Kong) Limited | Hong Kong | Investment holdings, manufacturing, processing, distribution and sale of traditional Chinese medicine | 100 | 100 |
| ** | Eu Yan Sang (1959) Sendirian Berhad | Malaysia | Investment holdings, distribution and sale of traditional Chinese and other medicine | 100 | 100 |
| # | Eu Realty (Singapore) Private Limited | Singapore | Investment holdings, property investment and sale of traditional Chinese and other medicine | 100 | 100 |
| ** | Weng Li Sdn. Bhd. | Malaysia | Commission agent in all kinds of pharmaceutical products and manufacturer of medical pills and capsules | 100 | 100 |
| ** | Eu Yan Sang Heritage Sdn. Bhd. | Malaysia | Property investment and sale of food and beverages | 100 | 100 |
| # | Eu Yan Sang Marketing Pte Ltd | Singapore | Distribution and sale of traditional Chinese and other medicine | 100 | 100 |
| @ | Eu Yan Sang (Australia) Pty Ltd | Australia | Investment holdings, distribution and sale of traditional Chinese medicine | 100 | 100 |
| # | Red White & Pure Pte. Ltd. | Singapore | Dormant | 100 | 100 |
| ** | Eu Yan Sang Integrative Health Sdn. Bhd. | Malaysia | Provision of integrative medical services and property investment | 100 | 100 |
| # | Eu Yan Sang Integrative Health Pte. Ltd. | Singapore | Provision of integrative medical services | 100 | 100 |
| # | Yin Yang Spa Products Pte Ltd | Singapore | Development, manufacturing and distribution of spa products | 100 | 100 |
| # | Eu Yan Sang (China) Pte. Ltd. | Singapore | Investment holding, wholesale of medicine and herbs (other than western medicine) | 100 | 100 |
| # | EYS Labs Pte. Ltd. | Singapore | Investment holding | 100 | 100 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**13. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

**(a) Composition of the Group (cont'd)**

| | Name of company | Principal place of business | Principal activities | Percentage of equity held by the Group 2015 % | 2014 % |
|---|---|---|---|---|---|
| | ***Held by the Company (cont'd)*** | | | | |
| # | iGates BioInnovation Pte. Ltd. | Singapore | Developing iGates, an advanced technology to decipher chemical components in traditional Chinese medicine | 51 | 51 |
| ** | Matrix Chain Sdn. Bhd. | Malaysia | Dormant | 100 | 100 |
| # | EYS Ventures Pte Ltd | Singapore | Investment holding | 100 | 100 |
| # | Eu Yan Sang Foundation Limited | Singapore | Conducting charitable and other supporting activities aimed at humanitarian work | 100 | – |
| # | Eu Yan Sang Academy Limited | Singapore | Conducting and organising of TCM courses | 100 | – |
| | ***Held by subsidiaries*** | | | | |
| # | MyLifeInc.Me Pte. Ltd. | Singapore | General wholesale trade (including importers and exporters) | 100 | 100 |
| # | RWP Food Services Pte. Ltd. | Singapore | Dormant | 100 | 100 |
| ** | Vistern Health Sdn. Bhd. | Malaysia | Importation, distribution and sale of honey products | 100 | 100 |
| ** | Wellness Cottage Sdn. Bhd. | Malaysia | Provision of integrative medical services | 100 | 100 |
| * | Eu Yan Sang (China Ventures) Limited | Hong Kong | Investment holding | 100 | 100 |
| * | Eu Yan Sang Medical Services Limited | Hong Kong | Provision of medical consultancy services | 100 | 100 |
| * | Top Lot Limited | Hong Kong | Provision of advertising agency services | 100 | 100 |
| * | Eu Yan Sang (Properties) Limited | Hong Kong | Property investment | 100 | 100 |
| * | Eu Yan Sang (Export) Limited | The British Virgin Islands | Dormant | 100 | 100 |
| * | Supreme Bottled Bird's Nests Co. Limited | Hong Kong | Manufacturing ready-to-drink bird's nest | 90 | 90 |
| * | ProNature (Hong Kong) Limited | Hong Kong | Provision of packing and sub-processing services | 100 | 100 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**13. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

**(a) Composition of the Group (cont'd)**

| | Name of company | Principal place of business | Principal activities | Percentage of equity held by the Group 2015 % | 2014 % |
|---|---|---|---|---|---|
| | ***Held by subsidiaries (cont'd)*** | | | | |
| * | Eu Yan Sang Pharmaceutical Limited | Hong Kong | Dormant | 100 | 100 |
| > | Eu Yan Sang (USA) Inc. | United States of America | Dormant | 100 | 100 |
| + | Eu Yan Sang (Thailand) Limited | Thailand | Distribution and sale of traditional Chinese and other medicine | 79.4 | 79.4 |
| ++ | Eu Yan Sang (Macau) Ltd. | Macau | Distribution and sale of traditional Chinese medicine and other medicine | 100 | 100 |
| ++ | Yan Sang Biotechnology Company Limited | Macau | Dormant | 100 | 100 |
| +++ | Eu Yan Sang Trading (Guangdong) Co. Ltd | People's Republic of China | Wholesale, import and export of packed food products | 100 | 100 |
| > | PT EYS Ventures Indonesia | Indonesia | Dormant | 100 | 100 |
| ^ | Eu Yan Sang (Taiwan) Co. Ltd | Republic of China | Distribution and sale of traditional Chinese and other medicine | 100 | 100 |
| ** | Yen & U Sdn Bhd | Malaysia | Retailer of birds' nest products | 100 | 100 |
| ** | Optimum Sejati Sdn. Bhd. | Malaysia | Manufacturer of birds' nest products | 100 | 100 |
| @ | Healthy Life Group Pty Ltd | Australia | Distributor, retailer, franchise retailer and brand owner of healthy, beauty and natural products in Australia | 100 | 100 |
| ++++ | Eu Yan Sang F&B Management (Shanghai) Co., Ltd | People's Republic of China | Sale of food and beverages | 100 | 100 |
| * | ProNature International Limited | Hong Kong | Dormant | 100 | 100 |
| * | Yan Sang Nutraceutical Company Limited | Hong Kong | Manufacturing of Kool Throat | 100 | 100 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

### (a) Composition of the Group (cont'd)

| | Name of company | Principal place of business | Principal activities | Percentage of equity held by the Group 2015 % | 2014 % |
|---|---|---|---|---|---|
| | ***Held by subsidiaries (cont'd)*** | | | | |
| * | Eu Yan Sang Trading (Hong Kong) Limited | Hong Kong | Dormant | 100 | 100 |
| * | Yan Sang Biotechnology (Hong Kong) Limited | Hong Kong | Dormant | 100 | 100 |
| > | EYS Vietnam Company Limited | Vietnam | Dormant | 100 | 100 |
| < | Eu Yan Sang India Private Limited | India | Dormant | 100 | 100 |
| * | Eu Yan Sang Chinese Medicine (Wholesale) Limited | Hong Kong | Wholesale and distribution of traditional Chinese medicine and other medicine | 100 | 100 |
| # | EYS System Solutions Pte. Ltd. | Singapore | Provision of information technology and computer service activities | 100 | 100 |
| ** | Springlogic Sdn. Bhd. | Malaysia | Advertising and publicity agent | 100 | – |

@ Audited by Ernst & Young, Australia
# Audited by Ernst & Young LLP, Singapore
* Audited by Ernst & Young, Hong Kong
** Audited by Ernst & Young, Malaysia
^ Audited by Ernst & Young, Taiwan
+ Audited by EX-CL Consulting Business Co., Ltd
++ Audited by HMV & Associates
+++ Audited by BDO China Shu Lun Pan Certified Public Accountants LLP Guangdong Branch
++++ Audited by Shanghai Gao Ke Certified Public Accountants Co., Ltd
< Audited by T.R. Chadha & Co., Chartered Accountants
> Not required to be audited by law of country of incorporation

## 14. INVESTMENTS IN JOINT VENTURES

| | Group 2015 $'000 | 2014 $'000 |
|---|---|---|
| Unquoted shares, at cost | 809 | 755 |
| Share of post-acquisition reserves | 35 | 6 |
| | 844 | 761 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**14. INVESTMENTS IN JOINT VENTURES (CONT'D)**

| | Name of company | Country of incorporation and place of business | Principal activities | Percentage of equity held by the Group 2015 % | 2014 % |
|---|---|---|---|---|---|
| | ***Held by subsidiaries*** | | | | |
| # | Scyrec Pte. Ltd. | Singapore | Research and experimental development on natural sciences and retail sales of pharmaceutical and medical goods | 50 | 50 |
| * | EYS Neautus (Hong Kong) Limited | Hong Kong | Processing and wholesaling of herbs | 51 | 51 |
| @ | EYS Neautus (Sichuan) Company Limited | People's Republic of China | Processing and wholesaling of herbs | 49 | 49 |

# Audited by Ernst & Young LLP, Singapore
* Audited by Ernst & Young, Hong Kong
@ Audited by Sichuan Weicheng Certified Public Accountants Co., Ltd

The Group's commitments in respect of its interest in the joint ventures are disclosed in Note 33(a).

Aggregate information about the Group's investment in joint venture companies that are not individually material are as follows:

The Group's share of the assets and liabilities comprises:

***Summarised balance sheet***

| | Group 2015 $'000 | 2014 $'000 |
|---|---|---|
| ***Assets and liabilities:*** | | |
| Current assets | 1,049 | 871 |
| Non-current assets | 287 | 53 |
| Total assets | 1,336 | 924 |
| Current liabilities | (492) | (163) |
| Net assets | 844 | 761 |
| Carrying amount of investment | 844 | 761 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 14. INVESTMENTS IN JOINT VENTURES (CONT'D)

The Group's share of the results is as follows:

***Summarised statement of comprehensive income***

| | Group | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Revenue | 792 | 392 |
| Operating expenses | (759) | (373) |
| Profit before tax | 33 | 19 |
| Income tax expenses | (6) | (4) |
| Profit after tax | 27 | 15 |
| Other comprehensive income | – | – |
| Total comprehensive income | 27 | 15 |

## 15. LONG TERM INVESTMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 $'000 | 2014 $'000 | 2015 $'000 | 2014 $'000 |
| ***Available-for-sale financial assets*** | | | | |
| Unquoted shares, at cost | 1,595 | 1,262 | 1,530 | 1,197 |
| Impairment loss | (1,595) | (1,262) | (1,530) | (1,197) |
| | – | – | – | – |
| Movements in allowance for impairment are as follows: | | | | |
| At 1 July | 1,262 | 1,262 | 1,197 | 1,197 |
| Allowance for the financial year | 333 | – | 333 | – |
| At 30 June | 1,595 | 1,262 | 1,530 | 1,197 |

## 16. INVESTMENT PROPERTIES

| | Group | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| At 1 July | 62,385 | 67,790 |
| Acquisition of property | 15,097 | 1,288 |
| Fair value gain recognised in income statement | 6,409 | 2,376 |
| Transfer from property, plant and equipment | – | 17,344 |
| Transfer to property, plant and equipment | (41,019) | (26,000) |
| Currency realignment | 3,404 | (413) |
| At 30 June | 46,276 | 62,385 |

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**16. INVESTMENT PROPERTIES (CONT'D)**

Valuation of Investment Properties

Investment properties are stated at fair value, which has been determined based on valuations as at 30 June 2015 and 30 June 2014. The valuations were performed by registered independent appraisers, Dennis Wee Realty Pte Ltd (2014: Dennis Wee Realty Pte Ltd), W.M. Malik & Kamaruzaman (2014: W.M. Malik & Kamaruzaman) and Jones Lang LaSalle Limited (2014: Prudential Surveyors International Ltd) for properties in Singapore, Malaysia and Hong Kong respectively. The appraisers have appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The valuations are based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market. Details of valuation techniques and inputs used are disclosed in Note 36.

Change in use of properties

During the financial year, the Group converted the properties at Sheung Wan, Hong Kong and Weng Meng, Macau for own usage. Accordingly, the Group has reclassified the properties from investment property to property, plant and equipment with effect from the date of change in use.

Rental income and direct operating expenses

As disclosed in Note 4, the property rental income earned by the Group for the financial year ended 30 June 2015 from its investment properties amounted to $1,379,000 (2014: $1,629,000).

| | Group | |
|---|---|---|
| | **2015 $'000** | **2014 $'000** |
| Direct operating expenses (including repairs and maintenance) arising from: | | |
| - Rental generating properties | 314 | 272 |

The investment properties held by the Group as at 30 June are as follows:

| **Description** | **Tenure of land** | **Fair value** | |
|---|---|---|---|
| | | **2015 $'000** | **2014 $'000** |
| 265A&B&C, 273A South Bridge Road, Singapore | 999 years lease from 1 October 1823 (807 years remaining) | 8,720 | 8,330 |
| 269A&B&C South Bridge Road, Singapore | Lot 99871A – 999 years from 1 October 1823 (807 years remaining); Lot 99869K, 99868A & 99866P – 999 years from 1 October 1827 (811 years remaining) | 11,185 | 10,690 |
| 265 South Bridge Road, Singapore | 999 years lease from 1 October 1823 (807 years remaining) | 4,050 | 3,870 |
| 273B&C South Bridge Road, Singapore | 999 years lease from 1 October 1823 (807 years remaining) | 5,750 | 5,495 |
| Lot B1-36 Lower Ground Floor, Skudai Parade, Senai Expressway, Johor Bahru, Johor, Malaysia | Freehold | 147 | 162 |
| No. 12-J-G, 12-J-1 and 12-J-2, Jalan Tun Dr Awang Bandar Bukit Jambul, Penang, Malaysia | Freehold | 335 | 350 |
| Shop 1-3 on Ground Floor and flat roof/ yard and whole of Mezzanine Floor of Shum Tower, 268 Des Voeux Road Central, Sheung Wan, Hong Kong | 999 years lease from 26 December 1866 (850 years remaining) | – | 32,200 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 16. INVESTMENT PROPERTIES (CONT'D)

| Description | Tenure of land | Fair value 2015 $'000 | Fair value 2014 $'000 |
|---|---|---|---|
| Unit B on Ground Floor, Weng Meng, 20-B Rua de Entre-Campos, Macau | Freehold | – | 1,288 |
| Ground Floor (Flat L on G/F), On Ning Building, No. 79 Mut Wah Street, Kwun Tong, Kowloon | 99 years lease from 30 June 1948 (32 years remaining) | 16,089 | – |
| | | 46,276 | 62,385 |

## 17. INTANGIBLE ASSETS

| | Computer software $'000 | Goodwill $'000 | Brands $'000 | Distribution networks $'000 | Customer relationships $'000 | Product development $'000 | Copyrights $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **Cost** | | | | | | | | |
| At 1 July 2013 | 2,817 | 618 | 113 | 1,884 | 114 | 159 | – | 5,705 |
| Additions | 1,635 | – | – | – | – | 12 | 37 | 1,684 |
| Written off | (9) | – | – | – | – | (63) | – | (72) |
| Acquisition through business combination | – | 225 | – | – | – | – | – | 225 |
| Transfer from property, plant and equipment | 277 | – | – | – | – | – | – | 277 |
| Foreign currency translation adjustment | (31) | 11 | 1 | 7 | – | (1) | – | (13) |
| At 30 June 2014 and 1 July 2014 | 4,689 | 854 | 114 | 1,891 | 114 | 107 | 37 | 7,806 |
| Additions | 611 | – | – | – | – | 6 | – | 617 |
| Written off | (10) | – | – | – | – | – | – | (10) |
| Transfer from property, plant and equipment | 560 | – | – | – | – | – | – | 560 |
| Foreign currency translation adjustment | (167) | (89) | (14) | (229) | (14) | (13) | 2 | (524) |
| At 30 June 2015 | 5,683 | 765 | 100 | 1,662 | 100 | 100 | 39 | 8,449 |
| **Accumulated amortisation and impairment** | | | | | | | | |
| At 1 July 2013 | 1,408 | 118 | 17 | 148 | 36 | 4 | – | 1,731 |
| Amortisation during the financial year | 844 | – | 12 | 106 | 26 | 18 | 1 | 1,007 |
| Written off | (9) | – | – | – | – | – | – | (9) |
| Foreign currency translation adjustment | (8) | – | – | 2 | – | (1) | – | (7) |
| At 30 June 2014 and 1 July 2014 | 2,235 | 118 | 29 | 256 | 62 | 21 | 1 | 2,722 |
| Amortisation during the financial year | 1,160 | – | 11 | 100 | 24 | 19 | 13 | 1,327 |
| Written off | (9) | – | – | – | – | – | – | (9) |
| Transfer from property, plant and equipment | 27 | – | – | – | – | – | – | 27 |
| Foreign currency translation adjustment | (103) | – | (4) | (36) | (9) | (2) | – | (154) |
| At 30 June 2015 | 3,310 | 118 | 36 | 320 | 77 | 38 | 14 | 3,913 |
| **Net carrying amount** | | | | | | | | |
| At 30 June 2015 | 2,373 | 647 | 64 | 1,342 | 23 | 62 | 25 | 4,536 |
| At 30 June 2014 | 2,454 | 736 | 85 | 1,635 | 52 | 86 | 36 | 5,084 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**17. INTANGIBLE ASSETS (CONT'D)**

| | Computer software $'000 |
|---|---|
| **Company** | |
| **Cost** | |
| At 1 July 2013 | 120 |
| Additions | 956 |
| Transfer from property, plant and equipment | 277 |
| At 30 June 2014 and 1 July 2014 | 1,353 |
| Transfer from property, plant and equipment | 399 |
| At 30 June 2015 | 1,752 |
| **Accumulated amortisation and impairment** | |
| At 1 July 2013 | 17 |
| Amortisation during the financial year | 254 |
| At 30 June 2014 and 1 July 2014 | 271 |
| Amortisation during the financial year | 510 |
| At 30 June 2015 | 781 |
| **Net carrying amount** | |
| At 30 June 2015 | 971 |
| At 30 June 2014 | 1,082 |

***Amortisation expense***

The amortisation of computer software, brands, distribution networks, customer relationships, product development and copyrights is included in the "Administrative expenses" and "Distribution and selling expenses" line item of the consolidated income statement.

***Brands***

Brands relate to brand and trading names of Healthy Life, Natural Alternative, and Bod, which are exclusive and wholly-owned by Healthy Life and are used on Healthy Life products.

***Distribution networks***

Distribution networks relate to relationships established with franchisees and wholesale customers of Healthy Life.

***Customer relationships***

Customer relationships relate to relationships with customers under an existing customer loyalty programme.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**17. INTANGIBLE ASSETS (CONT'D)**

***Product development***

Product development relate to costs incurred for the development of house brand vitamins and supplements.

***Copyrights***

Copyrights relate to the right, title and interest in images and artwork for both commercial and non-commercial purposes.

***Impairment testing of goodwill***

Goodwill arising from business combinations has been allocated to a single cash generating unit (CGU), being the Group's Australian operations under Eu Yan Sang Australia Pty Ltd, for impairment testing.

| | Australia operating segment | |
|---|---|---|
| | 2015 | 2014 |
| | $'000 | $'000 |
| Goodwill | 647 | 736 |

The recoverable amount of the CGU has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

| | Australia operating segment | |
|---|---|---|
| | 2015 | 2014 |
| Long-term growth rate | 3.0% | 3.0% |
| Pre-tax discount rate | 16.3% | 16.3% |

***Sensitivity to changes in assumption***

The calculations of value in use for the Australian CGU is most sensitive to the following assumptions:

*Revenue growth rates* – The revenue growth rates are based on management's estimates. Management recognises that the ability of the Australian operations to reach a critical mass of customers can have a significant impact on revenue growth assumptions. Revenue forecast is based on an estimated compounded year on year growth of 9.1% (2014: 11.2%) for the next 5 years. A reduction of 1.0% (2014: 0.4%) (i.e. the estimated compounded year on year growth for the next 5 years is 8.1% (2014: 10.8%)) in the growth rate would result in the estimated recoverable amount of the goodwill to be equal to its carrying value.

*Long-term growth rates* – The long-term growth rates are based on management's estimates and do not exceed the long-term average growth rate for the industries relevant to the CGU.

*Pre-tax discount rates* – Discount rates represent the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the CGU and its operating segments and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of debt is based on the interest bearing borrowings of the CGU. The cost of equity is based on the risk-free rate obtained from the yield on 10-year bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systemic risk of the CGU. Specific risk relating to the CGU is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 18. INVENTORIES

| | Group | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| **Statement of financial position:** | | |
| Raw materials (at cost) | 11,723 | 16,157 |
| Work-in-progress (at cost) | 12,349 | 8,449 |
| Packaging materials (at cost) | 995 | 790 |
| Finished goods (at cost or net realisable value) | 62,160 | 57,775 |
| | 87,227 | 83,171 |
| Inventories are stated after deducting allowance for stock obsolescence of | 977 | 1,010 |
| Analysis of allowance for inventory obsolescence: | | |
| At 1 July | 1,010 | 1,340 |
| Net write-down of inventories/(reversal of write-down) | 242 | (218) |
| Utilisation of allowance | (255) | (108) |
| Exchange realignment | (20) | (4) |
| At 30 June | 977 | 1,010 |
| **Income statement:** | | |
| Inventories recognised as an expense in the income statement | 154,792 | 169,588 |
| Inclusive of the following charge/(credit): | | |
| - Net write-down of inventories/(reversal of write-down) | 242 | (218) |
| - Inventories written off | 1,305 | 1,856 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 19. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 $'000 | 2014 $'000 | 2015 $'000 | 2014 $'000 |
| ***Trade receivables*** | | | | |
| Trade receivables | 8,970 | 12,298 | – | – |
| Allowance for doubtful receivables | (229) | (275) | – | – |
| | 8,741 | 12,023 | – | – |
| ***Other receivables (current)*** | | | | |
| Deposits | 5,535 | 4,303 | 38 | 20 |
| Sundry receivables | 786 | 895 | 34 | 52 |
| Loan to a third party | 139 | 94 | 139 | 94 |
| Allowance for doubtful receivables | (94) | (94) | (94) | (94) |
| | 6,366 | 5,198 | 117 | 72 |
| Total trade and other receivables (current) | 15,107 | 17,221 | 117 | 72 |
| ***Other receivables (non-current)*** | | | | |
| Deposits | 8,183 | 10,017 | – | – |
| Add: | | | | |
| Amounts due from subsidiaries (non-current) | – | – | 57,342 | 45,307 |
| Amounts due from subsidiaries (current) | – | – | 59,871 | 47,859 |
| Cash and cash equivalents | 25,068 | 45,118 | 3,482 | 12,116 |
| | 25,068 | 45,118 | 120,695 | 105,282 |
| Total loans and receivables | 48,358 | 72,356 | 120,812 | 105,354 |

***Trade receivables***

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**19. TRADE AND OTHER RECEIVABLES (CONT'D)**

***Receivables that are past due but not impaired***

The Group has trade receivables amounting to $931,000 (2014: $2,289,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

| | Group | |
|---|---|---|
| | **2015 $'000** | **2014 $'000** |
| Trade receivables past due but not impaired: | | |
| Less than 1 month | 305 | 1,284 |
| More than 1 month less than 3 months | 186 | 466 |
| More than 3 months | 440 | 539 |
| | 931 | 2,289 |

***Receivables that are impaired***

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

| | | |
|---|---|---|
| Trade receivables – nominal amounts | 229 | 275 |
| Less: Allowance for doubtful receivables | (229) | (275) |
| | – | – |

Movement in allowance for doubtful receivables (trade) are as follows:

| | | |
|---|---|---|
| At 1 July | 275 | 181 |
| Allowance for the financial year | 3 | 145 |
| Written off | (31) | (53) |
| Exchange realignment | (18) | 2 |
| At 30 June | 229 | 275 |

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 20. AMOUNTS DUE FROM SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| ***Due from subsidiaries*** | | |
| Amounts due from subsidiaries | 105,739 | 81,828 |
| SGD loans to subsidiaries (unsecured) | | |
| Bears interest between 1.28% - 4% (2014: 1.25% - 4%) per annum and have no fixed terms of repayment | 28,438 | 28,438 |
| | 134,177 | 110,266 |
| Allowance for doubtful receivables | (16,964) | (17,100) |
| | 117,213 | 93,166 |
| Made up of: | | |
| Current | 59,871 | 47,859 |
| Non-current | 57,342 | 45,307 |
| | 117,213 | 93,166 |
| Movement in allowance for doubtful receivables are as follows: | | |
| At 1 July | 17,100 | 17,100 |
| Write-back of allowance for the financial year | (136) | – |
| At 30 June | 16,964 | 17,100 |

The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and are expected to be settled in cash. Current amounts are repayable on demand, while non-current amounts are repayable only when the cash flow of the subsidiaries permit.

## 21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following at the end of the reporting period:

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 $'000 | 2014 $'000 | 2015 $'000 | 2014 $'000 |
| Cash and bank balances | 25,068 | 45,118 | 3,482 | 12,116 |

Cash at banks earns interest at floating rates based on daily bank deposit rates.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 22. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 $'000 | 2014 $'000 | 2015 $'000 | 2014 $'000 |
| ***Trade payables*** | 15,324 | 14,339 | – | – |
| ***Other payables*** | | | | |
| Accrued expenses | 13,134 | 16,998 | 1,067 | 1,580 |
| Sundry payables | 8,046 | 6,990 | 1,020 | 638 |
| | 21,180 | 23,988 | 2,087 | 2,218 |
| Trade and other payables | 36,504 | 38,327 | 2,087 | 2,218 |
| Add: | | | | |
| ***Current*** | | | | |
| Provision for long service payments | 85 | 46 | – | – |
| Interest bearing loans and borrowings | 73,398 | 30,507 | 50,500 | 27,200 |
| Notes payable | – | 24,565 | – | 24,565 |
| Hire purchase creditors | 142 | 140 | 78 | 78 |
| Amounts due to a joint venture | 493 | 108 | – | – |
| ***Non-current*** | | | | |
| Interest bearing loans and borrowings | 934 | 1,931 | – | 700 |
| Notes payable | 98,287 | 74,679 | 98,287 | 74,679 |
| Long term loans from non-controlling shareholders of subsidiaries | 151 | 143 | – | – |
| Hire purchase creditors | 180 | 246 | 120 | 198 |
| Provision for long service payments | 216 | 264 | – | – |
| Other payables | 745 | 641 | – | – |
| | 174,631 | 133,270 | 148,985 | 127,420 |
| Total financial liabilities carried at amortised cost | 211,135 | 171,597 | 151,072 | 129,638 |

***Trade payables / other payables***

These amounts are non-interest bearing, and are normally settled on 30 to 90 days' terms.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 23. INTEREST BEARING LOANS AND BORROWINGS

| | Interest rate | | Group | | Company | |
|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 $'000 | 2014 $'000 | 2015 $'000 | 2014 $'000 |
| **Current:** | | | | | | |
| ***Unsecured*** | | | | | | |
| Singapore Dollar denominated bank loans | 1.18% - 2.43% | 1.27% - 1.86% | 49,800 | 25,800 | 49,800 | 25,800 |
| | *PLR + 1.125% | *PLR + 1.125% | 700 | 1,400 | 700 | 1,400 |
| Malaysian Ringgit denominated bank loans | 5.13% - 5.86% | 4.94% - 5.25% | 8,188 | 3,112 | – | – |
| Hong Kong Dollar denominated bank loans | 2.32% - 2.34% | – | 14,532 | – | – | – |
| ***Secured*** | | | | | | |
| Malaysian Ringgit denominated bank loans | #COF + 1.5% | #COF + 1.5% | 178 | 195 | – | – |
| | | | 73,398 | 30,507 | 50,500 | 27,200 |
| **Non-current:** | | | | | | |
| ***Unsecured*** | | | | | | |
| Singapore Dollar denominated bank loans | – | *PLR + 1.125% | – | 700 | – | 700 |
| ***Secured*** | | | | | | |
| Malaysian Ringgit denominated bank loans | #COF + 1.5% | #COF + 1.5% | 934 | 1,231 | – | – |
| | | | 934 | 1,931 | – | 700 |
| Total loans and borrowings | | | 74,332 | 32,438 | 50,500 | 27,900 |

* PLR refers to prime lending rate.
\# COF refers to cost of fund.

The current and non-current secured borrowings are secured by a first charge over a freehold property (Note 12).

The current borrowings of the Group and the Company have maturities of one to twelve months (2014: one to six months) and one to six months (2014: one to six months) respectively from the end of the financial year. The non-current borrowings of the Group and Company are due from 2017 to 2021 (2014: 2016 to 2021).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 24. HIRE PURCHASE CREDITORS

| | Minimum payments 2015 $'000 | Present value of payments 2015 $'000 | Minimum payments 2014 $'000 | Present value of payments 2014 $'000 |
|---|---|---|---|---|
| ***Group*** | | | | |
| Within one year | 155 | 142 | 153 | 140 |
| After one year but not more than five years | 196 | 180 | 260 | 236 |
| More than five years | – | – | 10 | 10 |
| Total minimum lease payments | 351 | 322 | 423 | 386 |
| Less: Amounts representing finance charges | (29) | – | (37) | – |
| Present value of minimum lease payments | 322 | 322 | 386 | 386 |
| ***Company*** | | | | |
| Within one year | 87 | 78 | 87 | 78 |
| After one year but not more than five years | 134 | 120 | 220 | 198 |
| Total minimum lease payments | 221 | 198 | 307 | 276 |
| Less: Amounts representing finance charges | (23) | – | (31) | – |
| Present value of minimum lease payments | 198 | 198 | 276 | 276 |

The obligations under hire purchase are secured by rights to the leased assets.

The average discount rate implicit in the Group's and the Company's hire purchases ranges from 2.6% to 3.7% (2014: 2.7% to 5.6%) and 3.6% to 3.7% (2014: 3.6% to 3.7%) per annum respectively.



## 25. NOTES PAYABLE AND DERIVATIVES

| | Group and Company 2015 $'000 | 2014 $'000 |
|---|---|---|
| **Current:** | | |
| SGD 25 million notes | – | 24,565 |
| **Non-current:** | | |
| SGD 25 million notes | 23,483 | – |
| SGD 75 million notes | 74,804 | 74,679 |
| | 98,287 | 99,244 |

***SGD 25 million notes***

On 22 November 2011, the Company issued $25,000,000 5-year unsecured fixed rate notes and 22 million detachable warrants (Note 31). The notes are due on 22 November 2016 and the holder has the option to put the notes at par to the Company at specific dates and terms (see below). The amount of $23,483,000 (2014: $24,565,000) as at the statement of financial position date represented the notes stated at amortised cost. Interest is payable semi-annually in arrears, at 3.0% per annum for the first 3 years and 4.5% per annum for the subsequent 2 years. Total interest expense for the year recognised on the notes amounted to $1,222,000 (2014: $1,234,000).

***SGD 75 million notes***

On 22 May 2013, the Company established a $300,000,000 multicurrency Medium Term Note Programme (the "MTN Programme"). On 6 June 2013, the Company issued $75,000,000 5-year unsecured fixed rate notes due 6 June 2018. The amount of $74,804,000 (2014: $74,679,000) as at the statement of financial position date represented the notes stated at amortised cost. Interest is payable semi-annually in arrears at 4.1% per annum. Total interest expense for the year recognised on the notes amounted to $3,200,000 (2014: $3,195,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 25. NOTES PAYABLE AND DERIVATIVES (CONT'D)

***Derivatives***

The SGD 25 million notes carry options for the holder to put the notes at par to the Company at the end of 3 years, or to tender the notes at par in lieu of cash payment for the exercise of the warrants in full at the exercise price at any time before the maturity date. The Company identified that the options feature is a derivative to be measured at fair value at each reporting date. The Company has applied the Binomial Tree Option Pricing Model in computing the derivative's fair value.

As at 30 June 2015, the fair value of the derivative is nil (2014: liability position of $9,000).

## 26. PROVISION FOR RESTORATION COSTS

| | Group | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Current | 1,097 | 1,102 |
| Non-current | 2,119 | 2,844 |
| | 3,216 | 3,946 |
| At 1 July | 3,946 | 3,241 |
| Provision during the financial year | 378 | 1,052 |
| Write-back of provision during the financial year | (753) | – |
| Utilisation during the financial year | (292) | (324) |
| Currency realignment | (63) | (23) |
| At 30 June | 3,216 | 3,946 |

In accordance with a number of lease agreements, provisions are recognised for expected cost required to be incurred to reinstate the leased premises to their original condition upon the expiry of the leases. The provisions are based on recent quotations received from contractors. Management is of the view that the current provisions are adequate to cover the cost of reinstatement.

## 27. DEFERRED REVENUE

| | Group | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Customer Loyalty Programmes | 2,552 | 2,473 |
| Membership Fee | 689 | 736 |
| Healthcare Packages | 136 | 228 |
| | 3,377 | 3,437 |

The Group operates 2 customers loyalty programmes, Eu Rewards Programme and Healthy Life Loyalty Program which allow customers to accumulate points when they purchase products in the Group's retail outlets. The points can be redeemed for goods or vouchers from the Group's retail outlets.

Deferred revenue relating to the customer loyalty programmes represents the revenue allocated to the points issued under the programmes that are expected to be redeemed but are still outstanding as at the end of the reporting period.

Deferred revenue on membership fee and healthcare packages relate to the unutilised portion of the membership and unutilised weight management and massage packages as at the end of the reporting period respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 28. LONG TERM LOANS FROM NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

Long term loans from non-controlling shareholders of subsidiaries are unsecured, interest-free and are not expected to be repaid in the next 12 months.

## 29. DEFERRED TAX

Deferred tax as at 30 June relates to the following:

| | Group | | | | Company | |
|---|---|---|---|---|---|---|
| | Consolidated statement of financial position | | Consolidated income statement | | Statement of financial position | |
| | 2015 $'000 | 2014 $'000 | 2015 $'000 | 2014 $'000 | 2015 $'000 | 2014 $'000 |
| **Deferred tax liabilities:** | | | | | | |
| Differences in depreciation for tax purposes | 2,190 | 1,297 | 1,523 | 873 | – | 62 |
| Provisions | (32) | (33) | 26 | 28 | – | – |
| Unutilised tax losses | – | – | – | 63 | – | – |
| Revaluations to fair value - land and buildings | 7,651 | 4,308 | 2,030 | – | – | – |
| Others | 14 | – | 21 | – | – | – |
| | 9,823 | 5,572 | | | – | 62 |
| **Deferred tax assets:** | | | | | | |
| Differences in depreciation for tax purposes | (25) | (244) | (73) | 82 | – | – |
| Provisions | 989 | 1,095 | (57) | (691) | – | – |
| Unutilised tax losses | 169 | – | (169) | – | 162 | – |
| Unremitted foreign interest income | (60) | – | (2) | – | (60) | – |
| Revaluations to fair value - land and buildings | (280) | (145) | (11) | – | – | – |
| Others | 65 | 18 | 46 | 113 | – | – |
| | 858 | 724 | | | 102 | – |
| Deferred tax expense | | | 3,334 | 468 | | |

***Tax consequences of proposed dividends***

There are no income tax consequences (2014: $Nil) attached to the dividend to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 10).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 29. DEFERRED TAX (CONT'D)

***Unrecognised tax losses and unabsorbed capital allowances***

As at 30 June 2015, the subsidiaries in the Group have unutilised tax losses and unabsorbed capital allowance amounting to approximately $46,732,000 (2014: $34,036,000), $3,898,000 (2014: $3,957,000) available for setting-off against future taxable profit, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses and capital allowances is subject to the regulations and agreements by the relevant tax authorities.

## 30. SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| | No. of shares '000 | $'000 | No. of shares '000 | $'000 |
| Issued and fully paid ordinary shares: | | | | |
| At 1 July | 445,812 | 40,639 | 443,945 | 39,598 |
| Share issued pursuant to the exercise of share options | 1,469 | 851 | 1,867 | 1,041 |
| At 30 June | 447,281 | 41,490 | 445,812 | 40,639 |

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

## 31. RESERVES

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 $'000 | 2014 $'000 | 2015 $'000 | 2014 $'000 |
| Asset revaluation reserve | 30,951 | 27,872 | – | – |
| Capital reserve | 453 | 453 | – | – |
| Premium paid on acquisition of non-controlling interests | (35) | (35) | – | – |
| Share options reserve | 770 | 1,258 | 770 | 1,258 |
| Warrant reserve | 437 | 437 | 437 | 437 |
| Foreign currency translation reserve | (16,374) | (20,116) | – | – |
| Revenue reserve | 102,280 | 107,130 | 6,267 | 15,603 |
| Total reserve | 118,482 | 116,999 | 7,474 | 17,298 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 31. RESERVES (CONT'D)

***(a) Asset revaluation reserve***

The asset revaluation reserve represents increases in the fair value of freehold, leasehold land and buildings, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

***(b) Capital reserve***

Capital reserve arose from acquisition of a subsidiary in previous years.

***(c) Premium paid on acquisition of non-controlling interests***

Premium paid on acquisition of non-controlling interests arose as a result of the acquisition of the non-controlling interests in a subsidiary in the previous year.

***(d) Share options reserve***

Share options reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry, lapse or exercise of the share options.

***(e) Warrant reserve***

On 22 November 2011, the Company issued 22,000,000 warrants in conjunction with the issue of $25,000,000 unsecured fixed rate notes (Note 25). The warrants were issued at an issue price of $0.04 per warrant, each warrant carrying the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of $0.83 per each new share. The warrants are listed on the SGX-ST, and are exercisable at any time from issue until 21 November 2016.

The value ascribed to the warrants less issue expenses is credited as a reserve in equity under warrant reserve and an appropriate amount is transferred to the share capital account as and when the warrants are exercised.

As at 30 June 2015, no warrants were exercised and converted into ordinary shares of the Company. The number of warrants outstanding as at 30 June 2015 is 22,000,000.

***(f) Foreign currency translation reserve***

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

## 32. EMPLOYEE BENEFITS

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 $'000 | 2014 $'000 | 2015 $'000 | 2014 $'000 |
| Staff cost (including executive directors) | | | | |
| - Salaries, bonuses and other costs | 66,585 | 63,929 | 7,061 | 6,250 |
| - Defined contribution plans | 3,770 | 3,759 | 383 | 441 |
| | 70,355 | 67,688 | 7,444 | 6,691 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**32. EMPLOYEE BENEFITS (CONT'D)**

Under the Eu Yan Sang Employees Share Option Scheme ("ESOS") the following options to subscribe for ordinary shares in the Company's share capital, exercisable at any time during the dates indicated below, were outstanding as at 30 June 2015 and 2014:

| Date of grant | As at 1.7.2014 | Number of options lapsed | Number of options exercised | As at 30.6.2015 | Exercise price per share $ | Exercisable period |
|---|---|---|---|---|---|---|
| **2015** | | | | | | |
| **ESOS 2000** | | | | | | |
| 15.12.2005 | 2,532,000 | – | (588,000) | 1,944,000 | 0.445* | 15.12.2006 to 14.12.2015 |
| **ESOS 2006** | | | | | | |
| 13.11.2006 | 1,020,000 | – | (210,000) | 810,000 | 0.569* | 13.11.2007 to 12.11.2016 |
| 13.12.2007 | 1,068,000 | – | (332,000) | 736,000 | 0.481* | 13.12.2008 to 12.12.2017 |
| 29.12.2008 | 336,000 | – | – | 336,000 | 0.254* | 29.12.2009 to 28.12.2018 |
| 15.12.2009 | 869,000 | – | (111,000) | 758,000 | 0.376* | 15.12.2010 to 14.12.2019 |
| 20.12.2010 | 1,966,000 | (457,000) | – | 1,509,000 | 0.855 | 20.12.2011 to 19.12.2020 |
| 20.01.2012 | 2,287,000 | (297,000) | (228,000) | 1,762,000 | 0.668 | 20.01.2013 to 19.01.2022 |
| | 10,078,000 | (754,000) | (1,469,000) | 7,855,000 | | |

| Date of grant | As at 1.7.2013 | Number of options lapsed | Number of options exercised | As at 30.6.2014 | Exercise price per share $ | Exercisable period |
|---|---|---|---|---|---|---|
| **2014** | | | | | | |
| **ESOS 2000** | | | | | | |
| 15.12.2005 | 2,778,000 | – | (246,000) | 2,532,000 | 0.445* | 15.12.2006 to 14.12.2015 |
| **ESOS 2006** | | | | | | |
| 13.11.2006 | 1,622,000 | (216,000) | (386,000) | 1,020,000 | 0.569* | 13.11.2007 to 12.11.2016 |
| 13.12.2007 | 1,542,000 | (240,000) | (234,000) | 1,068,000 | 0.481* | 13.12.2008 to 12.12.2017 |
| 29.12.2008 | 528,000 | – | (192,000) | 336,000 | 0.254* | 29.12.2009 to 28.12.2018 |
| 15.12.2009 | 1,391,000 | (60,000) | (462,000) | 869,000 | 0.376* | 15.12.2010 to 14.12.2019 |
| 20.12.2010 | 2,949,000 | (983,000) | – | 1,966,000 | 0.855 | 20.12.2011 to 19.12.2020 |
| 20.01.2012 | 2,886,000 | (252,000) | (347,000) | 2,287,000 | 0.668 | 20.01.2013 to 19.01.2022 |
| | 13,696,000 | (1,751,000) | (1,867,000) | 10,078,000 | | |

The weighted average share price at the date of exercise of the options during the financial year was $0.754 (2014: $0.822). The range of exercise prices for shares outstanding at the end of the year was $0.254 to $0.855 (2014: $0.254 to $0.855). The weighted average remaining contractual life for these options is 3.59 years (2014: 4.57 years).

* Following approval by the Company's shareholders of the Bonus Share Issue on 30 November 2010, the Committee administering the employee share options schemes had adjusted the exercise prices of all the share options outstanding on 30 November 2010 in accordance with Rule 10 of the Rules of the EYS ESOS 2000 and Rule 13 of the Rules of the EYS ESOS 2006 scheme. The exercise prices reflected here are the exercise prices after such adjustment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 32. EMPLOYEE BENEFITS (CONT'D)

***Fair value of share options***

The fair value of services rendered in return for share options granted are measured by reference to the fair value of share options granted under the ESOS. The estimate of the fair value of the share options granted is measured based on a Binomial Tree Option Pricing model, taking into account the terms and conditions upon which the share options were granted. The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

There were no share options granted during the financial year.

Details of directors and employees who were granted options pursuant to EYS ESOS 2000 and 2006 are set out in the Directors' Report under the caption "Employees Share Option Scheme".

## 33. COMMITMENTS

***(a) Capital commitments***

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

| | Group | |
|---|---|---|
| | **2015 $'000** | **2014 $'000** |
| Capital commitments in respect of property, plant and equipment | 3,879 | 25,423 |
| Capital commitments in relation to committed investment in a joint venture | 1,701 | 1,576 |
| | 5,580 | 26,999 |

***(b) Operating lease commitments – as lessor***

The Group has entered into commercial property leases on its investment property portfolio as disclosed in Note 16. These non-cancellable leases have remaining lease terms of between 1 and 5 years (2014: 1 and 6 years).

Future minimum lease payment receivable under non-cancellable operating leases as at 30 June are as follows:

| | Group | |
|---|---|---|
| | **2015 $'000** | **2014 $'000** |
| Within one year | 1,095 | 1,055 |
| After one year but not more than 5 years | 1,721 | 2,391 |
| More than 5 years | – | 110 |
| | 2,816 | 3,556 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 33. COMMITMENTS (CONT'D)

### *(c) Operating lease commitments – as lessee*

The Group leases certain properties under non-cancellable operating lease agreements. Most leases contain renewable options. Some of the leases contain clauses which provide for contingent rentals based on percentages of sales derived from assets held under operating leases. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Rental expense of the Group was $50,311,000 (2014: $46,620,000) for the year. Included in rental expense was contingent rental of $4,428,000 (2014: $4,793,000). Future minimum lease rental under non-cancellable leases as of 30 June are as follows.

| | Group | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Within one year | 41,129 | 39,900 |
| After one year but not more than 5 years | 43,250 | 43,811 |
| More than 5 years | 6,302 | 5,763 |
| | 90,681 | 89,474 |

## 34. RELATED PARTY TRANSACTIONS

### *(a) Sale and purchase of goods and services*

In addition to the related party information disclosed elsewhere in the financial statements, during the financial year, the Group and Company entered into transactions with related parties on terms agreed between the parties, as shown below:

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 $'000 | 2014 $'000 | 2015 $'000 | 2014 $'000 |
| Dividend income from subsidiaries | – | – | 10,475 | 14,911 |
| Interest income from subsidiaries | – | – | 498 | 456 |
| Management fee from subsidiaries | – | – | 11,744 | 12,780 |
| Rental to a subsidiary | – | – | 956 | 891 |
| Advances and loan to subsidiaries | – | – | 12,646 | 10,503 |
| Donation to Eu Yan Sang Charitable Foundation Company Limited | – | 276 | – | – |

Eu Yan Sang Charitable Foundation Company Limited ("EYSCF"), a registered charitable institution in Hong Kong and a private company limited by guarantee, was founded by two of the directors of the Company, who are also members and directors of EYSCF. During the financial year, the Group did not make any donation to EYSCF (2014: $276,000).

### *(b) Compensation of key management personnel*

| | Group | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Short-term employee benefits | 7,406 | 6,508 |
| Defined contribution plans | 340 | 259 |
| Total compensation paid to key management personnel | 7,746 | 6,767 |
| Comprise amounts paid to: | | |
| • Directors of the Company | 1,721 | 1,711 |
| • Other key management personnel | 6,025 | 5,056 |
| | 7,746 | 6,767 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 35. CONTINGENT LIABILITIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 $'000 | 2014 $'000 | 2015 $'000 | 2014 $'000 |
| Contingent liabilities not provided in the financial statements: | | | | |
| (i) Corporate guarantees given to bankers for credit facilities granted to subsidiaries | – | – | 11,123 | 7,536 |

The Company acts as a corporate guarantor for credit facilities granted to subsidiaries, for a total facility amount of $32,602,000 (2014: $35,607,000) of which $11,123,000 (2014: $7,536,000) has been utilised as at the end of the reporting period.

(ii) The Company has provided letters of financial support to certain subsidiaries by committing to provide adequate funds to the subsidiaries to enable their continuing operations.

## 36. FAIR VALUE OF ASSETS AND LIABILITIES

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

***(a) Fair value hierarchy***

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

- Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)**

***(b) Assets and liabilities measured at fair value***

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

| | Group 2015 $'000 | | | |
|---|---|---|---|---|
| | Fair value measurements at the end of the reporting period using | | | |
| | Quoted prices in active markets for identical instruments (Level 1) | Significant observable inputs other than quoted prices (Level 2) | Significant unobservable inputs (Level 3) | Total |
| **Assets measured at fair value** | | | | |
| **Non-financial assets:** | | | | |
| Property, plant and equipment | | | | |
| Freehold land and buildings | – | – | 6,642 | 6,642 |
| Leasehold land and buildings | – | – | 123,919 | 123,919 |
| Total property, plant and equipment | – | – | 130,561 | 130,561 |
| Investment properties | | | | |
| Commercial | – | – | 46,276 | 46,276 |
| Total investment properties | – | – | 46,276 | 46,276 |
| **Non-financial assets as at 30 June 2015** | – | – | 176,837 | 176,837 |
| **Liabilities measured at fair value** | | | | |
| Derivatives | | | | |
| Options for conversion of SGD25 million notes, unquoted | – | – | – | – |
| **Financial liabilities as at 30 June 2015** | – | – | – | – |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)**

***(b) Assets and liabilities measured at fair value (cont'd)***

| | Group 2014 $'000 | | | |
|---|---|---|---|---|
| | Fair value measurements at the end of the reporting period using | | | |
| | Quoted prices in active markets for identical instruments (Level 1) | Significant observable inputs other than quoted prices (Level 2) | Significant unobservable inputs (Level 3) | Total |
| **Assets measured at fair value** | | | | |
| **Non-financial assets:** | | | | |
| Property, plant and equipment | | | | |
| Freehold land and buildings | – | – | 6,956 | 6,956 |
| Leasehold land and buildings | – | – | 66,184 | 66,184 |
| Total property, plant and equipment | – | – | 73,140 | 73,140 |
| Investment properties | | | | |
| Commercial | – | – | 62,385 | 62,385 |
| Total investment properties | – | – | 62,385 | 62,385 |
| **Non-financial assets as at 30 June 2014** | – | – | 135,525 | 135,525 |
| **Liabilities measured at fair value** | | | | |
| Derivatives | | | | |
| Options for conversion of SGD25 million notes, unquoted | – | – | (9) | (9) |
| **Financial liabilities as at 30 June 2014** | – | – | (9) | (9) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)**

***(c) Level 3 fair value measurements***

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

| Description | Fair value at 30 June 2015 $'000 | Valuation techniques | Unobservable inputs | Range |
|---|---|---|---|---|
| **Recurring fair value measurements** | | | | |
| Property, plant and equipment | | | | |
| Leasehold land and buildings | | | | |
| - Singapore | 42,795 | Market comparable approach | Adjustments to market value * | 5% to 49% |
| - Hong Kong (Commercial properties) | 57,822 | Market comparable approach | Adjustments to market value * | 3% to 33% |
| - Hong Kong (Industrial properties)# | 20,171 | Market comparable approach | Adjustments to market value * | 12% to 43% |
| - Malaysia | 3,131 | Market comparable approach | Adjustments to market value * | 2% to 34% |
| Freehold land and buildings | | | | |
| - Malaysia | 6,642 | Market comparable approach | Adjustments to market value * | 2% to 39% |
| Investment properties | | | | |
| Commercial | | | | |
| - Singapore | 29,705 | Market comparable approach | Adjustments to market value * | 20% |
| - Hong Kong | 16,089 | Market comparable approach | Adjustments to market value * | 20% to 61% |
| - Malaysia | 482 | Market comparable approach | Adjustments to market value * | 10% to 37% |
| Derivatives | | | | |
| Options for conversion of SGD25 million notes, unquoted | – | Binomial Tree Option Pricing Model | Credit spread | – |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)**

***(c) Level 3 fair value measurements (cont'd)***

*(i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)*

| Description | Fair value at 30 June 2014 $'000 | Valuation techniques | Unobservable inputs | Range |
|---|---|---|---|---|
| **Recurring fair value measurements** | | | | |
| Property, plant and equipment | | | | |
| Leasehold land and buildings | | | | |
| - Singapore | 41,615 | Market comparable approach | Adjustments to market value * | 42% to 44% |
| - Hong Kong (Commercial properties) | 2,346 | Market comparable approach | Adjustments to market value * | 64% |
| - Hong Kong (Industrial properties)# | 19,000 | Market comparable approach | Adjustments to market value * | 12% to 43% |
| - Malaysia | 3,223 | Market comparable approach | Adjustments to market value * | 5% to 34% |
| Freehold land and buildings | | | | |
| - Malaysia | 6,956 | Market comparable approach | Adjustments to market value * | 10% to 70% |
| Investment properties | | | | |
| Commercial | | | | |
| - Singapore | 28,385 | Market comparable approach | Adjustments to market value * | 18% to 20% |
| - Hong Kong | 33,488 | Market comparable approach | Adjustments to market value * | 17% to 51% |
| - Malaysia | 512 | Market comparable approach | Adjustments to market value * | 5% to 20% |
| Derivatives | | | | |
| Options for conversion of SGD25 million notes, unquoted | (9) | Binomial Tree Option Pricing Model | Credit spread | 2.45% |

* The market value adjustments are made to open market transaction values for differences in the nature, location or condition of the specific property owned by the Group.

\# Properties under the land leases with the Hong Kong Science and Technology Park Corporation ("HKSTP").

The property, plant and equipment, investment properties and derivatives categorised under Level 3 of the fair value hierarchy are generally sensitive to the various unobservable inputs tabled above. A significant movement of the unobservable input would result in a significant change to the fair value of the respective asset/liability.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)**

***(c) Level 3 fair value measurements (cont'd)***

*(ii) Effect of reasonably possible alternative assumptions – Hong Kong (Industrial properties)*

The Group has two properties in Hong Kong, which are leased from Hong Kong Science and Technology Park Corporation ("HKSTP"). Under the lease agreements, should the Group choose to dispose any of the properties, the Group will have to offer the properties to HKSTP at "Surrender Value" computed in accordance with the lease agreements. The Group can sell the properties in the open market if the offer is rejected by HKSTP and HKSTP approves the sale to a buyer in the open market. HKSTP previously allowed open market transactions. However, in June 2014, HKSTP issued a notice informing all lessees that it would not approve application for sale in the open market (except for the surrender of properties back to HKSTP), until further notice as HKSTP is in the process of reviewing the effectiveness and long-term development of HKSTP. In view that there is no certainty that open market transactions will be disallowed, the Group has continued to maintain the valuation of the properties using the market comparable basis. The following table shows the impact on the Level 3 fair value measurement of the two properties if the surrender values are to be considered as the fair values of the properties as at 30 June 2015 and 30 June 2014.

| **30 June 2015** | | | **Impact to** | |
|---|---|---|---|---|
| | **Carrying amount $'000** | **Surrender value $'000** | **Profit or loss $'000** | **Other comprehensive income $'000** |
| Leasehold land and buildings - Hong Kong (Industrial properties) | 20,171 | 12,179 | (3,182) | (4,810) |

| **30 June 2014** | | | **Impact to** | |
|---|---|---|---|---|
| | **Carrying amount $'000** | **Surrender value $'000** | **Profit or loss $'000** | **Other comprehensive income $'000** |
| Leasehold land and buildings - Hong Kong (Industrial properties) | 19,000 | 13,476 | (1,121) | (4,403) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)**

***(c) Level 3 fair value measurements (cont'd)***

*(iii) Movements in Level 3 assets and liabilities measured at fair value*

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs (Level 3):

| | Group<br>Fair value measurements using significant unobservable inputs (Level 3) | | | | |
|---|---|---|---|---|---|
| | Property, plant and equipment | | Investment properties | Derivatives | Total |
| | Freehold land and buildings $'000 | Leasehold land and buildings $'000 | Commercial $'000 | $'000 | $'000 |
| **2015** | | | | | |
| **At 1 July** | 6,956 | 66,184 | 62,385 | (9) | 135,516 |
| Fair value gain recognised in income statement | – | – | 6,409 | 9 | 6,418 |
| Fair value gain recognised in other comprehensive income | 318 | 3,383 | – | – | 3,701 |
| Additions | – | 14,256 | 15,097 | – | 29,353 |
| Transfer from investment property to property, plant and equipment | – | 41,019 | (41,019) | – | – |
| Depreciation charge | (42) | (2,214) | – | – | (2,256) |
| Currency realignment | (590) | 1,291 | 3,404 | – | 4,105 |
| **At 30 June** | 6,642 | 123,919 | 46,276 | – | 176,837 |
| **2014** | | | | | |
| **At 1 July** | 6,992 | 62,638 | 67,790 | (71) | 137,349 |
| Fair value gain recognised in income statement | – | – | 2,376 | 62 | 2,438 |
| Fair value gain recognised in other comprehensive income | 179 | 2,650 | – | – | 2,829 |
| Additions | – | 917 | 1,288 | – | 2,205 |
| Transfer from property, plant and equipment to investment property | – | (17,344) | 17,344 | – | – |
| Transfer from investment property to property, plant and equipment | – | 26,000 | (26,000) | – | – |
| Reclassifications | – | (6,675) | – | – | (6,675) |
| Depreciation charge | (44) | (1,554) | – | – | (1,598) |
| Currency realignment | (171) | (448) | (413) | – | (1,032) |
| **At 30 June** | 6,956 | 66,184 | 62,385 | (9) | 135,516 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**36. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)**

***(c) Level 3 fair value measurements (cont'd)***

*(iv) Valuation policies and procedures*

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from year to year are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

***(d) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value***

Management has determined that the carrying amounts of cash and cash equivalents, trade and other receivables (current), amounts due from subsidiaries (current), trade and other payables and interest bearing loans and borrowings, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are re-priced frequently.

The carrying amounts of other receivables (non-current), notes payable and hire purchase creditors approximate their fair values as the implicit interest rates approximates the market interest rates prevailing at the financial year end. These fair values, under level 2 of the fair value hierarchy, are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

***(e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value***

The carrying value of the amounts due from subsidiaries (non-current) and long term loans from non-controlling shareholders of subsidiaries are stated at cost as the timing of the future cash flows arising from these amounts cannot be estimated reliably as there are no fixed terms of repayment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**37. SEGMENT INFORMATION**

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

*(i) Traditional Chinese Medicine ("TCM")*

TCM relates to manufacturing, processing, distribution and sale of Traditional Chinese Medicine.

*(ii) Non-Traditional Chinese Medicine ("non-TCM")*

Non-TCM relates to the sale and distribution of health, food and beauty products.

*(iii) Clinics*

Clinics relates to the provision of Traditional Chinese Medical consultation, treatment and integrative medical services.

*(iv) Others*

Others segment include the provision of management services by the holding company, provision of rental of premises, and sale of food and beverages by the subsidiaries.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the consolidated financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 37. SEGMENT INFORMATION (CONT'D)

***Allocation basis***

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

| | TCM $'000 | Non-TCM $'000 | Clinics $'000 | Others $'000 | Eliminations $'000 | Note | Total $'000 |
|---|---|---|---|---|---|---|---|
| **2015** | | | | | | | |
| **Revenue:** | | | | | | | |
| Sales to external customers | 280,089 | 48,617 | 16,905 | 4,797 | – | | 350,408 |
| Inter-segment sales | 288 | 3,823 | – | 25,198 | (29,309) | A | – |
| Total revenue | 280,377 | 52,440 | 16,905 | 29,995 | (29,309) | | 350,408 |
| **Results:** | | | | | | | |
| Segment result | 34,018 | (5,419) | 979 | (11,318) | – | | 18,260 |
| Interest income | 65 | 9 | 2 | 12 | – | | 88 |
| Interest expense | (580) | – | – | (5,401) | – | | (5,981) |
| Profit/(loss) before taxation | 33,503 | (5,410) | 981 | (16,707) | – | | 12,367 |
| Tax expense | (7,492) | (148) | (104) | (59) | – | | (7,803) |
| Profit/(loss) for the financial year, net of tax | 26,011 | (5,558) | 877 | (16,766) | – | | 4,564 |
| **Assets and liabilities:** | | | | | | | |
| Segment assets | 203,718 | 24,964 | 6,738 | 157,002* | – | | 392,422 |
| Segment liabilities | 61,947 | 8,287 | 3,416 | 158,617 | – | | 232,267 |
| **Other segment information:** | | | | | | | |
| Additions to: | | | | | | | |
| - property, plant and equipment | 30,909 | 2,633 | 711 | 16,947 | – | | 51,200 |
| - intangible assets | 236 | 221 | – | 160 | – | | 617 |
| - investment properties | – | – | – | 15,097 | – | | 15,097 |
| Depreciation of property, plant and equipment | 6,976 | 1,457 | 612 | 2,743 | – | | 11,788 |
| Amortisation of intangible assets | 440 | 346 | – | 541 | – | | 1,327 |
| Impairment loss on financial assets | – | – | 84 | – | – | | 84 |
| Fair value loss on property, plant and equipment | 3 | – | – | 24 | – | | 27 |
| Fair value loss/(gain) on investment properties | 152 | – | (15) | (6,546) | – | | (6,409) |
| Fair value gain on financial instruments | (104) | – | – | – | – | | (104) |
| Other non-cash expenses | 1,020 | 643 | 1 | 115 | – | B | 1,779 |

* Comprises mainly the carrying amount of the Group's investment properties and leasehold land and building of $142,196,000 and the Company's cash and bank balances of $3,482,000 as at 30 June 2015.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**37. SEGMENT INFORMATION (CONT'D)**

| | TCM $'000 | Non-TCM $'000 | Clinics $'000 | Others $'000 | Eliminations $'000 | Note | Total $'000 |
|---|---|---|---|---|---|---|---|
| **2014** | | | | | | | |
| **Revenue:** | | | | | | | |
| Sales to external customers | 304,637 | 40,745 | 16,938 | 3,947 | – | | 366,267 |
| Inter-segment sales | 713 | 3,393 | – | 28,716 | (32,822) | A | – |
| Total revenue | 305,350 | 44,138 | 16,938 | 32,663 | (32,822) | | 366,267 |
| **Results:** | | | | | | | |
| Segment result | 48,115 | (8,154) | 1,523 | (13,578) | – | | 27,906 |
| Interest income | 53 | 24 | – | 164 | – | | 241 |
| Interest expense | (267) | – | – | (5,143) | – | | (5,410) |
| Profit/(loss) before taxation | 47,901 | (8,130) | 1,523 | (18,557) | – | | 22,737 |
| Tax expense | (6,478) | (131) | (114) | (871) | – | | (7,594) |
| Profit/(loss) for the financial year, net of tax | 41,423 | (8,261) | 1,409 | (19,428) | – | | 15,143 |
| **Assets and liabilities:** | | | | | | | |
| Segment assets | 187,631 | 22,080 | 7,124 | 132,839* | – | | 349,674 |
| Segment liabilities | 46,312 | 6,139 | 3,382 | 136,034 | – | | 191,867 |
| **Other segment information:** | | | | | | | |
| Additions to: | | | | | | | |
| - property, plant and equipment | 10,509 | 2,498 | 382 | 4,527 | – | | 17,916 |
| - intangible assets | 417 | 192 | – | 1,075 | – | | 1,684 |
| - investment properties | 1,288 | – | – | – | – | | 1,288 |
| Depreciation of property, plant and equipment | 6,243 | 1,128 | 495 | 1,891 | – | | 9,757 |
| Amortisation of intangible assets | 415 | 336 | – | 256 | – | | 1,007 |
| Fair value loss on property, plant and equipment | 4 | – | – | – | – | | 4 |
| Fair value gain on investment properties | – | – | – | (2,376) | – | | (2,376) |
| Fair value loss on financial instruments | 471 | – | – | – | – | | 471 |
| Other non-cash expenses | 876 | 1,296 | 32 | 50 | – | B | 2,254 |

* Comprises mainly the carrying amount of the Group's investment properties and leasehold land and building of $102,361,000 and the Company's cash and bank balances of $12,116,000 as at 30 June 2014.

Note: A Relates to inter-segment transactions eliminated on consolidation.

B Other non-cash expenses consist of property, plant and equipment written off, inventories written-down, inventories written off, bad debts written off and allowance for doubtful trade receivables.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 37. SEGMENT INFORMATION (CONT'D)

***Geographical information***

The following table presents revenue, capital expenditure and certain asset information regarding the Group's geographical segments for the years ended 30 June 2015 and 2014:

| | Singapore $'000 | Malaysia $'000 | Hong Kong * $'000 | Australia $'000 | Eliminations $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **2015** | | | | | | |
| **Revenue:** | | | | | | |
| Sales to external customers | 77,850 | 86,555 | 137,072 | 48,931 | – | 350,408 |
| Inter-segment sales | 17,492 | 6,732 | 157 | – | (24,381) | – |
| Segment revenue | 95,342 | 93,287 | 137,229 | 48,931 | (24,381) | 350,408 |
| **Other segment information:** | | | | | | |
| Segment assets | 109,653 | 57,574 | 201,699 | 23,496 | – | 392,422 |
| Segment liabilities | 166,735 | 19,065 | 38,309 | 8,158 | – | 232,267 |
| Other segment information: | | | | | | |
| Additions to: | | | | | | |
| - property, plant and equipment | 4,117 | 4,615 | 39,842 | 2,626 | – | 51,200 |
| - intangible assets | 204 | 90 | 102 | 221 | – | 617 |
| - investment properties | – | – | 15,097 | – | – | 15,097 |

| | Singapore $'000 | Malaysia $'000 | Hong Kong * $'000 | Australia $'000 | Eliminations $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **2014** | | | | | | |
| **Revenue:** | | | | | | |
| Sales to external customers | 75,131 | 89,690 | 160,449 | 40,997 | – | 366,267 |
| Inter-segment sales | 21,330 | 6,114 | 1,374 | – | (28,818) | – |
| Segment revenue | 96,461 | 95,804 | 161,823 | 40,997 | (28,818) | 366,267 |
| **Other segment information:** | | | | | | |
| Segment assets | 116,360 | 55,130 | 157,252 | 20,932 | – | 349,674 |
| Segment liabilities | 144,654 | 16,491 | 24,979 | 5,743 | – | 191,867 |
| Other segment information: | | | | | | |
| Additions to: | | | | | | |
| - property, plant and equipment | 4,991 | 2,391 | 8,037 | 2,497 | – | 17,916 |
| - intangible assets | 1,094 | 196 | 202 | 192 | – | 1,684 |
| - investment properties | – | – | 1,288 | – | – | 1,288 |

* Includes Macau and China

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk and credit risk. Financial risk management policies are periodically reviewed and approved by the Board of Directors. The Group does not hold or issue derivative financial instruments for trading purposes.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their interest-bearing loans and borrowings and interest-bearing amounts due from subsidiaries. Surplus funds are placed with reputable banks.

The Group's and the Company's interest-bearing loans and borrowings are contractually re-priced at intervals of 1 to 6 months (2014: 1 to 6 months) from the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

***Interest rate risk (cont'd)***

The following tables set out the carrying amount, by maturity, of the Group's loans and borrowings at floating rate and the Company's financial instruments that are exposed to the risk of changes in future cash flows:

| | Within 1 year $'000 | 2 - 5 years $'000 | More than 5 years $'000 | Total $'000 |
|---|---|---|---|---|
| **2015** | | | | |
| **Group** | | | | |
| ***Floating rate*** | | | | |
| Interest bearing loans and borrowings | 9,066 | 713 | 221 | 10,000 |
| **2015** | | | | |
| **Company** | | | | |
| ***Floating rate*** | | | | |
| Interest bearing loans and borrowings | 700 | – | – | 700 |
| Amounts due from subsidiaries | – | – | 25,018 | 25,018 |

| | Within 1 year $'000 | 2 - 5 years $'000 | More than 5 years $'000 | Total $'000 |
|---|---|---|---|---|
| **2014** | | | | |
| **Group** | | | | |
| ***Floating rate*** | | | | |
| Interest bearing loans and borrowings | 4,706 | 1,495 | 437 | 6,638 |
| **2014** | | | | |
| **Company** | | | | |
| ***Floating rate*** | | | | |
| Interest bearing loans and borrowings | 1,400 | 700 | – | 2,100 |
| Amounts due from subsidiaries | – | – | 25,018 | 25,018 |

*Sensitivity analysis for interest rate risk*

At the end of the reporting period, if interest rates had been 50 (2014: 50) basis points higher/lower with all other variables held constant, the Group's profit before tax would have been $50,000 (2014: $33,000) lower/higher arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's cash and short term deposits, operating cash flows, availability of banking facilities and debt maturity profile are actively managed to ensure adequate working capital requirement and that repayment and funding needs are met.

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

| | Note | Within 1 year $'000 | 2 to 5 years $'000 | More than 5 years $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2015** | | | | | |
| ***Financial assets*** | | | | | |
| Trade and other receivables | 19 | 15,107 | 8,183 | – | 23,290 |
| Cash and cash equivalents | 21 | 25,068 | – | – | 25,068 |
| Total undiscounted financial assets | | 40,175 | 8,183 | – | 48,358 |
| ***Financial liabilities*** | | | | | |
| Trade and other payables | 22 | 36,504 | – | – | 36,504 |
| Provision for long service payments | | 85 | 216 | – | 301 |
| Interest bearing loans and borrowings | | 73,776 | 826 | 228 | 74,830 |
| Notes payable | | 4,140 | 105,282 | – | 109,422 |
| Hire purchase creditors | 24 | 155 | 196 | – | 351 |
| Long term loans from non-controlling shareholders of subsidiaries | 28 | – | – | 151 | 151 |
| Amounts due to a joint venture | | 493 | – | – | 493 |
| Total undiscounted financial liabilities | | 115,153 | 106,520 | 379 | 222,052 |
| Total net undiscounted financial liabilities | | (74,978) | (98,337) | (379) | (173,694) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

***Liquidity risk (cont'd)***

| | Note | Within 1 year $'000 | 2 to 5 years $'000 | More than 5 years $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2014** | | | | | |
| ***Financial assets*** | | | | | |
| Trade and other receivables | 19 | 17,221 | 10,017 | – | 27,238 |
| Cash and cash equivalents | 21 | 45,118 | – | – | 45,118 |
| Total undiscounted financial assets | | 62,339 | 10,017 | – | 72,356 |
| ***Financial liabilities*** | | | | | |
| Trade and other payables | 22 | 38,327 | – | – | 38,327 |
| Provision for long service payments | | 46 | 264 | – | 310 |
| Interest bearing loans and borrowings | | 30,659 | 1,661 | 461 | 32,781 |
| Notes payable | | 28,155 | 84,225 | – | 112,380 |
| Derivatives | 25 | 9 | – | – | 9 |
| Hire purchase creditors | 24 | 153 | 260 | 10 | 423 |
| Long term loans from non-controlling shareholders of subsidiaries | 28 | – | – | 143 | 143 |
| Amounts due to a joint venture | | 108 | – | – | 108 |
| Total undiscounted financial liabilities | | 97,457 | 86,410 | 614 | 184,481 |
| Total net undiscounted financial liabilities | | (35,118) | (76,393) | (614) | (112,125) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

***Liquidity risk (cont'd)***

| | Note | Within 1 year $'000 | 2 to 5 years $'000 | More than 5 years $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Company** | | | | | |
| **2015** | | | | | |
| ***Financial assets*** | | | | | |
| Other receivables | 19 | 117 | – | – | 117 |
| Amounts due from subsidiaries | 20 | 59,871 | – | 57,342 | 117,213 |
| Cash and cash equivalents | 21 | 3,482 | – | – | 3,482 |
| Total undiscounted financial assets | | 63,470 | – | 57,342 | 120,812 |
| ***Financial liabilities*** | | | | | |
| Other payables | 22 | 2,087 | – | – | 2,087 |
| Interest bearing loans and borrowings | | 50,659 | – | – | 50,659 |
| Hire purchase creditors | 24 | 87 | 134 | – | 221 |
| Notes payable | | 4,140 | 105,282 | – | 109,422 |
| Total undiscounted financial liabilities | | 56,973 | 105,416 | – | 162,389 |
| Total net undiscounted financial assets/ (liabilities) | | 6,497 | (105,416) | 57,342 | (41,577) |
| **2014** | | | | | |
| ***Financial assets*** | | | | | |
| Other receivables | 19 | 72 | – | – | 72 |
| Amounts due from subsidiaries | 20 | 47,859 | – | 45,307 | 93,166 |
| Cash and cash equivalents | 21 | 12,116 | – | – | 12,116 |
| Total undiscounted financial assets | | 60,047 | – | 45,307 | 105,354 |
| ***Financial liabilities*** | | | | | |
| Other payables | 22 | 2,218 | – | – | 2,218 |
| Interest bearing loans and borrowings | | 27,269 | 704 | – | 27,973 |
| Hire purchase creditors | 24 | 87 | 220 | – | 307 |
| Notes payable | | 28,155 | 84,225 | – | 112,380 |
| Derivatives | 25 | 9 | – | – | 9 |
| Total undiscounted financial liabilities | | 57,738 | 85,149 | – | 142,887 |
| Total net undiscounted financial assets/ (liabilities) | | 2,309 | (85,149) | 45,307 | (37,533) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

**38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

***Liquidity risk (cont'd)***

The table below shows the contractual expiry by maturity of the Company's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

| | Within 1 year $'000 | 2 to 5 years $'000 | More than 5 years $'000 | Total $'000 |
|---|---|---|---|---|
| **Company** | | | | |
| **2015** | | | | |
| Financial guarantees | 11,123 | – | – | 11,123 |
| **2014** | | | | |
| Financial guarantees | 7,536 | – | – | 7,536 |

***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group will perform more stringent credit verification procedures before offering credit terms to the overseas customers.

Concentrations of credit risk exist when changes in economic, industry or geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. As the Group transacts with a diversity of counterparties in different countries, the Group does not have any significant exposure to any individual customer.

*Exposure to credit risk*

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

– the carrying amount of each class of financial assets recognised in the statements of financial position.

In addition, the Company has exposures to credit risk arising from the following:

– the Company acts as corporate guarantor for credit facilities granted to subsidiaries, for a total facility amount of $32,602,000 (2014: $35,607,000) of which $11,123,000 (2014: $7,536,000) has been utilised as at the end of the reporting period.

As at 30 June 2015, there was no significant concentration of credit risk.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 39. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2015 and 30 June 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital, being equity attributable to the owners of the Company. Net debt is calculated as interest bearing loans and borrowings, notes payable, hire purchase creditors and long term loan from non-controlling shareholders of subsidiaries less cash and cash equivalents. Capital includes equity attributable to the equity holders of the Company.

| | | Group | |
|---|---|---|---|
| | Note | 2015 $'000 | 2014 $'000 |
| Notes payable | 25 | 98,287 | 99,244 |
| Interest bearing loans and borrowings | 23 | 74,332 | 32,438 |
| Hire purchase creditors | 24 | 322 | 386 |
| Long term loan from non-controlling shareholders of subsidiaries | 28 | 151 | 143 |
| | | 173,092 | 132,211 |
| Less: Cash and cash equivalents | 21 | (25,068) | (45,118) |
| Net debt | | 148,024 | 87,093 |
| Equity attributable to the owners of the Company | | 159,972 | 157,638 |
| Gearing ratio | | 92.5% | 55.2% |

The Group and the Company are in compliance with all externally imposed capital requirements for the years ended 30 June 2015 and 30 June 2014.

## 40. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements of Eu Yan Sang International Ltd and its subsidiaries for the financial year ended 30 June 2015 were authorised for issue in accordance with a resolution of the Directors on 10 September 2015.

**EU YAN SANG INTERNATIONAL LTD (Company Registration No. : 199302179H)**

**Unaudited Results For The Third Quarter and Nine Months Ended 31 March 2016**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Consolidated income statement for the period ended 31 March 2016**

| | GROUP | | | | | |
|---|---|---|---|---|---|---|
| | Third Quarter Ended 31 March | | | Nine Months Ended 31 March | | |
| | 2016 | 2015 | Change | 2016 | 2015 | Change |
| | S$'000 | S$'000 | +/(-)% | S$'000 | S$'000 | +/(-)% |
| **Revenue** | 103,874 | 110,432 | **(6)** | 264,656 | 278,157 | **(5)** |
| Cost of sales | (54,351) | (58,723) | (7) | (136,377) | (140,424) | (3) |
| **Gross profit** | 49,523 | 51,709 | **(4)** | 128,279 | 137,733 | **(7)** |
| Other operating income | 658 | 632 | 4 | 2,109 | 1,404 | 50 |
| Distribution and selling expenses | (34,073) | (35,130) | (3) | (95,379) | (96,725) | (1) |
| Administrative expenses | (8,457) | (9,550) | (11) | (23,228) | (27,775) | (16) |
| **Operating profit** | 7,651 | 7,661 | **-** | 11,781 | 14,637 | **(20)** |
| Foreign exchange (loss)/gain | (1,866) | 1,126 | n.m. | (241) | 2,573 | n.m. |
| Write-back of impairment loss on financial asset | 54 | - | n.m. | 54 | - | n.m. |
| Other losses | (2,787) | - | n.m. | (3,033) | - | n.m. |
| Interest income | 49 | 26 | 88 | 91 | 63 | 44 |
| Interest expenses | (1,628) | (1,566) | 4 | (4,829) | (4,479) | 8 |
| Share of results of joint ventures | 10 | 29 | (66) | 28 | 45 | (38) |
| **Profit before taxation** | 1,483 | 7,276 | **(80)** | 3,851 | 12,839 | **(70)** |
| Income tax expense | (1,207) | (1,827) | (34) | (3,225) | (4,675) | (31) |
| **Profit for the period, net of tax** | 276 | 5,449 | **(95)** | 626 | 8,164 | **(92)** |
| **Profit/(loss) attributable to:** | | | | | | |
| **Owners of the Company** | 286 | 5,448 | (95) | 634 | 8,162 | (92) |
| **Non-controlling interests** | (10) | 1 | n.m. | (8) | 2 | n.m. |
| | 276 | 5,449 | **(95)** | 626 | 8,164 | **(92)** |

# APPENDIX E – 3Q2016 RESULTS

**1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Consolidated Statement of Comprehensive Income for the period ended 31 March 2016**

| | GROUP | | | | | |
|---|---|---|---|---|---|---|
| | Third Quarter Ended 31 March | | | Nine Months Ended 31 March | | |
| | 2016 | 2015 | Change | 2016 | 2015 | Change |
| | S$'000 | S$'000 | +/(-)% | S$'000 | S$'000 | +/(-)% |
| **Profit for the period, net of tax** | **276** | **5,449** | **(95)** | **626** | **8,164** | **(92)** |
| **Other comprehensive income:** | | | | | | |
| **Item that will not be reclassified to profit or loss:** | | | | | | |
| Revaluation of land and buildings, net of tax | - | - | n.m. | - | - | n.m. |
| **Item that may be reclassified subsequently to profit or loss:** | | | | | | |
| Foreign currency translation | (4,199) | 3,623 | n.m. | (510) | 7,848 | n.m. |
| **Other comprehensive income for the period, net of tax** | **(4,199)** | **3,623** | **n.m.** | **(510)** | **7,848** | **n.m.** |
| **Total comprehensive income for the period** | **(3,923)** | **9,072** | **n.m.** | **116** | **16,012** | **(99)** |
| **Total comprehensive income attributable to:** | | | | | | |
| **Owners of the Company** | **(3,905)** | **9,064** | **n.m.** | **123** | **15,993** | **(99)** |
| **Non-controlling interests** | **(18)** | **8** | n.m. | **(7)** | **19** | - |
| | **(3,923)** | **9,072** | **n.m.** | **116** | **16,012** | **(99)** |

Notes:

(i) Profit before taxation is arrived at after charging/(crediting) the following:

| | Third Quarter Ended 31 March | | | Nine Months Ended 31 March | | |
|---|---|---|---|---|---|---|
| | 2016 | 2015 | Change | 2016 | 2015 | Change |
| | S$'000 | S$'000 | +/(-)% | S$'000 | S$'000 | +/(-)% |
| Depreciation of property, plant and equipment | 3,164 | 2,857 | 11 | 9,503 | 8,184 | 16 |
| Amortisation of intangible assets | 388 | 330 | 18 | 1,076 | 966 | 11 |
| Loss/(gain) on disposal of property, plant and equipment | 1,235 | (30) | n.m. | 1,238 | 102 | n.m. |
| Property, plant and equipment written off | 115 | 40 | n.m. | 520 | 108 | n.m. |
| Intangible assets written off | - | - | n.m. | - | 1 | (100) |
| Net write-down of inventories | 84 | 11 | n.m. | 294 | 34 | n.m. |
| Inventories written off | 165 | 234 | (29) | 979 | 672 | 46 |
| Allowance for doubtful receivables (trade) | 11 | 2 | n.m. | 16 | 101 | (84) |
| Bad debts written off | 70 | - | n.m. | 70 | - | n.m. |

(ii) Other losses for the 3rd quarter and the 9 month period largely related to expenses incurred for the cessation of Food and Beverage ("F&B") operations in China. These expenses included loss on disposal of fixed assets, fixed assets written off, retrenchment expenses and professional fees. Some of these expenses formed part of the expenses disclosed under Note (i) above.

(iii) The overprovision of tax in respect of prior years for the financial period ended 31 March 2016 amounted to $142,000 (31 March 2015: $73,000).

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

| | Group | | Company | |
|---|---|---|---|---|
| | 31-Mar-16 | 30-Jun-15 | 31-Mar-16 | 30-Jun-15 |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| **Non-current assets** | | | | |
| Property, plant and equipment | 197,226 | 200,134 | 527 | 568 |
| Investments in subsidiaries | - | - | 80,350 | 77,583 |
| Amounts due from subsidiaries | - | - | 90,073 | 57,342 |
| Other receivables | 7,404 | 8,183 | - | - |
| Investments in joint ventures | 876 | 844 | - | - |
| Long term investments | 357 | - | 357 | - |
| Investment properties | 46,353 | 46,276 | - | - |
| Intangible assets | 4,311 | 4,536 | 1,007 | 971 |
| Prepayments | 679 | 1,670 | - | - |
| Deferred tax assets | 838 | 858 | 102 | 102 |
| | **258,044** | **262,501** | **172,416** | **136,566** |
| **Current assets** | | | | |
| Inventories | 77,349 | 87,227 | - | - |
| Trade and other receivables | 22,695 | 15,107 | 99 | 117 |
| Prepayments | 3,886 | 2,298 | 598 | 88 |
| Amounts due from subsidiaries | - | - | 65,351 | 59,871 |
| Tax recoverable | 814 | 221 | - | - |
| Cash and cash equivalents | 34,115 | 25,068 | 2,213 | 3,482 |
| | **138,859** | **129,921** | **68,261** | **63,558** |
| **Current liabilities** | | | | |
| Trade and other payables | 35,069 | 36,504 | 1,170 | 2,087 |
| Provision for long service payments | 76 | 85 | - | - |
| Interest bearing loans and borrowings | 80,916 | 73,398 | 68,000 | 50,500 |
| Notes payable | 23,859 | - | 23,859 | - |
| Hire purchase creditors | 117 | 142 | 78 | 78 |
| Provision for restoration costs | 705 | 1,097 | - | - |
| Deferred revenue | 3,718 | 3,377 | - | - |
| Tax payable | 3,599 | 4,716 | 88 | 88 |
| Amounts due to a joint venture | 431 | 493 | - | - |
| Derivatives | - | - | - | - |
| | **148,490** | **119,812** | **93,195** | **52,753** |
| **Net current (liabilities)/assets** | **(9,631)** | **10,109** | **(24,934)** | **10,805** |
| **Non-current liabilities** | | | | |
| Interest bearing loans and borrowings | 773 | 934 | - | - |
| Notes payable | 75,668 | 98,287 | 75,668 | 98,287 |
| Long term loans from non-controlling shareholders of subsidiaries | 152 | 151 | - | - |
| Hire purchase creditors | 96 | 180 | 61 | 120 |
| Provision for restoration costs | 2,340 | 2,119 | - | - |
| Provision for long service payments | 213 | 216 | - | - |
| Deferred tax liabilities | 9,859 | 9,823 | - | - |
| Other payables | 950 | 745 | - | - |
| | **90,051** | **112,455** | **75,729** | **98,407** |
| **Net assets** | **158,362** | **160,155** | **71,753** | **48,964** |
| **Equity attributable to owners of the Company** | | | | |
| Share capital | 41,840 | 41,490 | 41,840 | 41,490 |
| Reserves | 116,346 | 118,482 | 29,913 | 7,474 |
| | **158,186** | **159,972** | **71,753** | **48,964** |
| Non-controlling interests | 176 | 183 | - | - |
| **Total equity** | **158,362** | **160,155** | **71,753** | **48,964** |

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

| As at 31-Mar-16 | | As at 30-Jun-15 | |
|---|---|---|---|
| **Secured** | **Unsecured** | **Secured** | **Unsecured** |
| S$289,000 | S$104,603,000 | S$320,000 | S$73,220,000 |

**Amount repayable after one year**

| As at 31-Mar-16 | | As at 30-Jun-15 | |
|---|---|---|---|
| **Secured** | **Unsecured** | **Secured** | **Unsecured** |
| S$869,000 | S$75,820,000 | S$1,114,000 | S$98,438,000 |

**Details of any collateral**
Secured borrowings are:

(1) bank loan secured by a charge over the property of a subsidiary; and

(2) finance lease liabilities secured by the rights to the leased assets.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

| | Group | | | |
|---|---|---|---|---|
| | Third Quarter Ended 31 March | | Nine Months Ended 31 March | |
| | 2016 S$'000 | 2015 S$'000 | 2016 S$'000 | 2015 S$'000 |
| **Cash flows from operating activities:** | | | | |
| Profit before taxation | **1,483** | **7,276** | **3,851** | **12,839** |
| Depreciation of property, plant and equipment | 3,164 | 2,857 | 9,503 | 8,184 |
| Amortisation of intangible assets | 388 | 330 | 1,076 | 966 |
| Loss/(gain) on disposal of property, plant and equipment | 1,235 | (30) | 1,238 | 102 |
| Property, plant and equipment written off | 115 | 40 | 520 | 108 |
| Intangible assets written off | - | - | - | 1 |
| Foreign currency translation realignment | 897 | 84 | (212) | 323 |
| Write-back of impairment loss on financial asset | (54) | - | (54) | - |
| Net write-down of inventories | 84 | 11 | 294 | 34 |
| Inventories written off | 165 | 234 | 979 | 672 |
| Allowance for doubtful receivables (trade) | 11 | 2 | 16 | 101 |
| Bad debts written off | 70 | - | 70 | - |
| Interest income | (49) | (26) | (91) | (63) |
| Interest expense | 1,628 | 1,566 | 4,829 | 4,479 |
| Share of results of joint ventures | (10) | (29) | (28) | (45) |
| Deferred revenue | 370 | 237 | 420 | 271 |
| (Decrease)/increase in long service payments | (23) | 511 | (13) | 870 |
| **Operating cash flows before changes in working capital** | **9,474** | **13,063** | **22,398** | **28,842** |
| Increase in trade and other receivables | (2,974) | (649) | (7,017) | (2,203) |
| Decrease/(increase) in prepayments | 2,974 | (1,804) | (617) | 2,865 |
| Increase/(decrease) in amount due to a joint venture | 124 | 77 | (65) | 342 |
| Decrease/(increase) in inventories | 16,818 | 15,282 | 8,095 | (11,715) |
| (Decrease)/increase in trade and other payables | (11,093) | (10,412) | (1,266) | 3,432 |
| **Cash flows from operations** | **15,323** | **15,557** | **21,528** | **21,563** |
| Interest received | 52 | 26 | 93 | 62 |
| Interest paid | (515) | (415) | (3,619) | (2,998) |
| Income tax refund | - | 295 | 216 | 306 |
| Income taxes paid | (368) | (1,184) | (5,083) | (7,489) |
| **Net cash flows from operating activities** | **14,492** | **14,279** | **13,135** | **11,444** |
| | | | | |
| **Cash flows from investing activities** | | | | |
| Purchase of property, plant and equipment | (3,126) | (14,277) | (8,973) | (43,221) |
| Purchase of investment property | - | - | - | (15,097) |
| Purchase of intangible assets | (176) | (200) | (332) | (473) |
| Proceeds from sale of property, plant and equipment | 255 | 54 | 293 | 57 |
| Payment for long term investment | - | (333) | (357) | (333) |
| Proceeds from disposal of long term investment | 54 | - | 54 | - |
| **Net cash used in investing activities** | **(2,993)** | **(14,756)** | **(9,315)** | **(59,067)** |
| | | | | |
| **Cash flows from financing activities** | | | | |
| Proceeds from interest bearing loans and borrowings | 28,323 | 11,853 | 46,963 | 75,258 |
| Repayment of interest bearing loans and borrowings | (30,586) | (8,564) | (39,376) | (35,124) |
| Repayment of hire purchase creditors | (36) | (40) | (105) | (110) |
| Redemption of Notes payable | - | - | - | (1,400) |
| Proceeds from exercise of employee share options | 44 | 316 | 327 | 730 |
| Dividends paid | - | - | (2,236) | (9,825) |
| **Net cash flows (used in)/generated from financing activities** | **(2,255)** | **3,565** | **5,573** | **29,529** |
| | | | | |
| Net increase/(decrease) in cash and cash equivalents | 9,244 | 3,088 | 9,393 | (18,094) |
| Cash and cash equivalents as at beginning of the period | 24,578 | 24,402 | 25,068 | 45,118 |
| Effects of exchange rates changes on cash and cash equivalents | 293 | 439 | (346) | 905 |
| **Cash and cash equivalents at end of the financial period** | **34,115** | **27,929** | **34,115** | **27,929** |

1(c)

| | Group | | | |
|---|---|---|---|---|
| | Third Quarter Ended 31 March | | Nine Months Ended 31 March | |
| | 2016 S$'000 | 2015 S$'000 | 2016 S$'000 | 2015 S$'000 |
| **A. Purchase of property, plant and equipment** | | | | |
| Aggregate cost of property, plant and equipment acquired | 3,126 | 14,367 | 9,022 | 43,430 |
| Less : | | | | |
| Financed by hire purchase creditors | - | (93) | - | (93) |
| Restoration costs capitalised | - | 3 | (49) | (116) |
| Cash payments to acquire property, plant and equipment | **3,126** | **14,277** | **8,973** | **43,221** |

**Note to Consolidated Cash Flow Statement**

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet amounts:

| | Group | | | |
|---|---|---|---|---|
| | Third Quarter Ended 31 March | | Nine Months Ended 31 March | |
| | 2016 S$'000 | 2015 S$'000 | 2016 S$'000 | 2015 S$'000 |
| Cash and bank balances | 34,115 | 27,929 | 34,115 | 27,929 |
| | **34,115** | **27,929** | **34,115** | **27,929** |

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

| | Attributable to owners of the Company | | | | | | | | | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Asset revaluation reserve | Capital reserve | Premium paid on acquisition of non-controlling interests | Share options reserve | Warrant reserve | Foreign currency translation reserve | Revenue reserve | Total | | |
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **Group** | | | | | | | | | | | |
| **At 1 Jan 2016** | 41,786 | 30,951 | 453 | (35) | 731 | 437 | (12,694) | 100,418 | 162,047 | 194 | 162,241 |
| Profit/(loss) for the period, net of tax | - | - | - | - | - | - | - | 286 | 286 | (10) | 276 |
| Other comprehensive income, net of tax | - | - | - | - | - | - | (4,191) | - | (4,191) | (8) | (4,199) |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **-** | **-** | **-** | **(4,191)** | **286** | **(3,905)** | **(18)** | **(3,923)** |
| Contributions by and distributions to owners | | | | | | | | | | | |
| Shares issued pursuant to the exercise of share options | 54 | - | - | - | (10) | - | - | - | 44 | - | 44 |
| **Total contributions by and distributions to owners** | **54** | **-** | **-** | **-** | **(10)** | **-** | **-** | **-** | **44** | **-** | **44** |
| **At 31 Mar 2016** | **41,840** | **30,951** | **453** | **(35)** | **721** | **437** | **(16,885)** | **100,704** | **158,186** | **176** | **158,362** |

| | Attributable to owners of the Company | | | | | | | | | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Asset revaluation reserve | Capital reserve | Premium paid on acquisition of non-controlling interests | Share options reserve | Warrant reserve | Foreign currency translation reserve | Revenue reserve | Total | | |
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **Group** | | | | | | | | | | | |
| **At 1 Jan 2015** | 41,123 | 27,872 | 453 | (35) | 847 | 437 | (15,901) | 100,360 | 155,156 | 180 | 155,336 |
| Profit for the period, net of tax | - | - | - | - | - | - | - | 5,448 | 5,448 | 1 | 5,449 |
| Other comprehensive income, net of tax | - | - | - | - | - | - | 3,616 | - | 3,616 | 7 | 3,623 |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **-** | **-** | **-** | **3,616** | **5,448** | **9,064** | **8** | **9,072** |
| Contributions by and distributions to owners | | | | | | | | | | | |
| Shares issued pursuant to the exercise of share options | 362 | - | - | - | (46) | - | - | - | 316 | - | 316 |
| Share options lapsed | - | - | - | - | (22) | - | - | 22 | - | - | - |
| **Total contributions by and distributions to owners** | **362** | **-** | **-** | **-** | **(68)** | **-** | **-** | **22** | **316** | **-** | **316** |
| **At 31 Mar 2015** | **41,485** | **27,872** | **453** | **(35)** | **779** | **437** | **(12,285)** | **105,830** | **164,536** | **188** | **164,724** |

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

| | Attributable to owners of the Company | | | | | | | | | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Asset revaluation reserve | Capital reserve | Premium paid on acquisition of non-controlling interests | Share options reserve | Warrant reserve | Foreign currency translation reserve | Revenue reserve | Total | | |
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **Group** | | | | | | | | | | | |
| **At 1 Jul 2015** | 41,490 | 30,951 | 453 | (35) | 770 | 437 | (16,374) | 102,280 | 159,972 | 183 | 160,155 |
| Profit/(loss) for the period, net of tax | - | - | - | - | - | - | - | 634 | 634 | (8) | 626 |
| Other comprehensive income, net of tax | - | - | - | - | - | - | (511) | - | (511) | 1 | (510) |
| **Total comprehensive income for the financial year** | **-** | **-** | **-** | **-** | **-** | **-** | **(511)** | **634** | **123** | **(7)** | **116** |
| Contributions by and distributions to owners | | | | | | | | | | | |
| Shares issued pursuant to the exercise of share options | 350 | - | - | - | (23) | - | - | - | 327 | - | 327 |
| Share options lapsed | - | - | - | - | (26) | - | - | 26 | - | - | - |
| Final dividend for FY2015 | - | - | - | - | - | - | - | (2,236) | (2,236) | - | (2,236) |
| **Total contributions by and distributions to owners** | **350** | **-** | **-** | **-** | **(49)** | **-** | **-** | **(2,210)** | **(1,909)** | **-** | **(1,909)** |
| **At 31 Mar 2016** | **41,840** | **30,951** | **453** | **(35)** | **721** | **437** | **(16,885)** | **100,704** | **158,186** | **176** | **158,362** |

| | Attributable to owners of the Company | | | | | | | | | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Asset revaluation reserve | Capital reserve | Premium paid on acquisition of non-controlling interests | Share options reserve | Warrant reserve | Foreign currency translation reserve | Revenue reserve | Total | | |
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **Group** | | | | | | | | | | | |
| **At 1 Jul 2014** | 40,639 | 27,872 | 453 | (35) | 1,258 | 437 | (20,116) | 107,130 | 157,638 | 169 | 157,807 |
| Profit for the period, net of tax | - | - | - | - | - | - | - | 8,162 | 8,162 | 2 | 8,164 |
| Other comprehensive income, net of tax | - | - | - | - | - | - | 7,831 | - | 7,831 | 17 | 7,848 |
| **Total comprehensive income for the financial year** | **-** | **-** | **-** | **-** | **-** | **-** | **7,831** | **8,162** | **15,993** | **19** | **16,012** |
| Contributions by and distributions to owners | | | | | | | | | | | |
| Shares issued pursuant to the exercise of share options | 846 | - | - | - | (116) | - | - | - | 730 | - | 730 |
| Share options lapsed | - | - | - | - | (363) | - | - | 363 | - | - | - |
| Final dividend for FY2014 | - | - | - | - | - | - | - | (9,825) | (9,825) | - | (9,825) |
| **Total contributions by and distributions to owners** | **846** | **-** | **-** | **-** | **(479)** | **-** | **-** | **(9,462)** | **(9,095)** | **-** | **(9,095)** |
| **At 31 Mar 2015** | **41,485** | **27,872** | **453** | **(35)** | **779** | **437** | **(12,285)** | **105,830** | **164,536** | **188** | **164,724** |

| | Attributable to owners of the Company | | | | Total equity |
|---|---|---|---|---|---|
| | Share capital | Share options reserve | Warrant reserve | Revenue reserve | |
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **Company** | | | | | |
| **At 1 Jan 2016** | 41,786 | 731 | 437 | 3,646 | 46,600 |
| Profit for the period, net of tax | - | - | - | 25,109 | 25,109 |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **25,109** | **25,109** |
| Contributions by and distributions to owners | | | | | |
| Shares issued pursuant to the exercise of share options | 54 | (10) | - | - | 44 |
| **Total transactions with owners in their capacity as owners** | **54** | **(10)** | **-** | **-** | **44** |
| **At 31 Mar 2016** | **41,840** | **721** | **437** | **28,755** | **71,753** |
| **At 1 Jan 2015** | 41,123 | 847 | 437 | 1,851 | 44,258 |
| Loss for the period, net of tax | - | - | - | (855) | (855) |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **(855)** | **(855)** |
| Contributions by and distributions to owners | | | | | |
| Shares issued pursuant to the exercise of share options | 362 | (46) | - | - | 316 |
| Share options lapsed | - | (22) | - | - | (22) |
| **Total transactions with owners in their capacity as owners** | **362** | **(68)** | **-** | **-** | **294** |
| **At 31 Mar 2015** | **41,485** | **779** | **437** | **996** | **43,697** |

| | Attributable to owners of the Company | | | | Total equity |
|---|---|---|---|---|---|
| | Share capital | Share options reserve | Warrant reserve | Revenue reserve | |
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **Company** | | | | | |
| **At 1 Jul 2015** | 41,490 | 770 | 437 | 6,267 | 48,964 |
| Profit for the period, net of tax | - | - | - | 24,722 | 24,722 |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **24,722** | **24,722** |
| Contributions by and distributions to owners | | | | | |
| Shares issued pursuant to the exercise of share options | 350 | (23) | - | - | 327 |
| Share options lapsed | - | (26) | - | 2 | (24) |
| Final dividend for FY2015 | - | - | - | (2,236) | (2,236) |
| **Total transactions with owners in their capacity as owners** | **350** | **(49)** | **-** | **(2,234)** | **(1,933)** |
| **At 31 Mar 2016** | **41,840** | **721** | **437** | **28,755** | **71,753** |
| **At 1 Jul 2014** | 40,639 | 1,258 | 437 | 15,603 | 57,937 |
| Loss for the period, net of tax | - | - | - | (4,955) | (4,955) |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **(4,955)** | **(4,955)** |
| Contributions by and distributions to owners | | | | | |
| Shares issued pursuant to the exercise of share options | 846 | (116) | - | - | 730 |
| Share options lapsed | - | (363) | - | 173 | (190) |
| Final dividend for FY2014 | - | - | - | (9,825) | (9,825) |
| **Total transactions with owners in their capacity as owners** | **846** | **(479)** | **-** | **(9,652)** | **(9,285)** |
| **At 31 Mar 2015** | **41,485** | **779** | **437** | **996** | **43,697** |

1(d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

**A) Changes in share capital during the financial period**

As at 31 March 2016, the Company's issued and paid up capital, excluding treasury shares comprises 448,043,217 (30 June 2015: 447,281,217) ordinary shares. Movements in the number of the Company's issued and paid-up capital, excluding treasury shares were as follows:

| Number of shares issued and paid up | Shares issued pursuant to the exercise of share options | Number of shares issued and paid up |
|---|---|---|
| 1-Jan-16 | | 31-Mar-16 |
| '000 | '000 | '000 |
| 447,917 | 126 | 448,043 |

**B) Share Options – Eu Yan Sang Employees Share Option Scheme**

Under the 2000 scheme, there is no outstanding share option as at 31 March 2016, compared to 1,944,000 as at 31 March 2015.

Between 1 January 2016 and 31 March 2016, the Company has issued 126,000 ordinary shares under the Eu Yan Sang Employees Share Option Scheme 2006 ("the 2006 scheme").

Under the 2006 scheme, options to subscribe for 5,785,000 shares remained outstanding as at 31 March 2016, compared to 5,970,000 as at 31 March 2015. Movements in the number of the unissued shares of the Company under the 2006 scheme during Q3FY16 were as follows:

| Outstanding options as at | Number of options exercised | Outstanding options as at |
|---|---|---|
| 1-Jan-16 | | 31-Mar-16 |
| '000 | '000 | '000 |
| 5,911 | (126) | 5,785 |

**C) Performance Share Plan**

At the extraordinary general meeting of the Company held on 25 October 2007, the Company's shareholders approved the adoption of the Eu Yan Sang Performance Share Plan ("EYS PSP"). As at 31 March 2016, no shares were granted and outstanding under the EYS PSP (31 March 2015: nil).

**D) Treasury shares**

No treasury shares were held by the Company as at 31 March 2016 and 31 March 2015.

**E) Warrants**

During FY12, the Company issued 22,000,000 Warrants in conjunction with the issuance of interest bearing notes at par of $25,000,000. The Warrants were issued at an issue price of S$0.04 per Warrant and each Warrant carried the right to subscribe for 1 ordinary share in the capital of the Company at an exercise price of $0.83 for each new share.

The Warrants are exercisable any time during a period of 5 years from the issue date of the Warrants. Noteholders of the S$25,000,000 Notes have the option to tender the notes at par in lieu of cash payment for the exercise of the Warrants at the exercise price at any time before the maturity date.

Between 1 January 2016 and 31 March 2016, no convertible warrants have been exercised.

As at 31 March 2016, there were 22,000,000 (31 March 2015: 22,000,000) outstanding convertible warrants with exercise price at $0.83 (31 March 2015: $0.83) for each ordinary share.

1(d)(iii) **To show the total number of issued shares excluding treasury shares at the end of the current financial period and as at the end of the immediately preceding year.**

The number of issued shares as at 31 March 2016 is 448,043,217 (30 June 2015: 447,281,217) ordinary shares.

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

**2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as those of the audited financial statements for the year ended 30 June 2015.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

During the current financial year, the group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

| | GROUP | | | |
|---|---|---|---|---|
| | Third Quarter Ended 31 March | | Nine Months Ended 31 March | |
| | 2016 | 2015 | 2016 | 2015 |
| **Earnings per ordinary share of the Group based on net profit attributable to shareholders:** | **cents** | **cents** | **cents** | **cents** |
| **(i) Based on the weighted average number of ordinary shares** | **0.06** | **1.22** | **0.14** | **1.83** |
| Weighted average number of shares ('000) | 447,959 | 447,008 | 447,578 | 446,549 |
| **(ii) On a fully diluted basis** | **0.06** | **1.21** | **0.14** | **1.82** |
| Weighted average number of shares ('000) | 448,221 | 448,904 | 447,822 | 448,682 |

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:- (a) current financial period reported on; and (b) immediately preceding financial year.**

| | 31-Mar-2016 | 30-Jun-2015 |
|---|---|---|
| **Net asset value per ordinary share based on issued share capital** | **cents** | **cents** |
| **For the Group** | 35.3 | 35.8 |
| **For the Company** | 16.0 | 10.9 |

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**Overview**

The Group's revenue for the 3rd quarter declined by 6% against last year as a result of lower revenue generated from Malaysia. For the 9 month period, revenue for the Group was 5% below last year, mainly due to the revenue decline in Hong Kong and Malaysia. The Group's revenue was also impacted by the weakening Malaysian Ringgit ("MYR") and Australian dollar ("AUD").

The Group's gross margins for the 3rd quarter and 9 month period were both 48% as compared to the previous corresponding periods' gross margins of 47% and 50% respectively. The fluctuations in gross margins were generally due to product sales mix and the impact of promotions.

The Group saw a marginal decline in Operating Profit ("OP") for the 3rd quarter, largely due to the decline in revenue. The decline was partially cushioned by the lower spending on distribution and selling ("D&S") and administrative expenses. For the 9 month period, OP was down by 20% compared to last year, primarily due to the lower revenue and gross margin contribution. The overall decline was, however, partially offset by the lower D&S and adminstrative expenses and the higher other operating income from government grants and incentives.

The Group's Profit before tax ("PBTs") for the 3rd quarter and 9 month period were below last year. Other than the decline in OPs, PBTs were also impacted by foreign exchange losses from the weakening in Hong Kong Dollar ("HKD") during the 3rd quarter and the incurrence of "other losses". Please refer to Note F for further details on "other losses". Consequently, the Group went into marginal profits after tax ("PATs") for the 3rd quarter and 9 month period.

**(A) Revenue**

The Group's revenue for the 3rd quarter and 9 month period declined by 6% and 5% respectively. In terms of segment performance, the revenue decline for the 3rd quarter was primarily from the retail segment while the decrease in revenue for the 9 month period was largely from the retail and wholesale segments. In terms of geographical performance, the decline in revenue for the 3rd quarter was attributed to lower sales from Malaysia whereas the lower revenue for the 9 month period was mainly due to lower sales from Hong Kong and Malaysia.

***Revenue by Activities***

| | GROUP | | | | | |
|---|---|---|---|---|---|---|
| | Third Quarter Ended 31 March | | | Nine Months Ended 31 March | | |
| | 2016 | 2015 | Change | 2016 | 2015 | Change |
| **Activities** | **S$'000** | **S$'000** | +/(-)% | **S$'000** | **S$'000** | +/(-)% |
| **Retail (TCM & non TCM)** | 86,598 | 94,764 | **(9)** | 217,989 | 225,058 | **(3)** |
| **Wholesale (TCM & non TCM)** | 12,048 | 10,129 | **19** | 30,984 | 36,869 | **(16)** |
| **Clinic - TCM** | 4,176 | 4,052 | **3** | 12,503 | 12,654 | **(1)** |
| **Others** | 1,052 | 1,487 | **(29)** | 3,180 | 3,576 | **(11)** |
| | **103,874** | **110,432** | **(6)** | **264,656** | **278,157** | **(5)** |

*Traditional Chinese Medicine ("TCM") - comprising Chinese Proprietary Medicine ("CPM"), Health Foods and Medicinal Herbs.*

**Retail** – Retail revenue for the Group dipped by 9% and 3% respectively for the 3rd quarter and 9 month period, primarily due to lower revenue generated in Hong Kong and Malaysia. The Group's retail revenue was also impacted by the weakening MYR and AUD.

**Wholesale** – The Group saw a 19% increase in wholesale revenue in the 3rd quarter while a 16% decline was recorded for the 9 month period. The increase in wholesale revenue during th 3rd quarter was attributed to higher wholesale revenue generated in Hong Kong. The decline in wholesale revenue for the 9 month period was mainly due to lower revenue generated from Hong Kong, Malaysia and China.

**Clinic** – Clinic revenue for the 3rd quarter was 3% above last year, due to higher revenue generated across the markets. Clinic revenue for the 9 month period was 1% marginally below last year.

Revenue under "Others" mainly related to food and beverages ("F&B") income, rental income and franchise fee income. The reduction in revenue under "Others" for the 3rd quarter and 9 month period was largely due to the decline in F&B revenue in Malaysia and Shanghai. The Group ceased its F&B operations in Shanghai during the 3rd quarter.

*Turnover by Geographical Locations:*

| Core Countries | | GROUP Third Quarter Ended 31 March 2016 '000 | 2015 '000 | Change +/(-)% | Nine Months Ended 31 March 2016 '000 | 2015 '000 | Change +/(-)% |
|---|---|---|---|---|---|---|---|
| Hong Kong* | SGD | 36,199 | 35,594 | 2 | 100,231 | 109,858 | (9) |
| | HKD | 202,426 | 202,120 | - | 555,606 | 652,753 | (15) |
| Singapore | SGD | 24,438 | 23,766 | 3 | 64,633 | 59,628 | 8 |
| Malaysia | SGD | 30,658 | 38,854 | (21) | 61,352 | 72,204 | (15) |
| | MYR | 90,672 | 102,535 | (12) | 182,433 | 188,423 | (3) |
| Australia | SGD | 12,579 | 12,218 | 3 | 38,440 | 36,467 | 5 |
| | AUD | 12,352 | 11,576 | 7 | 38,000 | 33,089 | 15 |
| **Total** | **SGD** | **103,874** | **110,432** | (6) | **264,656** | **278,157** | (5) |

** Include Macau and China.*

Hong Kong's revenue for the 3rd quarter, in local currency terms, was marginally above last year while revenue for the 9 month period was 15% below last year. Revenue in Hong Kong was impacted by challenges in the retail environment and the decline in mainland tourists' spending. The stronger HKD helped to cushion part of the revenue decline in SGD.

Singapore's revenue for the 3rd quarter and 9 month period went up by 3% and 8% respectively against the previous corresponding periods, largely due to favourable consumer response to key promotions and launch of new products.

In terms of local currency, Malaysia's revenue for the 3rd quarter and 9 month period slid by 12% and 3% respectively against the previous corresponding periods. Revenue for last year was significantly higher due to consumers stocking up before the implementation of Goods and Services Tax in April 2015. The weakening of MYR also contributed to the lower revenue in SGD.

Australia's revenue for the 3rd quarter and 9 month period, in terms of local currency, increased by 7% and 15% respectively against last year, due to the increase in same-store sales and in tandem with the increase in company-operated outlets. Revenue in SGD was, however, impacted by the weakening of AUD.

**(B) FY16 Q3 Outlets & Clinics**

| Countries | Retail | | | | | | General TCM Clinics | | Premier TCM Clinics | | Integrative Medical Centre | | F&B outlets | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Company-operated outlets | | Franchise outlets | | Total | | | | | | | | | |
| | Added / (Closed) | Total | Added / (Closed) | Total | Added / (Closed) | Total | Added / (Closed) | Total | Added / (Closed) | Total | Added / (Closed) | Total | Added / (Closed) | Total |
| Australia | - | 47 | - | 20 | - | 67 | - | - | - | - | - | - | - | - |
| Malaysia | (3) | 85 | - | - | (3) | 85 | - | 6 | - | - | - | - | - | 2 |
| Hong Kong | (3) | 58 | - | - | (3) | 58 | - | - | - | - | - | 2 | - | - |
| Singapore | 2 | 46 | - | - | 2 | 46 | 1 | 24 | - | 2 | - | - | - | - |
| China | - | 10 | - | - | - | 10 | - | - | - | - | - | - | (2) | - |
| Macau | - | 2 | - | - | - | 2 | - | - | - | - | - | - | - | - |
| **Total** | **(4)** | **248** | **-** | **20** | **(4)** | **268** | **1** | **30** | **-** | **2** | **-** | **2** | **(2)** | **2** |

The Group's retail network consisted of 248 company-operated outlets and 20 franchise outlets as at 31 March 2016. During the 3rd quarter, 2 company-operated outlets were added in SIngapore while a net total of 6 company-operated outlets was closed in Malaysia and Hong Kong. Franchise outlets remained at 20 as at 31 March 2016.

For the clinic network, there was an addition of 1 general clinic in Singapore, resulting in 32 TCM clinics as at 31 March 2016. Integrative Medical Centres ("IMC") remained at 2 as at 31 March 2016.

For the F&B network, 2 outlets in China were closed during the 3rd quarter, resulting in 2 remaining F&B outlets in Malaysia as at 31 March 2016.

**(C) Profitability**

The Group's OP for the 3rd quarter was marginally below last year, primarily attributed to the decline in revenue. The decline was partially cushioned by lower spending on D&S and administrative expenses. OP for the 9 month period decreased by 20% against last year, due to the decline in revenue and gross margin contribution but partially offset by higher other operating income in the form of government grants and incentives and lower D&S and administrative expenses incurred.

Beside the lower OP, the Group's PBT for the 3rd quarter was also impacted by the foreign exchange loss a result of the weakening of HKD during the 3rd quarter and the incurrence of "other losses". The Group's PBT for the 9 month period was also similarly impacted by the decline in OP, higher foreign exchange losses and "other losses". Please refer to Note F for more details on other losses. PATs for the 3rd quarter and 9 month period were below last year as a result of the lower PBTs and the tax expenses incurred by the profit-making entities.

**(D) Distribution and selling expenses**

The Group's D&S expenses for the 3rd quarter were 2% below the previous corresponding quarter while D&S expenses for the half year were marginally below last year. The decline in D&S expenses for the 3rd quarter was largely due to lower spending on personnel-related expenses and rental expenses while the lower D&S expenses for the 9 month period were largely attributed to lower A&P spending and personnel-related expenses.

**(E) Administrative expenses**

Administrative expenses for the 3rd quarter and 9 month period declined by 10% and 16% respectively compared to the previous corresponding periods. The lower expenses were mainly due to lower personnel-related expenses across most markets and lower spending on corporate projects, branding and corporate communication activities.

**(F) Other losses**

Other losses for the 3rd quarter and the 9 month period largely related to expenses incurred for the cessation of F&B operations in China. The Group closed 2 remaining F&B restaurants during the 3rd quarter. The closure expenses included loss on disposal of fixed assets, fixed assets written off, retrenchment expenses and professional fees.

**(G) Income tax expense**

The higher effective tax rates for the 3rd quarter and 9 month period were primarily due to the changes in the composition of profit or loss positions of the subsidiaries within the Group.

**(H) Property, plant and equipment**

The decrease in the Group's property, plant and equipment ("PPE") was largely due to depreciation during the period and the impact of the weakening MYR on PPE held in Malaysia.

**(I) Prepayments (non-current)**

The decrease in prepayments was primarily due to the reclassification to fixed assets upon receipt/full payment of the fixed assets.

**(J) Inventories**

The level of inventories went down after the CNY peak season. The lower inventories were also part of the Group's efforts to manage working capital.

**(K) Trade and other receivables**

The higher trade and other receivables were largely attributed to increased credit sales to wholesale customers during the 3rd quarter and higher credit card receivables for sales to retail customers.

**(L) Prepayments**

The increase in prepayments was mainly due to prepayments for goods and services.

**(M) Trade and other payables**

The fluctuation in trade and other payables was largely due to timing of purchases and payments to suppliers.

**(N) Interest bearing loans and borrowings**

The higher loans and borrowings were largely due to short-term borrowings taken up for working capital purposes.

**(O) Notes payable**

The $25M notes were reclassified from non-current liabilities to current liabilities as they mature in November 2016. This resulted in the net current liability position for the Group and Company as at 31 March 2016.

**(P) Tax payable**

The reduction in tax payable was largely due to income tax payment to the tax authorities during the 2nd quarter.

**(Q) Cash flows**

Net cash generated from operating activities for the 9 month period was S$1.7 million above last year, primarily due to the lower build-up in inventories.

Net cash used in investing activities for the 9 month period was S$9.3 million, mainly from capital expenditure on new and existing outlets and factory construction in Hong Kong. The cash outflow for the 9 month period was lower than that of last year as last year's cash flow included the acquisition of properties in Hong Kong and Macau.

Net cash generated from financing activities for the 9 month period was S$5.6 million, which was lower than that of last year, largely due to lower short-term borrowings taken up by the Group.

The Group's cash and cash equivalents stood at S$34.1 million as at 31 March 2016 compared to S$27.9 million as at 31 March 2015.

The Group’s gearing ratio was 93.2% as at 31 March 2016.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The results for the period are in line with the prospect statement contained in the FY2015 full year announcement made on 26 August 2015.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group remains cautious in its business outlook, in light of the persistent economic slowdown in the region weighing down on its core markets. Although the Hong Kong market appears to have bottomed out, its short-term outlook is still expected to be challenging. In Malaysia, the Group expects a continued slowdown in private consumption and waning consumer confidence. Deterioration in either of these markets may have a significant impact on the Group’s operating profits next quarter.

Singapore continues to perform despite a slowing local economy. The Group also remains cautiously optimistic about future prospects in Australia, and intends to continue growing its Australian network through strategic acquisitions and partnerships. Finally, the Group expects to complete all legal arrangements for the joint venture with HCare Investments Holding Limited for China by the end of the financial year.

Given that the weak operating business outlook is expected to endure, the Group will keep its cautious approach and it hopes to improve gradually its business through cost reduction initiatives, rationalisation of weak performing retail outlets, together with its consistent focus on increasing efficiency in its back office operations using technology. The Group will scrutinise and assess the continual feasibility of all non-profitable lines of business. The Group will also continue to review its cash flow and funding requirements to ensure its balance sheet remains sufficiently strong to support future growth. With these initiatives, the Group expects to mitigate the impact of the negative operating environment.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

| | |
|---|---|
| Name of Dividend | Interim dividend |
| Dividend Type | Cash |
| Dividend Rate | Interim dividend of 2.5 cents per ordinary share |
| Par Value of shares | N/A |
| Tax Rate | Tax Exempt one-tier dividend |

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

**(c) Date payable**

16 June 2016

**(d) Books closure date**

The Register of Members and Register of Transfers of the Company will be closed at 5.00pm on 25 May 2016 and up to 5.00pm on 26 May 2016 (both days inclusive) for the purpose of determining Shareholders' entitlements to dividends. Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623, up to 5.00pm on 25 May 2016 will be registered before entitlements to the dividends are determined.

**12. If no dividend has been declared/recommended, a statement to that effect.**

Not applicable.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

**Interested Persons Transactions for the financial period ended 31 March 2016**

| **Interested Person Transaction**<br>Transactions with:- | **Aggregate value of all interested person transactions (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)**<br>**S$'000** | **Aggregate value of all interested person transactions conducted under shareholders' mandate (excluding transactions less than S$100,000 pursuant to Rule 920)**<br>**S$'000** |
|---|---|---|
| **(a) XAct Solutions Pty. Ltd** | 4 | - |
| **(b) Shanghai Rongyue Medical Information Consulting Co. Ltd.** | 218 | - |

**14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)**

The Board of Eu Yan Sang International Ltd does hereby confirm that to the best of its knowledge, nothing has come to the attention of the Board which may render the third quarter unaudited financial statements for the period ended 31 March 2016 to be false or misleading in any material aspect.

**15. Confirmation pursuant to Rule 720(1).**

Eu Yan Sang International Ltd confirms that understakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

**BY ORDER OF THE BOARD**

Lam Chee Weng
Chief Financial Officer
15 May 2016

All capitalised terms used in the following extracts shall have the same meanings given to them in the Constitution, a copy of which is available for inspection at the registered office of the Company at 21 Tai Seng Drive, Singapore 535223 during normal business hours for the period which the Offer remains open for acceptance.

The rights of Shareholders in respect of capital, dividends and voting as set out in the Constitution are as follows:

**(i) The rights of Shareholders in respect of capital**

"***SHARES***

*3.* *Subject to the Act, no shares may be issued by the Directors without the prior approval of the Company in general meeting but subject thereto and to Article 54, and to any special rights attached to any shares for the time being issued the Directors may allot 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 subject or not to the payment of any part of the amount thereof in cash 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 or conditions as the Directors may deem fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manners of redemption being determined by the Directors.* *Issue of shares*

*3A.* *(a) 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;*

*(b) Where the shares purchased or otherwise acquired are held as Treasury Shares by the Company, the Company shall be entered in the Register of Members as the member holding the Treasury Shares; and*

*(c) The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.*

*Preference Shares*

*4. (1) The rights attached to shares issued upon special conditions shall be clearly defined in the memorandum of association or these Articles. In the event of preference shares being issued preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending general meetings of the Company. Preference shares may be issued subject to such invitation thereof as may be prescribed by the Exchange. Preference shareholders shall have the right to attend and vote at any meeting of the Company convened for the following purposes:–*

*(a) the reduction of capital of the Company; or*

*(b) the winding-up of the Company; or*

*(c) the 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.*

*How special rights of shares may be varied*

*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 or all or any of the rights and privileges attached to each class may, subject to the provisions of the Act, be varied modified commuted abrogated affected or dealt with, with the sanction of a special resolution passed at a separate general meeting of the holders of that class of shares but not otherwise. 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 a poll have one vote for every share of the class held by him. Provided however that in the event of the*

*necessary majority not having been obtained in the manner aforesaid consent in writing may be secured 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.*

*Creation or issue of further shares*

*(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 that class of shares, be deemed to be varied by the creation or issue of further shares ranking equally therewith.*

*6. The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be paid in whole or in part in cash or fully or partly paid shares of the Company as may be arranged, and the Company may, in addition to, or in lieu of, such commission, in consideration of any person so subscribing or agreeing to subscribe, whether absolutely or conditionally, or of his procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the Company, confer on any such person an option call within a specified time for a specified number of shares in the Company at a specified price or on such other terms and conditions as the Directors may deem fit.*

*Receipts and liability of joint holders of shares*

*8. 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 provisions following:–*

*(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 or trustees of a deceased shareholder.*

*(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.*

*(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.*

*(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 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 may purchase or otherwise acquire ordinary shares issued by it on such terms as the Company may think fit and in the manner prescribed by the Act. If required by law, any share which is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with such share (including Treasury Shares) which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the law.*

***CERTIFICATES***

*Issue of certificates*

*11. Upon payment of the amount of the proper duty with which each such certificate is chargeable under any law for the time being in force relating to stamps and upon further payment of such fee not exceeding Singapore Dollars Two ($2.00) as the Directors may from time to time require for every certificate after the first, every Member shall be entitled to receive in the case of an allotment of shares within ten market days of the closing date of any application to subscribe for shares (or such other period as may be approved by any Exchange) and in the case of a lodgement of a registrable transfer of shares within fifteen market days after the date of lodgement of a registrable transfer (or such other period as may be approved by any Exchange) one certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred. Where a Member transfers only part of the shares so comprised in a certificate or where a Member requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of sub-dividing his holding in a different manner, the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and the Member shall pay the amount of proper duty, if any, with which each such certificate is chargeable under any law for the time being in force relating to stamps and payable on each share certificate prior to the delivery thereof which the Directors in their absolute discretion may require and a fee not exceeding Singapore Dollars Two ($2.00) for each new certificate or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any Exchange.*

*Share certificates*

*12. Every certificate of title to shares shall be under the Seal in such form as the Directors shall from time to time prescribe and shall bear the autographic or facsimile signatures of at least one Director and the Secretary or some other person appointed by the Directors, and shall specify the number and class of shares to which it relates and the amounts paid up and the amount unpaid (if any) thereon. Any facsimile of such signatures may be reproduced by mechanical or other means prescribed by the Directors from time to time.*

*Renewal of certificates*

*13. Subject to the provisions of the Act, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of any Exchange or on behalf of its or their client or clients as the Directors shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding Singapore Dollar One ($1.00) for each share certificate as the Directors may from time to time require together with the amount of the proper duty with which such share certificate is chargeable under any law for the time being in force relating to stamps. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.*

### *CONVERSION OF SHARES INTO STOCK*

*47. The Directors may, from time to time, with the sanction of the Company previously given in general meeting convert all or any of its paid-up shares into stock and may from time to time, with like sanction, reconvert any such stock into paid-up shares.*

*Power to convert shares into stock*

*48. 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 will admit; but the Directors may, if they think fit, from time to time fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum.*

*Transfer of stock*

*49. The holders of stock shall be entitled to participate in the dividends and profits of the Company according to the amount of their respective interests in such stock, and such interests shall, in proportion to the amount thereof, confer on the holders thereof respectively the same privileges and advantages for the purpose of voting at meetings of the Company and for other purposes as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and in assets on a reduction of capital or a winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privilege or advantage.*

*Rights of stockholders*

*50. 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*

### *ALTERATION OF CAPITAL*

*51. The Company may in general meeting alter the conditions of its memorandum of association by ordinary resolution:–*

*(a) to consolidate and divide its shares; or*

*(b) to divide its shares or any of them, subject nevertheless to the provisions of the Act, provided always that in such subdivision the proportion between the amount paid and the amount unpaid (if any) on each reduced shares shall be the same as it was in the case of the Shares from which the reduced share is derived; or*

*(c) subject to the provisions of these Articles and the Act, convert any class of shares into any other class of shares.*

*52. The Company may by special resolution reduce its capital and any other undistributable reserve, in any manner as may be authorised by the Act and any other applicable law.*

***INCREASE OF CAPITAL***

*53. (1) The Company in general meeting may from time to time, increase its share capital by the creation of new shares.*

*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, 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*

*54. (1) Unless otherwise determined by the Company in general meeting any original shares for the time being unissued and not allotted and any new shares from time to time to be created shall, before they are issued, be offered to the Members in proportion as nearly as may be, to the number of shares held by them. Such offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of 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 such new or original shares as aforesaid, which by reason of the ratio which the new shares bear to the existing shares held by 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.*

*Unissued and new shares to be first offered to Members unless otherwise determined*

*(2) Notwithstanding Article 54(1), the Company may subject to the Act and the rules of the Exchange 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 shares (whether by way of rights, bonus or otherwise) where:–*

*Issue of shares up to fifty per cent*

*(a) the aggregate number of shares to be issued pursuant to such authority shall be subject to such other limits and manner of calculation as may be prescribed by the Exchange; and*

*(b) unless previously revoked or varied by the Company in general meeting, such authority to issue shares shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which such Annual General Meeting is required by law to be held, whichever is the earlier.*

*55. 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*

***DIVIDENDS AND RESERVE FUND***

*148. (1) The Directors may, with the sanction of an Ordinary Resolution of the Company (including any Ordinary Resolution passed pursuant to Article 54(2)):*

*(a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the CDP 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 54(2)) 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 undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the CDP register at the close of business on:*

*(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 54 (2)) such other date as may be determined by the Directors, in proportion to their then holdings of shares and applying such sum on their behalf in paving up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of*

*any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.*

*(2) 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.*

*(3) The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue or capitalisation under Article 148(1), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.*

*(4) In addition and without prejudice to the powers provided for by Article 148(1) and 148(3), 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.*"

**(ii) The rights of Shareholders in respect of dividends**

"***CALLS ON SHARES***

*25. 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 of membership until all calls paid*

***TRANSMISSION OF SHARES***

*Transmission on death*

*34. In the case of the death of a Member, the survivor or survivors, where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his shares; but nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.*

*Death or bankruptcy of a Member*

*35. Any person becoming entitled to the title in a share in consequence of the death or bankruptcy of any Member may, upon such evidence of his title to the share being produced as the Directors may think necessary and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof, but the Directors shall in either case have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that person before his death or bankruptcy as the case may be.*

*Election of person entitled to be registered himself*

*36. If any person so becoming entitled shall elect to be registered himself he shall deliver or send to the Company a notice in writing signed by him and stating that he so elects. If he shall elect to have another person registered he shall testify his election by executing to that other person a transfer of the legal title in the share Provided always that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the legal title in the share and if the notice is not complied with within ninety days the Directors may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer signed by such Member.*

*Person entitled may receive dividends without being registered as Member, but may not vote*

*37. 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 as 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 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.*

### *FORFEITURE OF SHARES*

*38. If any Member fails to pay the whole or any part of any call or instalment on or before the day appointed for the payment thereof the Directors may at any time thereafter, during such time as the call or instalment or any part thereof remains unpaid, serve a notice on him or on the person entitled to the share by transmission requiring him to pay such call or instalment, or such part thereof as remains unpaid, together with interest at such rate not exceeding 10 per cent. per annum as the Directors shall determine, and any expenses that may have accrued by reason of such non-payment.*

*Directors may require payment of call with interest and expenses*

*39. The notice shall name a further day (not being less than seven days from the date of the notice) on or before which such call or instalment, or such part as aforesaid, and all interest and expenses that have accrued by reason of such non-payment, are to be paid. It shall also name the place where payment is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made will be liable to be forfeited.*

*Notice to state time and place for payment*

*40. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before 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 in respect of the shares not actually paid before the forfeiture, notwithstanding that they shall have been declared.*

*Forfeiture on non-compliance with notice*

### *DIVIDENDS AND RESERVE FUND*

*134. 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*

*135. Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:*

*Application of profits*

*(a) all dividends in respect of shares must be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and*

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

*Payment of dividends in specie*

*136. 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 paid-up shares or debentures of 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 Member 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.*

*Directors may form reserve fund and invest*

*137. 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, applicable 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 may think expedient in the interests of the Company, and pending such application the Directors may employ the sums from time to time to 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.*

*Dividend warrants to be sent to Members by post*

*140. Every dividend warrant may, unless otherwise directed, be sent by post to the last registered address of the Member entitled thereto, and the receipt of the person whose name at the date of the declaration of the dividend appears on the Register of Members as the owner of any share, or in the case of joint holders, of any one of such joint holders, shall be a good discharge to the Company for all payments made in respect of such shares.*

*Dividends not to bear interest*

*142. No dividend or other moneys payable on or in respect of a share shall bear interest against the Company.*

*Deduction of debts due to Company*

*143. 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.*

*144. 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.*

*Retention of dividends on shares pending transmission*

*145. The payment by the Directors of any unclaimed dividend 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 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.*

*Unclaimed dividends*

*146. 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 or to such person and such address as such person or persons may in 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 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.*

*Dividends payable by cheque*

*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.*

*147. 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*

*148. (1) The Directors may, with the sanction of an Ordinary Resolution of the Company (including any Ordinary Resolution passed pursuant to Article 54(2)):*

*(a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the CDP 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 54(2)) 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 undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the CDP register at the close of business on:*

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

*(2) 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.*

*(3) The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue or capitalisation under Article 148(1), with full power to the Directors to make such*

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

*(4) In addition and without prejudice to the powers provided for by Article 148(1) and 148(3), 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.*"

**(iii) The rights of Shareholders in respect of voting**

"***NOTICE OF GENERAL MEETINGS***

*65. (1) Subject to the provisions of the Act as to special resolutions and special notice, at least fourteen days' notice in writing (exclusive of both the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every general meeting shall be given in the manner hereinafter mentioned to such persons (including the Auditors) as are under the provisions herein contained entitled to receive 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.* *Notice*

*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.*

*(2) Notice of every General Meeting shall be given in any manner authorised by these Articles to:–*

*Persons who should be given notice*

*(a) every Member holding shares conferring the right to attend and vote at the meeting;*

*(b) the Directors (including alternate Directors) of the Company; and*

*(c) the Auditors.*

*(3) No other person shall be entitled to receive notices of General Meetings; provided that if the meeting be called for the alteration of the Company's objects, the provisions of the Act regarding notices to debenture holders shall be complied with.*

*Notice given to debenture holders when necessary*

*(4) The accidental omission to give notice of a meeting to or the non-receipt of notice of a General Meeting by any person entitled to receive notice shall not invalidate or otherwise affect the proceedings at any General Meeting.*

*Accidental omission to give and non-receipt of notice*

***PROCEEDINGS AT GENERAL MEETINGS***

*67. All business shall be deemed special that is transacted at any Extraordinary General Meeting, and all that is transacted at an Annual General Meeting shall also be deemed special, with the exception of the following which shall be ordinary business, that is to say:–*

*Ordinary Business*

*(a) sanctioning a dividend;*

*(b) the consideration of the accounts and balance sheets, the reports of the Directors and Auditors and any other documents accompanying or annexed to the balance sheets;*

*(c) the appointment of Directors in the place of those retiring by rotation or otherwise;*

*(d) the fixing of the remuneration of the Directors; and*

*(e) the appointment and fixing of the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed.*

*68. 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.*

*No business to be transacted unless quorum present*

*69. If within half an hour from the time appointed for the holding of a general meeting a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and*

*If quorum not present meeting adjourned or dissolved*

*place or if that day is a public holiday then to the next business day following that, and if at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the Member present in person or by proxy or by attorney or in the case of a corporation by a representative shall be a quorum and may transact the business for which the meeting was called.*

*Chairman of the Board to preside at all meetings*

*70. The Chairman (if any) of the Board of Directors shall preside 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.*

*Notice of adjournment to be given*

*71. 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.*

*How resolutions decided*

*72. At all general meetings, resolutions put to the vote of the meeting shall be decided on a show of hands, unless before or upon the declaration of the result of the show of hands a poll is demanded in writing by the Chairman or by at least two Members present in person or by proxy or by attorney or in the case of a corporation by a representative and entitled to vote thereat, or by the holder or holders in person or by proxy or by attorney or in the case of a corporation by a representative of at least one-tenth of the total number of paid-up shares of the Company (excluding Treasury Shares), and unless a poll is so demanded 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, shall be conclusive, and an entry to that effect in the minute book of the Company shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favour of or against such resolution. The demand for a poll may be withdrawn.*

*Poll to be taken as Chairman shall direct*

*73. 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 issue 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.*

74. *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*

75. *In the case of an equality of votes, either on a show of hands or on a poll, the Chairman of any meeting shall be entitled to a further or casting vote.* — *Chairman to have casting vote*

76. *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.* — *Business to be continued if poll demanded*

***VOTES OF MEMBERS***

77. *Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company, each Member entitled to vote may vote in person or by proxy or 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.* — *How votes may be given and who can act as proxy*

78. *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.* — *Votes of Member of unsound mind*

79. *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.* — *Objections*

80. *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.* — *Votes on a poll*

81. *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* — *Voting rights of joint holders*

*Depository Register shall alone be entitled to vote. Several executors or administrators of a deceased Member in whose name any share stands shall for the purposes of this Article be deemed joint holders thereof.*

82. *Subject to the provisions of these Articles no person other than a Member duly registered and who shall have paid everything for the time being due from him and payable to the Company in respect of his shares, shall be entitled to be present or to vote on any question either personally or by proxy or by an attorney or by a representative in the case of a corporation and to be reckoned in a quorum at any general meeting in respect of any fully paid-up shares and of any shares upon which calls due and payable to the Company shall have been paid.*

*Only Members not indebted to Company in respect of shares entitled to vote*

83. *No person shall be entitled to be recognised in a quorum in respect of shares upon which any call or other sum so due and payable shall be unpaid.*

*Members indebted to Company in respect of shares not entitled to be recognized in quorum.*

84. *(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 an 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 84(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 86, 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.*

85. *(1) Save for members who are nominee companies, 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 more than one proxy 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 per cent. of the shareholding and any subsequent named proxy as an alternate to the earlier 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.*

*(4) A proxy, attorney or representative need not be a Member.*

*86. 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 notarially 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*

*88. 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 the transfer of the share in respect of which the proxy is given Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Office (or 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.*

*Intervening death or unsoundness of mind of principal not to revoke proxy*

*89. 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."*

*Corporation acting by representatives*

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REAL ESTATE

**Dennis Wee Realty Pte Ltd** (Licence No: L3005183F)
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Co. Reg. No: 199206613C GST Reg. No: M2-0119005-3

**Our Ref: PTE/JUNE16/EC**

08 June 2016

**VALUATION FOR**

Eu Realty (Singapore) Private Limited
21 Tai Seng Drive
Singapore 535223

**VALUATION CERTIFICATE**

| | | | |
|---|---|---|---|
| **1.0** | **Purpose of Valuation** | : | To determine the current **Open Market Value** of the subject property for the voluntary conditional cash offer by Righteous Crane Holding Pte. Ltd. for Eu Yan Sang International Ltd. |
| **2.0** | **Date of Inspection** | : | 06 June 2016 |
| **3.0** | **Address of Property** | : | 21 Tai Seng Drive<br>Singapore 535223 |
| **4.0** | **Property Details** | | |
| | **4.1 Type** | : | A 6-Storey Detached Factory Building. |
| | **4.2 Land Area** | : | Approximately 3,053.6 sq m or 32,869 sq ft, *subject to survey* |
| | **4.3 Gross Floor Area** | : | Approximately 7,339.87 sq m or 79,006 sq ft, *subject to survey (according to client's information)* |
| | **4.4 Age** | : | Circa 1990's. However, the subject property has undergone addition and alteration works and completed in July 2013. |
| | **4.5 Condition** | : | Good |
| | **4.6 Orientation** | : | Main entrance faces North West |
| **5.0** | **Title & Tenure** | | |
| | **5.1 Legal Description** | : | MK23-4625W |
| | **5.2 Tenure/Title** | : | Leasehold of 60 years w.e.f 16/12/1990 |

*21 Tai Seng Drive*
*Singapore 535223*

**www.dwg.com.sg**

**6.0 Town Planning**

**Master Plan (2014)** : Business 2

**7.0 The Subject Property**

The subject development is located along Tai Seng Drive, off Airport Road. The surrounding properties are industrial factories and estates.

The subject development is a 6-storey detached industrial building erected on a rectangular shaped plot of land. The land has a flat contour and is slightly above the access road level. Vertical access is available goods and passengers' lifts and staircases.

The site is generally enclosed by chain linked fence and boundary brick walls with automatic barrier and metal sliding entrance gates.

**8.0 Tenancy Details**

The subject property is partially tenanted as at date of inspection.

**9.0 Method and Basis Of Valuation**

We have valued the subject property, in its existing continued use, by the Comparable Sales Method. In this method, a comparison is made with sales of similar properties in the vicinity and adjustments are made for differences in location, land area, land shape, floor area, age, condition, tenure, design and layout, dates of transaction and the prevailing market conditions etc., before arriving at the value of the subject property. The sale transactions of comparable detached factory are as follows:

| No. | Address | Land Area/ Floor Area | Type | Tenure | Contract Price | Date |
|---|---|---|---|---|---|---|
| 1 | 91 Defu Lane 10 Singapore 539221 | 4,880 sq m/ 12,112 sq m | 7-Sty Ind Bldg | 30+30 yrs w.e.f 01/05/1990 | S$22,300,000 (S$171 psf) | 24/02/2016 |
| 2 | 36 Kaki Bt Place Singapore 416214 | 1,914 sq m/ 5,202 sq m | 5-Sty Ind Bldg w Carpark | 60 yrs w.e.f 20/11/1995 | S$24,000,000 (S$429 psf) | 22/01/2016 |
| 3 | 19 Tai Seng Ave Singapore 534054 | 4,480 sq m/ 11,200 sq m | 7-Sty Ind Bldg | 30+30 yrs w.e.f 01/05/2007 | S$42,000,000 (S$348 psf) | 13/11/2015 |

The term "Open Market Value" is intended to mean the best price at which an interest in a property might reasonably be expected to be sold at the date of valuation assuming: -

a) A willing seller, willing buyer;
b) A reasonable period within which to negotiate the sale, taking into consideration the nature of the property and state of the market;
c) The property will be freely exposed to the market for a reasonable period of time; and
d) No account is to be taken of an additional bid by a special purchaser.

*21 Tai Seng Drive*
*Singapore 535223*

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**9.0 Method and Basis Of Valuation (Con't)**

Our valuation has been made on the assumption that the owner sells the Property on the open market in its existing state and without the benefit of a deferred terms contract, joint venture, or any similar arrangement which would affect the value of the Property.

Where market value is assessed, it reflects the full contract value and no account is taken of any liability to taxation on sale or of the cost involved in effecting a sale. The Property is valued on the assumption that it is free and clear of all mortgages, encumbrances and other outstanding premiums and charges.

Our valuation is prepared on the basis that the premises and any works thereto comply with all relevant statutory regulations. We understand that the buildings on site have been issued with Certificate of Statutory Completion by the Building Authority.

No structural survey has been made of the buildings and no guarantee is given in respect of rot, termite or pest infestation or other hidden defects. None of the services in the building was tested.

**10.0 Source of Information**

Where applicable, we have relied on information provided to us by our client pertaining to matters such as the gross floor area, usage, Grant Of Provisional Permission, tenure etc. All information provided is treated as true, accurate and we reserve the right to change our opinion of values if any information provided were to be materially change. No legal requisitions were done, we recommend that these information to be verified by the legal advisers.

**11.0 Confidentiality and Disclaimers**

This letter and Valuation Certificate may only be relied upon by Eu Realty (Singapore) Private Limited for the voluntary conditional cash offer by Righteous Crane Holding Pte. Ltd. for Eu Yan Sang International Ltd. This confidential document is for the sole use of persons directly provided with it by DWG.

Use by, or reliance upon this document by anyone other than Eu Realty (Singapore) Private Limited is not authorised by DWG and DWG is not liable for any loss arising from such unauthorised use or reliance. This document should not be reproduced without our prior written authority.

*21 Tai Seng Drive*
*Singapore 535223*

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**12.0 Valuation**

With due regard to the foregoing and taking into consideration the current market conditions and other relevant factors, we are of the opinion that the value of the subject property as at **06 June 2016**, free from encumbrances, is as follows:

| | | |
|---|---|---|
| **Open Market Value** | : | **S$27,500,000/-**<br>**(SINGAPORE DOLLARS TWENTY SEVEN MILLION AND FIVE HUNDRED THOUSAND ONLY)** |

Yours faithfully,
On and Behalf of
Dennis Wee Realty Pte Ltd

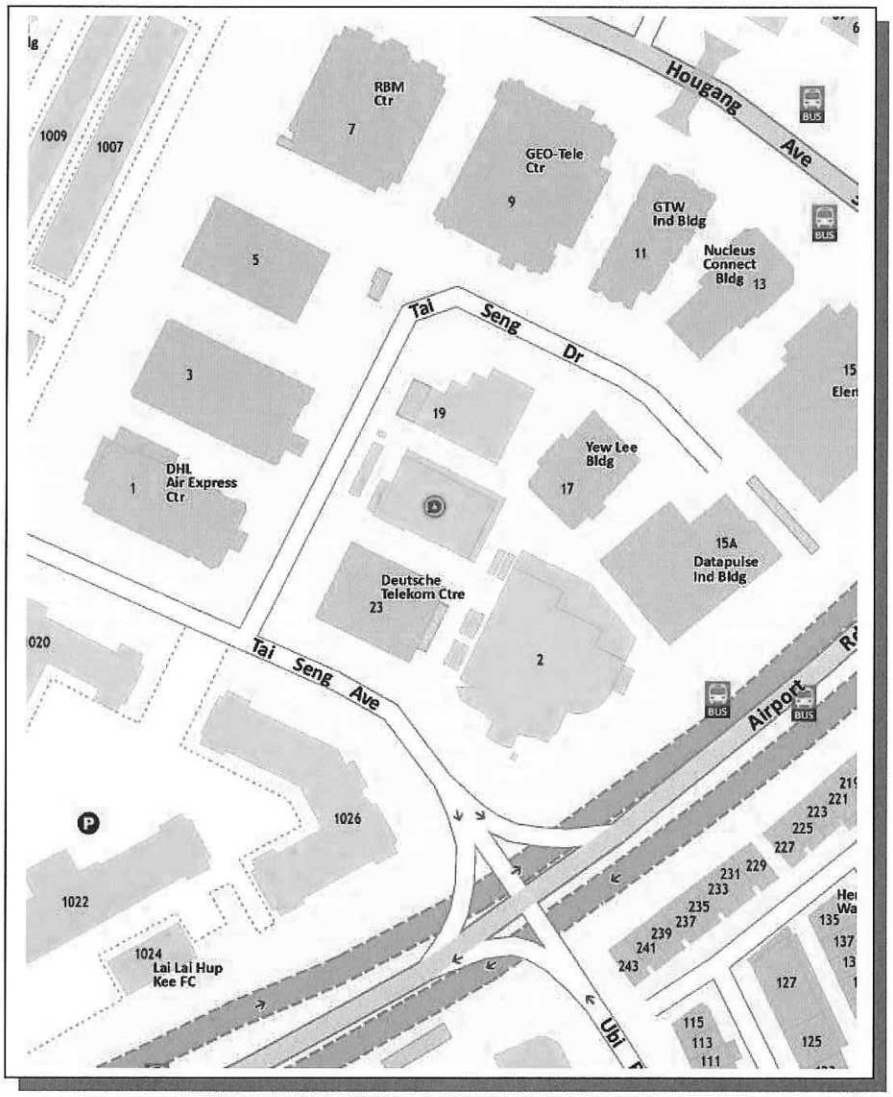
David Ng
(License No: AD041-2005203B)

Enclosures: Location Plan, Site Plan and Limiting Conditions

*21 Tai Seng Drive*
*Singapore 535223*

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# Location Plan



*21 Tai Seng Drive*
*Singapore 535223*

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# Site Plan




© 2015 OneMap

## LIMITING CONDITIONS

This valuation report has been prepared subject to the following limiting conditions:-

1. This valuation report is restricted to the use of our client or person(s) to whom this valuation report is specifically addressed to and for the specific purpose stated therein and to be used within a reasonable time. We disclaim any liability should it be used by other person(s) or for any other purpose(s) or beyond a reasonable time.

2. Neither the whole or any part of this valuation report or any reference to it may be included in any document, circular or statement or be published in any way without our prior written consent to the form and context in which it may appear. We shall bear no responsibility for any unauthorized inclusion or publication.

3. The valuer accepts no liability if his opinion is quoted without regard to the full background of the reason why this Report is written.

4. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to the amount of fees we received for this engagement.

5. The values assessed in this report for the subject property and any allocation of values between parts of the property applies strictly on the terms of and for the purpose of this valuation. The values assessed should not be used in conjunction with any other assessment as they may prove incorrect if so used.

6. Where it is stated in the Report that information has been made known to the Valuer by another party or obtained by the Valuer from any enquiries, searches or investigations made from any government or statutory bodies, this information is believed to be reliable and he disclaims all responsibility if this should later prove not to be so.

7. Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities to confirm that the property is not adversely affected by any public schemes. No requisition on road or drainage proposals has been made.

8. While due care is taken in the course of inspection to note serious building defects, no structural survey has been made and no guarantee is given that the building is free from rot, infestations or other hidden defects. We have also not made any tests on the building services and these services are presumed to be in good working order.

9. Our valuation assumes that as at the date of valuation, the property is free and clear of all mortgages, encumbrances and other outstanding premiums, charges and liabilities.

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

11. Our valuation presumes that the subject property, as currently used, is in compliance with the existing land use zoning and is not in contravention of any planning rules or regulations.

12. Any sketch, plan or map in this report is for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.

13. Where information is given without reference to another party in this Report, it shall be taken that this information has been obtained or gathered through our best efforts and to our best knowledge.

14. The report was prepared on the basis that we are not required to give testimony or appear in court or any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we be properly reimbursed.

DWG
REAL ESTATE

**Dennis Wee Realty Pte Ltd** (Licence No: L3005183F)
190 Lorong 6 Toa Payoh #03-512, Toa Payoh Shopping Centre, Singapore 310190
Tel : (65) 6333 5322 Fax : (65) 6352 6788 Website: www.dwg.com.sg
Co. Reg. No: 199206613C GST Reg. No: M2-0119005-3

**Our Ref: PTE/JUNE16/EC**

08 June 2016

**VALUATION FOR**

Eu Realty (Singapore) Private Limited
21 Tai Seng Drive
Singapore 535223

**VALUATION CERTIFICATE**

| | | | |
|---|---|---|---|
| **1.0** | **Purpose of Valuation** | : | To determine the current **Open Market Value** of the subject property for the voluntary conditional cash offer by Righteous Crane Holding Pte. Ltd. for Eu Yan Sang International Ltd. |
| **2.0** | **Date of Inspection** | : | 06 June 2016 |
| **3.0** | **Address of Property** | : | 265-275 South Bridge Road<br>Singapore 058814-058824 |
| **4.0** | **Property Details** | | |
| | **4.1 Type** | : | 6 units of 4-storey conservation shop houses |
| | **4.2 Land Area** | : | Approximately 868.8 sq m or 9,352 sq ft,<br>*subject to survey* |
| | **4.3 Gross Floor Area** | : | Approximately 2,848.9 sq m or 30,665 sq ft,<br>*subject to survey (according to client's information)* |
| | **4.4 Age** | : | Prewar |
| | **4.5 Condition** | : | Good |
| | **4.6 Orientation** | : | Front facade faces North West |
| **5.0** | **Title & Tenure** | | |
| | **5.1 Legal Description** | : | TS03-99873N/99871A/99868A/99869K/99866P/99864W |
| | **5.2 Tenure/Title** | : | Leasehold of 999 years w.e.f 01/10/1823 or 01/10/1827 |

## 6.0 Town Planning

**Master Plan (2014)** : Commercial (Located at Conservation Area)

## 7.0 The Subject Property

The subject development comprises 6 units of 4 storey conservation shop houses located along South Bridge Road.

The subject development comprises 6 units of partially amalgamated 4-storey conservation shop houses, erected on 7 regular-shaped plots of lands.

The building is generally constructed of reinforced concrete frames with brick infill walls, reinforced concrete/timber floors and tiled pitch roof.

## 8.0 Tenancy Details

The subject property is partially tenanted as at date of inspection.

## 9.0 Method and Basis Of Valuation

We have valued the subject property, in its existing continued use, by the Comparable Sales Method. In this method, a comparison is made with sales of similar properties in the vicinity and adjustments are made for differences in location, land area, land shape, floor area, age, frontages, condition, tenure, design and layout, dates of transaction and the prevailing market conditions etc., before arriving at the value of the subject property. The sale transactions of comparable detached factory are as follows:

| No. | Address | Land Area/ Floor Area | Type | Tenure | Contract Price | Date |
|---|---|---|---|---|---|---|
| 1 | 32 Upper Cross St Singapore 058339 | 111 sq m/ 269 sq m | 3-Sty Shophouse | Freehold | S$7,500,000 (S$2,590 psf) | 17/05/2016 |
| 2 | 9 Ann Siang Road Singapore 069690 | 104 sq m/ 279 sq m | 3-Sty Shophouse | Freehold | S$10,800,000 (S$3,596 psf) | 05/05/2016 |
| 3 | 83 Amoy St Singapore 069902 | 260 sq m/ 725 sq m | 3-Sty Shophouse | Freehold | S$20,250,000 (S$2,595 psf) | 28/03/2016 |

The term "Open Market Value" is intended to mean the best price at which an interest in a property might reasonably be expected to be sold at the date of valuation assuming: -

a) A willing seller, willing buyer;
b) A reasonable period within which to negotiate the sale, taking into consideration the nature of the property and state of the market;
c) The property will be freely exposed to the market for a reasonable period of time; and
d) No account is to be taken of an additional bid by a special purchaser.

**9.0 Method and Basis Of Valuation (Con't)**

Our valuation has been made on the assumption that the owner sells the Property on the open market in its existing state and without the benefit of a deferred terms contract, joint venture, or any similar arrangement which would affect the value of the Property.

Where market value is assessed, it reflects the full contract value and no account is taken of any liability to taxation on sale or of the cost involved in effecting a sale. The Property is valued on the assumption that it is free and clear of all mortgages, encumbrances and other outstanding premiums and charges.

Our valuation is prepared on the basis that the premises and any works thereto comply with all relevant statutory regulations. We understand that the buildings on site have been issued with Certificate of Statutory Completion by the Building Authority.

No structural survey has been made of the buildings and no guarantee is given in respect of rot, termite or pest infestation or other hidden defects. None of the services in the building was tested.

**10.0 Source of Information**

Where applicable, we have relied on information provided to us by our client pertaining to matters such as the gross floor area, usage, Grant Of Provisional Permission, tenure etc. All information provided is treated as true, accurate and we reserve the right to change our opinion of values if any information provided were to be materially change. No legal requisitions were done, we recommend that these information to be verified by the legal advisers.

**11.0 Confidentiality and Disclaimers**

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Use by, or reliance upon this document by anyone other than Eu Realty (Singapore) Private Limited is not authorised by DWG and DWG is not liable for any loss arising from such unauthorised use or reliance. This document should not be reproduced without our prior written authority.

*265-275 South Bridge Road*
*Singapore 058814-058824*

**www.dwg.com.sg**

**12.0 Valuation**

With due regard to the foregoing and taking into consideration the current market conditions and other relevant factors, we are of the opinion that the value of the subject property as at **06 June 2016**, free from encumbrances, is as follows:

**Open Market Value** : **S$48,000,000/-**
**(SINGAPORE DOLLARS FORTY EIGHT MILLION ONLY)**

Yours faithfully,
On and Behalf of
Dennis Wee Realty Pte Ltd

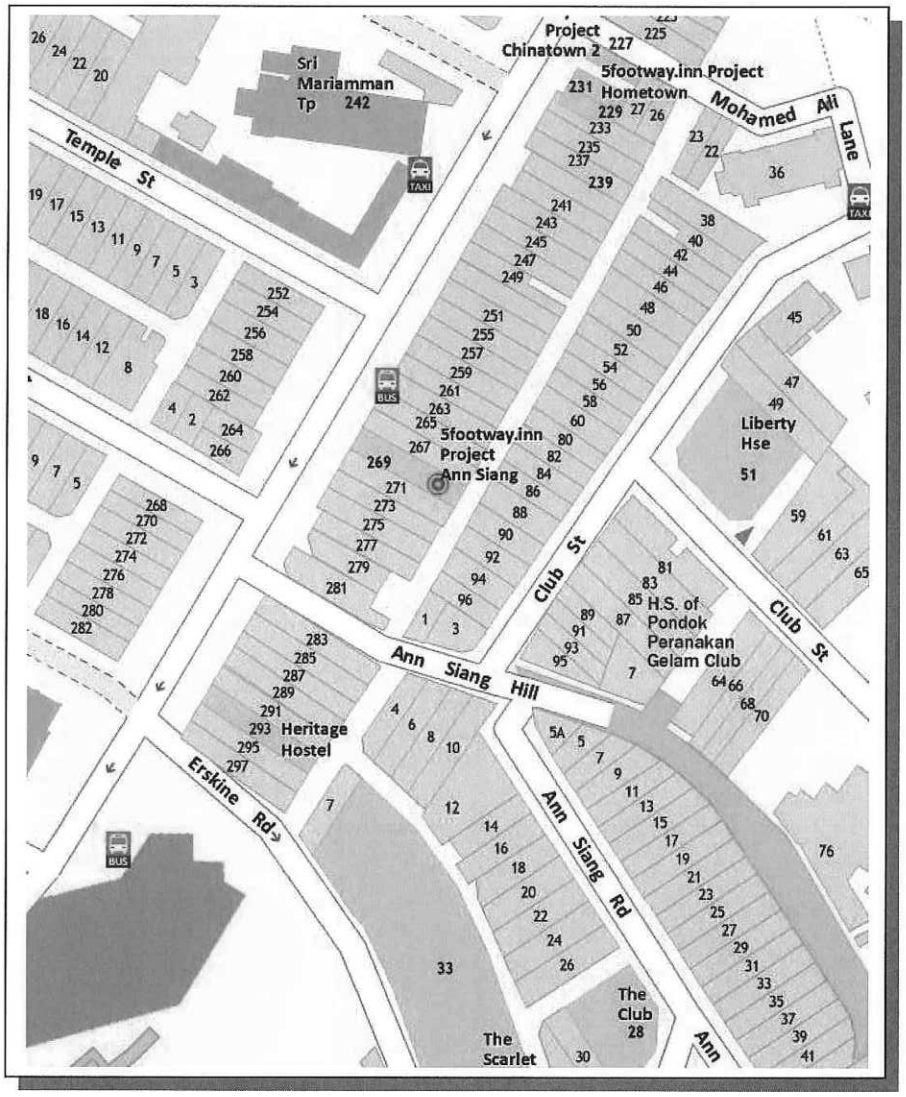
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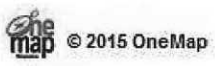
Enclosures: Location Plan, Site Plan and Limiting Conditions

*265-275 South Bridge Road*
*Singapore 058814-058824*

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# Location Plan



*265-275 South Bridge Road*
*Singapore 058814-058824*

www.dwg.com.sg

# Site Plan



## LIMITING CONDITIONS

This valuation report has been prepared subject to the following limiting conditions:-

1. This valuation report is restricted to the use of our client or person(s) to whom this valuation report is specifically addressed to and for the specific purpose stated therein and to be used within a reasonable time. We disclaim any liability should it be used by other person(s) or for any other purpose(s) or beyond a reasonable time.

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3. The valuer accepts no liability if his opinion is quoted without regard to the full background of the reason why this Report is written.

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7. Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities to confirm that the property is not adversely affected by any public schemes. No requisition on road or drainage proposals has been made.

8. While due care is taken in the course of inspection to note serious building defects, no structural survey has been made and no guarantee is given that the building is free from rot, infestations or other hidden defects. We have also not made any tests on the building services and these services are presumed to be in good working order.

9. Our valuation assumes that as at the date of valuation, the property is free and clear of all mortgages, encumbrances and other outstanding premiums, charges and liabilities.

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

11. Our valuation presumes that the subject property, as currently used, is in compliance with the existing land use zoning and is not in contravention of any planning rules or regulations.

12. Any sketch, plan or map in this report is for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.

13. Where information is given without reference to another party in this Report, it shall be taken that this information has been obtained or gathered through our best efforts and to our best knowledge.

14. The report was prepared on the basis that we are not required to give testimony or appear in court or any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we be properly reimbursed.

**Jones Lang LaSalle Limited**
Valuation Advisory Services
6/F Three Pacific Place 1 Queen's Road East Hong Kong
tel +852 2846 5000 fax +852 2968 0078
Licence No. C-003464

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牌照號碼 C-003464

ISO 9001 : 2008
Certificate No.: CC 568

10 June 2016

The Directors
Eu Yan Sang International Ltd
21 Tai Seng Drive
Singapore 535223

**Attention: The Board of Directors**

Dear Sir,

## Re: Valuation of Rés-Do-Chão B, Hei Van, Rua do Monte N° 1-B, Macau

## 1.0 INTRODUCTION

### Instructions

We refer to the instruction from **Eu Yan Sang International Ltd.** ("the Company") for us to prepare a market valuation of Rés-Do-Chão B, Hei Van, Rua do Monte N° 1-B, Macau ("the Property") subject to vacant possession as at 31 May 2016 ("the Date of Valuation"), for the purpose of the voluntary conditional cash offer by Righteous Crane Holding Pte. Ltd. for the Company.

We confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing the Company with our opinion of the market value of the unencumbered leasehold interest of the Property, as at the Date of Valuation.

### Basis of Valuation

All work is carried out in accordance with the "HKIS Valuation Standards 2012 Edition" published by The Hong Kong Institute of Surveyors ("HKIS"), the "International Valuation Standards" published by the International Valuation Standards Council ("IVSC") and the "RICS Valuation – Professional Standards 2014" published by the Royal Institution of Chartered Surveyors ("RICS") subject to variation to meet local established law. Unless otherwise stated, our valuation is undertaken as External Valuers as defined in the relevant Valuation Standards.

Compliance with the RICS standards may be subject to monitoring under the RICS' conduct and disciplinary regulations.

## 1.0 INTRODUCTION (CONT'D)

### Basis of Valuation (Cont'd)

Our valuation is made on the basis of Market Value as defined by IVSC and adopted by HKIS and RICS, set out as:

"*The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*"

The valuation presented in this report represents 100% interest of the Property and not the shareholdings of the company holding the property interests hereof.

Our valuation services have been executed in accordance with our Quality Assurance System, accredited by HKQAA via ISO 9001:2008 and our report has been prepared with reference to the assumptions, definitions and limiting conditions as set out in our General Principles of Valuation, copy of which is attached in Appendix No. 1.

Our valuation complies with the Financial Report Standard (FRS) 113, which is based on the Highest and Best Use. "Highest and best Use" is the most probable use of an asset which is physically possible, legally permissible and financially feasible which results in the highest value of the asset being valued.

### Valuation Assumptions

Our valuation has been made on the assumption that the owner sells the Property on the market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to affect the values of the Property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation that may be incurred in effecting the sales. Unless otherwise stated, it is assumed that the Property is free of legal complications and encumbrances, restrictions, outgoings of an onerous nature that could affect the values.

We have assumed that the owner of the Property has free and uninterrupted rights to use and assign the Property for the whole of the unexpired land lease term as granted. Unless otherwise stated, we have valued the Property on the assumption that it is freely disposable and transferable for the existing use without payment of any premium to the relevant authorities.

## 1.0 INTRODUCTION (CONT'D)

### Source of Information

We have relied to a considerable extent on the information provided by the Company and we have accepted advice in relation to particulars of occupancy, floor areas, floor plans and all other relevant matters. The dimensions, measurements and areas included in the report are based on information contained in copies of documents made available to us and thus are approximations. We have not carried out on site measurements to verify the correctness of the floor areas of the Property.

We have no reason to doubt the truth and accuracy of the information provided to us. The Company also advised that no material facts have been omitted from the information supplied and we have no reason to suspect that material information has been withheld.

Our valuation is totally dependent on the adequacy and accuracy of the information supplied and/ or the assumptions made. Should these prove to be incorrect or inadequate, the accuracy of our valuation may be affected and we reserve the right to adjust the values reported herein.

All measurements are carried out in accordance with the "Code of Measuring Practice" booklet published by the HKIS. Unless otherwise stated, we do not physically measure the actual properties or verify the floor areas provided to us, unless we specifically agree in writing to do so, although we make reference to the registered floor plans if available. To suit the local legislation and/or client's request or agreement, we declare our departure from the "RICS property measurement" published by RICS in May 2015.

### Title Investigation

We have caused searches on the Property conducted in the Conservatoria do Registo Predial ("Land Registry") for the Property on 3 June 2016 ("Land Search Record"). However, we have not searched the original documents to verify the ownership or to ascertain the existence of any lease amendments, which may not appear on the land search records. All documents and leases have been used for reference only. We have not seen original planning consents and have assumed that the Property had been erected, being occupied and used in accordance with such consents and that there are no outstanding statutory notices.

### Valuation Method

We have adopted the Direct Comparison Method and Income Capitalization Method in the course of our valuation.

The Direct Comparison Method is based on comparing the property to be valued directly with other comparable Property, which have recently been subject to transfer of legal ownership. However, given the differences between individual real estate Property, appropriate adjustments are required to allow for any qualitative and quantitative differences that may affect the price likely to be achieved by the property under consideration.

The Income Capitalization Method is based on the capitalization of the fully leased, current passing rental income and potential reversionary income of the property from the date of valuation at appropriate investment yields to arrive at the capital value. The rental value and capitalization rate to be adopted for the valuation are derived from analysis of market transactions and/or our interpretation of prevailing investor requirements or expectations.

## 1.0 INTRODUCTION (CONT'D)

### Property Inspection

We inspected the exterior, and where possible the interior of the Property on 3 June 2016 by our Mark Wong, Senior Analyst.

We have not conducted site and structural surveys and, as such, we cannot report that the Property is free from rot, infestation or any other structural defects. We have not carried out building surveys, nor have we inspected those parts of the Property, which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We cannot express an opinion about or advise upon the condition of uninspected parts and this report should not be taken as making any implied representation or statement about such parts. No tests have been carried out to any of the building services within the Property.

We were not instructed to arrange for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the Property, or has since been incorporated, and we are therefore unable to report that the Property are free from risk in this respect. For the purpose of this valuation, we have assumed that such investigations would not disclose the presence of any such material to any significant extent.

### Plant and Machinery

Our valuation normally includes all plant and machinery that form part of the building services installations. However, process plant, machinery and equipment which may have been installed wholly in connection with the occupiers' industrial or commercial processes, together with furniture and furnishings, tenants' fixtures and fittings are excluded.

### Potential Tax Liability

There is potential tax liability which might arise on the disposal of the Property, including but not limited to profit tax, business tax, land appreciation tax, capital gain tax and any other relevant taxes prevailing at the time. The basis and definition of market value do not allow for any taxation that may be incurred in effecting a sale and therefore we have not considered such tax liability in the valuation.

### Foreign Exchange

We have valued the Property in Hong Kong Dollars ("HK$").

JLL
仲量聯行

**Rés-Do-Chão B,**
**Hei Van, Rua do Monte N° 1-B, Macau**

## 1.0 INTRODUCTION (CONT'D)

### Report

Neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

Finally and in accordance with our standard practice, we must state that this report is for the use of the Company for the stated use and no responsibility is accepted to any third party for the whole or any part of its contents.

The valuation certificate is attached hereto.

Yours faithfully
For and on behalf of
**Jones Lang LaSalle Limited**



Au Kin Keung, Alkan
BA (Hons), MHKIS, MRICS, RPS (GP), MCIREA
National Director
Licence No.: E-181955

Mr. Au is a Registered Professional Surveyor in Hong Kong, a professional member of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors and a member of China Institute of Real Estate Appraisers and Agents. He has over 13-year experience in valuation of properties in Macau.

## 2.0 VALUATION CERTIFICATE

| Property | Description, age and tenure | Particulars of occupancy | Market value in its existing state as at 31 May 2016 |
|---|---|---|---|
| Rés-Do-Chão B,<br>Hei Van,<br>Rua do Monte N° 1-B,<br>Macau<br>("the Property")<br><br>Property Reference N°.20872-BR/C | The Property comprises a ground floor shop together with a cockloft in a 5-storey (excluding the basement and upper basement levels) tenement building known as Hei Van (喜運大廈) ("the Building") located at Rua do Monte (大炮台街).<br><br>As per the Land Search Record, the Building was completed in 1976.<br><br>The saleable area of the Property is approximately 465ft² (43.2m²).<br><br>The Property is held under Propriedade Privada (私有產權地). | As advised by the Company, the Property was owner-occupied as at the Date of Valuation. | HK$72,000,000 (HONG KONG DOLLARS SEVENTY-TWO MILLION) |

**Notes:**

(1) As per the Land Search Record, the registered owner of the Property is Yan Sang Biotecnologia Companhia Limitada 仁生生物科技有限公司.

(2) As per the Land Search Record, there was no material encumbrance registered against the Property.

(3) We have valued the Property subject to vacant possession as at the Date of Valuation.



Rés-Do-Chão B,
Hei Van, Rua do Monte N° 1-B, Macau

**APPENDIX NO. 1**

# General Principles of Valuation



**GENERAL PRINCIPLES ADOPTED IN THE PREPARATION AND CONDITIONS THAT APPLY TO AND FORM PART OF MACAU VALUATIONS AND REPORTS**

This document sets out the general principles upon which our Valuations and Reports are normally prepared, and the conditions that apply to and form part of our Valuations and Reports. They apply unless we have specifically mentioned otherwise in the body of the report. Where appropriate, we will be pleased to discuss variations to suit any particular circumstances, where appropriate, or to arrange for the execution of structural or site surveys, or any other more detailed enquiries. Any variations to these general principles and/or conditions must be confirmed in writing.

Our Valuations and Reports are confidential to, and for the use only of, the party to whom they are addressed and for the stated specific purpose. No responsibility whatsoever is accepted to any third parties who may use or rely on the whole or any part of the contents of any such Valuation or Report. The whole or any part of the Valuation or Report, or reference thereto, must not be published or referred to in any document, statement, circular, or in any communication with third parties, without our prior written approval of the form and context in which it will appear.

**1. Valuation Methodology:**

All work is carried out in accordance with the "HKIS Valuation Standards 2012 Edition" published by The Hong Kong Institute of Surveyors ("HKIS"), the "International Valuation Standards" published by the International Valuation Standards Council ("IVSC") and the "RICS Valuation – Professional Standards 2014" published by the Royal Institution of Chartered Surveyors ("RICS") subject to variation to meet local established law. Unless otherwise stated, our valuations are undertaken as External Valuers as defined in the relevant Valuation Standards.

Compliance with the RICS standards may be subject to monitoring under the RICS' conduct and disciplinary regulations.

**2. Valuation Basis:**

Our valuations are made on the basis of Market Value as defined by IVSC and adopted by HKIS and RICS, set out as:

*"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."*

Our valuations are made on the assumption that the owner sells the property on the open market without the benefit of a deferred terms contract, leaseback, joint venture or similar arrangement which would serve to affect the value of the property.

Each valuation is current as at the date of valuation only. The value assessed may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of preceding half of this paragraph, we do not assume any responsibility or accept liability where this valuation is relied upon after the expiration of three months from the date of valuation.

**3. Costs:**

No allowances are made in our valuations for dealing with any encumbrances such as charges, mortgages, nor for amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale or disposal.

**4. Source of Information:**

We accept as being complete and correct the information provided to us, by the sources listed, as to details of tenure, tenancies, tenant's improvements, planning consents and other relevant matters, as summarized in our report.

.../2





**5. Assumptions**

Unless we state otherwise in the valuation, our valuation assumes (without investigation on our part), where applicable,

(a) good and marketable title, and no encumbrance on the property's title which could materially affect its value,
(b) no encroachment by or on the property and no unauthorized additions or structural alterations (our valuation is made according to the original layout as shown in the Registered Floor Plans or developer's brochure and assumes no outstanding reinstatement costs to be charged on the property),
(c) no major environmental factor (including contamination) affects the property,
(d) no deficiencies in the structural integrity of the property and other improvements,
(e) the property is not affected or required for any public purposes or is to be acquired for a public purpose,
(f) there are no outstanding statutory orders on the property or the likely possibility of future orders being made by a regulatory authority,
(g) body corporate records and finances are in a satisfactory order and there are no major financial commitments, orders or levies in respect of any major rectifications, remedial or other works to be undertaken by the body corporate above normal maintenance,
(h) no material litigation pending relating to the property,
(i) that the property (and any works thereto) comply with all relevant statutory regulations, including enactments relating to fire regulations,
(j) no deleterious materials (including by way of example asbestos and calcium chloride)
(k) ground conditions and services are suitable (including, particularly with respect to agricultural land, no possibility of latent infestation in the soil or of disease which might affect crops or stock at any time in the future) and no extraordinary expenses or delays will be incurred due to archaeological, ecological or environmental matters.

Without affecting the generality of the above, where leases or documents of title or site and building surveys or building report or pest certificate or engineer's certificate or body corporate records are provided to us for the purpose of the valuation, reliance must not be placed on our interpretation thereof of any of these documents.

**6. Tenants:**

Enquiries as to the financial standing of actual or prospective tenants are not made unless we specifically agree to in writing. Where property is valued with the benefit of lettings, it is therefore assumed, unless we are informed otherwise in writing, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

**7. Measurements:**

All measurements are carried out in accordance with the "Code of Measuring Practice" booklet published by the HKIS. Unless otherwise stated, we do not physically measure the actual properties or verify the floor areas provided to us, unless we specifically agree in writing to do so, although we make reference to the registered floor plans if available. To suit the local legislation and/or client's request or agreement, we declare our departure from the "RICS property measurement" published by RICS in May 2015.

**8. Jurisdiction:**

Unless the parties otherwise agree in writing, all disputes arising out and relating to our valuation shall be finally settled under Hong Kong Law and the parties irrevocably submit to the jurisdiction of the Hong Kong Courts.

**********

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Hei Van, Rua do Monte N° 1-B, Macau

**APPENDIX NO. 2**

# Photograph and Location Map of the Property

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**Rés-Do-Chão B,**
**Hei Van, Rua do Monte N° 1-B, Macau**

**Photo of the Property:**




**Location Map of the Property:**




(For Identification Only) (Source: D.S.C.C.)



Rés-Do-Chão B,
Hei Van, Rua do Monte N° 1-B, Macau

**APPENDIX NO. 3**

# Copy of Land Search Record

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**Rés-Do-Chão B,**
**Hei Van, Rua do Monte N° 1-B, Macau**

澳門特別行政區政府
Governo da Região Administrativa Especial de Macau
物業登記局
Conservatória do Registo Predial

## 物業登記書面報告
## INFORMAÇÃO POR ESCRITO DO REGISTO PREDIAL

物業 PRÉDIO: 澳門，大炮台街 1-B 號 喜運大廈 地下 B 座
EM MACAU, RUA DO MONTE Nº 1-B, HEI VAN RÉS-DO-CHÃO B

參考編號 Nº DE REFERÊNCIA: 20872 - BR/C

房地產識別資料 PARTE IDENTIFICADORA DO PRÉDIO 標示編號 Nº DA DESCRIÇÃO: 20872

位置 LOCALIZAÇÃO:
澳門 MACAU
銅鑼圍（居仁里） PATIO DA BATEGA NºS 4 - 6
刀里（昇發圍） BECO DA FACA NºS 1 - 5
大炮台街 RUA DO MONTE NºS 1 - 3-E

法律制度 REGIME JURÍDICO:
私有產權地 PROPRIEDADE PRIVADA

性質 NATUREZA:
都市用地 URBANO

組成部份 COMPOSIÇÃO:
地庫，地庫上層，地下，夾層及四個樓層組成 CAVE, CAVE SUPERIOR, RÉS-DO-CHÃO, MEZANINE E 4 ANDARES
獨立單位總數目 Nº TOTAL DAS FRACÇÕES AUTÓNOMAS: 116

其他備考 OUTRAS REFERÊNCIAS:
房地產紀錄編號 MATRIZ: 12932
使用准照發出年份 ANO EM QUE FOI EMITIDA A LICENÇA DE UTILIZAÇÃO: 1976

獨立單位識別資料 PARTE IDENTIFICADORA DA FRACÇÃO AUTÓNOMA 單位名稱 DESIGNAÇÃO: BR/C

單位入口 COM ENTRADA PELA: 大炮台街 RUA DO MONTE Nº 1-B
用途 FINALIDADE: 商業 COMÉRCIO
面積 ÁREA: 43.2000 平方米 mq

業權登錄資料 INSCRIÇÃO DE PROPRIEDADE

申請日期及編號 DATA E Nº DA APRESENTAÇÃO: 26/06/2014 - 205

登錄編號 Nº DA INSCRIÇÃO: 283201 G

原因 CAUSA: 購買 COMPRA
業權人 PROPRIETÁRIO(S): 仁生生物科技有限公司 YAN SANG BIOTECNOLOGIA COMPANHIA LIMITADA

續下頁 CONTINUA NA PÁGINA SEGUINTE

物業登記局 格式 CM/1
CRP Modelo CM/1

A-4 規格印件 2016年3月
Formato A-4 Imp. Mar. 2016

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**Rés-Do-Chão B,**
**Hei Van, Rua do Monte N° 1-B, Macau**

備考索引 COTAS DE REFERÊNCIA

| 申請日期及編號 DATA E Nº DA APRESENTAÇÃO | 事由 FACTO | 登錄編號 Nº. DA INSCRIÇÃO |
|---|---|---|
| 27/04/1977 - 8 | 分層登記 PHCO | 8877 F9 |
| 26/06/2014 - 205 | 取得登記 AQUI | 283201 G |

完 FIM

工作人員 FUNCIONÁRIO: JOEYCCI

費用 EMOLUMENTO: 澳門元 MOP $ 10 <訓令第522/99/M號 物業登記手續費表 第6條第3款a) 項 >
<PORTARIA Nº522/99/M, TABELA DE EMOLUMENTOS DO REGISTO PREDIAL, ART. 6º, Nº 3, AL. a) >
申請日期及編號 DATA E Nº DO PEDIDO : 03/06/2016-128 (CRP)
確認代號 CÓDIGO DA CONFIRMAÇÃO : CRP-20160603-00128-767902

登記資料截至 OS DADOS REGISTRAIS REPORTAM-SE ATÉ : 20/05/2016
本報告僅作資訊用途。 <物業登記法典第99條第四款及第五款>
A PRESENTE INFORMAÇÃO TEM MERAMENTE VALOR INFORMATIVO . <CÓDIGO DO REGISTO PREDIAL, ART. 99º, Nº 4 E Nº 5> 201606031106

F 616255

Jones Lang LaSalle Limited
Valuation Advisory Services
6/F Three Pacific Place 1 Queen's Road East H.K.
tel +852 2846 5000 fax +852 2968 0078
Company Licence No.: C-003464

仲量聯行有限公司
物業估價部
香港皇后大道東 1 號太古廣場三期 6 樓
電話 +852 2846 5000 傳真 +852 2968 0078
牌照號碼 C-003464

10 June 2016

The Directors
Eu Yan Sang International Ltd
21 Tai Seng Drive
Singapore 535223
Attention: The Board of Directors

Dear Sir,

**Re: Property Valuation of Ground Floor (Flat L on G/F), On Ning Building, No.79 Mut Wah Street, Kwun Tong, Kowloon**

## 1.0 INTRODUCTION

### Instructions

We refer to the instruction from **Eu Yan Sang International Ltd.** ("the Company") for us to prepare market valuation of Ground Floor (Flat L on G/F), On Ning Building, No.79 Mut Wah Street, Kwun Tong, Kowloon ("the Property") subject to vacant possession as at 31 May 2016 ("the Date of Valuation"), for the purpose of the voluntary conditional cash offer by Righteous Crane Holding Pte. Ltd. for the Company.

We confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing the Company with our opinion of the market value of the unencumbered leasehold interest of the Property, as at the Date of Valuation.

### Basis of Valuation

All work is carried out in accordance with the "HKIS Valuation Standards 2012 Edition" published by The Hong Kong Institute of Surveyors ("HKIS"), the "International Valuation Standards" published by the International Valuation Standards Council ("IVSC") and the "RICS Valuation – Professional Standards 2014" published by the Royal Institution of Chartered Surveyors ("RICS") subject to variation to meet local established law. Unless otherwise stated, our valuation is undertaken as External Valuers as defined in the relevant Valuation Standards.

Compliance with the RICS standards may be subject to monitoring under the RICS' conduct and disciplinary regulations.

## 1.0 INTRODUCTION (CONT'D)

### Basis of Valuation (Cont'd)

Our valuation is made on the basis of Market Value as defined by IVSC and adopted by HKIS and RICS, set out as:

"*The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*"

The valuation presented in this report represents 100% interest of the Property and not the shareholdings of the company holding the property interests hereof.

Our valuation services have been executed in accordance with our Quality Assurance System, accredited by HKQAA via ISO 9001:2008 and our report has been prepared with reference to the assumptions, definitions and limiting conditions as set out in our General Principles of Valuation, copy of which is attached in Appendix No. 1.

Our valuation complies with the Financial Report Standard (FRS) 113, which is based on the Highest and Best Use. "Highest and best Use" is the most probable use of an asset which is physically possible, legally permissible and financially feasible which results in the highest value of the asset being valued.

### Valuation Assumptions

Our valuation has been made on the assumption that the owner sells the Property on the market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to affect the values of the Property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation that may be incurred in effecting the sales. Unless otherwise stated, it is assumed that the Property are free of legal complications and encumbrances, restrictions, outgoings of an onerous nature that could affect the values.

We have assumed that the owner of the Property has free and uninterrupted rights to use and assign the Property for the whole of the unexpired land lease term as granted. Unless otherwise stated, we have valued the Property on the assumption that it is freely disposable and transferable for the existing use without payment of any premium to the relevant authorities.

## 1.0 INTRODUCTION (CONT'D)

### Source of Information

We have relied to a considerable extent on the information provided by the Company and we have accepted advice in relation to particulars of occupancy, floor areas, floor plans and all other relevant matters. The dimensions, measurements and areas included in the report are based on information contained in copies of documents made available to us and thus are approximations. We have not carried out on site measurements to verify the correctness of the floor areas of the Property.

We have no reason to doubt the truth and accuracy of the information provided to us. The Company also advised that no material facts have been omitted from the information supplied and we have no reason to suspect that material information has been withheld.

Our valuation is totally dependent on the adequacy and accuracy of the information supplied and/ or the assumptions made. Should these prove to be incorrect or inadequate, the accuracy of our valuation may be affected and we reserve the right to adjust the values reported herein.

All measurements are carried out in accordance with the "Code of Measuring Practice" booklet published by the HKIS. Unless otherwise stated, we do not physically measure the actual properties or verify the floor areas provided to us, unless we specifically agree in writing to do so, although we make reference to the registered floor plans if available. To suit the local legislation and/or client's request or agreement, we declare our departure from the "RICS property measurement" published by RICS in May 2015.

### Title Investigation

We have not been provided with copies of the title documents relating to the property but we have caused searches to be made at the Land Registry. However, we have not examined the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies handed to us. All documents and leases have been used for reference only and all dimensions, measurements and areas are approximate. No on-site measurements have been taken.

### Valuation Method

We have adopted the Direct Comparison Method in the course of our valuation.

The Direct Comparison Method is based on comparing the property to be valued directly with other comparable Property, which have recently been subject to transfer of legal ownership. However, given the differences between individual real estate Property, appropriate adjustments are required to allow for any qualitative and quantitative differences that may affect the price likely to be achieved by the property under consideration.

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## 1.0 INTRODUCTION (CONT'D)

### Property Inspection

We inspected the exterior, and where possible the interior of the Property on 7 June 2016 by our Terence Lau, Valuer. We have not conducted site and structural surveys and, as such, we cannot report that the Property is free from rot, infestation or any other structural defects. We have not carried out building surveys, nor have we inspected those parts of the Property, which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We cannot express an opinion about or advise upon the condition of uninspected parts and this report should not be taken as making any implied representation or statement about such parts. No tests have been carried out to any of the building services within the Property.

We were not instructed to arrange for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the Property, or has since been incorporated, and we are therefore unable to report that the Property are free from risk in this respect. For the purpose of this valuation, we have assumed that such investigations would not disclose the presence of any such material to any significant extent.

### Plant and Machinery

Our valuation normally includes all plant and machinery that form part of the building services installations. However, process plant, machinery and equipment which may have been installed wholly in connection with the occupiers' industrial or commercial processes, together with furniture and furnishings, tenants' fixtures and fittings are excluded.

### Potential Tax Liability

There is potential tax liability which might arise on the disposal of the Property, including but not limited to profit tax, business tax, land appreciation tax, capital gain tax and any other relevant taxes prevailing at the time. The basis and definition of market value do not allow for any taxation that may be incurred in effecting a sale and therefore we have not considered such tax liability in the valuation.

### Foreign Exchange

We have valued the Property in Hong Kong Dollars ("HK$").

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**Ground Floor (Flat L on G/F), On Ning Building,
No. 79 Mut Wah Street, Kwun Tong, Kowloon**

## 1.0 INTRODUCTION (CONT'D)

**Report**

Neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

Finally and in accordance with our standard practice, we must state that this report is for the use of the Company for the stated use and no responsibility is accepted to any third party for the whole or any part of its contents.

The valuation certificate is attached hereto.

Yours faithfully
For and on behalf of
**Jones Lang LaSalle Limited**



Cliff Tse B.Sc.(Hons), FHKIS, MRICS, RPS(GP)
Regional Director
*Licence No. E-145551*

Mr. Tse is a Fellow member of The Hong Kong Institue of Surveyors, a Registered Professional Surveyor in Hong Kong and a professional member of the Royal Institution of Chartered Surveyors. He has over 20-year experience in valuation of properties in Hong Kong.

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**Ground Floor (Flat L on G/F), On Ning Building,
No. 79 Mut Wah Street, Kwun Tong, Kowloon**

## 2.0 VALUATION CERTIFICATE

| Property | Description, age and tenure | Particulars of occupancy | Market value in its existing state as at 31 May 2016 |
|---|---|---|---|
| Ground Floor (Flat L on G/F), On Ning Building, No. 79 Mut Wah Street, Kwun Tong, Kowloon.<br><br>1/116 shares of and in Kwun Tong Inland lot No. 404. | The property comprises one of the twelve retail units on the ground floor of On Ning Building and the building was completed in 1965.<br><br>The retail unit has a total saleable area of approximately 475 ft2 (44.13 $m^2$).<br><br>Kwun Tong Inland lot No. 404 is held under Conditions of Sale No. 7889 for a term of 99 years commenced from 01/07/1898 and had been extended until 30/06/2047. The current Government Rent payable is $160 per annum. | The property was tenanted as at the Date of Valuation.<br><br>The property is leased for a term due to expire in March 2017 at a rent of HK$173,000 per month, exclusive of rates and management fee. The tenant is "Luk Fook Jewelry". | HK$84,000,000 (HONG KONG DOLLARS EIGHTY FOUR MILLION) |

**Notes:**

1) The registered owner of the property is Eu Yan Sang (Properties) Limited vide Memorial No. 14091001860011 dated 29th August 2014.

2) The property is subject to the following encumbrances:

   i) Deed of Mutual Covenant registered on 20th October 1965 vide Memorial No. UB506448.
   ii) Order No.DBZ/U02-45/0001/07 by the Building Authority under S.26 of the Buildings Ordinance (Re: Exterior and common parts of the building) dated 1st August 2008 vide Memorial No.08100301290092.
   iii) Order No.UBZ/U02-45/0038/07 by the Building Authority under S.24(1) of the Buildings Ordinance dated 5th June 2009 vide Memorial No.09111700360101.

3) Upon external inspection, we noted that Shop No. 77 (i.e. Flat K on G/F) and the subject property had been combined together to be occupied as one shop. According to the land registry record, the registered owner of Shop No. 77 is Ming Wai Investments Limited.



Ground Floor (Flat L on G/F), On Ning Building,
No. 79 Mut Wah Street, Kwun Tong, Kowloon

**APPENDIX NO. 1**

# General Principles of Valuation

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**GENERAL PRINCIPLES ADOPTED IN THE PREPARATION AND CONDITIONS THAT APPLY TO AND FORM PART OF HONG KONG VALUATIONS AND REPORTS**

This document sets out the general principles upon which our Valuations and Reports are normally prepared, and the conditions that apply to and form part of our Valuations and Reports. They apply unless we have specifically mentioned otherwise in the body of the report. Where appropriate, we will be pleased to discuss variations to suit any particular circumstances, where appropriate, or to arrange for the execution of structural or site surveys, or any other more detailed enquiries. Any variations to these general principles and/or conditions must be confirmed in writing.

Our Valuations and Reports are confidential to, and for the use only of, the party to whom they are addressed and for the stated specific purpose. No responsibility whatsoever is accepted to any third parties who may use or rely on the whole or any part of the contents of any such Valuation or Report. The whole or any part of the Valuation or Report, or reference thereto, must not be published or referred to in any document, statement, circular, or in any communication with third parties, without our prior written approval of the form and context in which it will appear.

**1. Valuation Methodology:**

All work is carried out in accordance with the "HKIS Valuation Standards 2012 Edition" published by The Hong Kong Institute of Surveyors ("HKIS"), the "International Valuation Standards" published by the International Valuation Standards Council ("IVSC") and the "RICS Valuation – Professional Standards 2014" published by the Royal Institution of Chartered Surveyors ("RICS") subject to variation to meet local established law. Unless otherwise stated, our valuations are undertaken as External Valuers as defined in the relevant Valuation Standards.

Compliance with the RICS standards may be subject to monitoring under the RICS' conduct and disciplinary regulations.

**2. Valuation Basis:**

Our valuations are made on the basis of Market Value as defined by IVSC and adopted by HKIS and RICS, set out as:

*"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."*

Our valuations are made on the assumption that the owner sells the property on the open market without the benefit of a deferred terms contract, leaseback, joint venture or similar arrangement which would serve to affect the value of the property.

Each valuation is current as at the date of valuation only. The value assessed may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of preceding half of this paragraph, we do not assume any responsibility or accept liability where this valuation is relied upon after the expiration of three months from the date of valuation.

**3. Costs:**

No allowances are made in our valuations for dealing with any encumbrances such as charges, mortgages, nor for amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale or disposal.

**4. Source of Information:**

We accept as being complete and correct the information provided to us, by the sources listed, as to details of tenure, tenancies, tenant's improvements, planning consents and other relevant matters, as summarized in our report.

.../2

**5. Assumptions**

Unless we state otherwise in the valuation, our valuation assumes (without investigation on our part), where applicable,

(a) good and marketable title, and no encumbrance on the property's title which could materially affect its value,
(b) no encroachment by or on the property and no unauthorized additions or structural alterations (our valuation is made according to the original layout as shown in the Registered Floor Plans or developer's brochure and assumes no outstanding reinstatement costs to be charged on the property),
(c) no major environmental factor (including contamination) affects the property,
(d) no deficiencies in the structural integrity of the property and other improvements,
(e) the property is not affected or required for any public purposes or is to be acquired for a public purpose,
(f) there are no outstanding statutory orders on the property or the likely possibility of future orders being made by a regulatory authority,
(g) body corporate records and finances are in a satisfactory order and there are no major financial commitments, orders or levies in respect of any major rectifications, remedial or other works to be undertaken by the body corporate above normal maintenance,
(h) no material litigation pending relating to the property,
(i) that the property (and any works thereto) comply with all relevant statutory regulations, including enactments relating to fire regulations,
(j) no deleterious materials (including by way of example asbestos and calcium chloride)
(k) ground conditions and services are suitable (including, particularly with respect to agricultural land, no possibility of latent infestation in the soil or of disease which might affect crops or stock at any time in the future) and no extraordinary expenses or delays will be incurred due to archaeological, ecological or environmental matters.

Without affecting the generality of the above, where leases or documents of title or site and building surveys or building report or pest certificate or engineer's certificate or body corporate records are provided to us for the purpose of the valuation, reliance must not be placed on our interpretation thereof of any of these documents.

**6. Tenants:**

Enquiries as to the financial standing of actual or prospective tenants are not made unless we specifically agree to in writing. Where properties are valued with the benefit of lettings, it is therefore assumed, unless we are informed otherwise in writing, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

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**8. Jurisdiction:**

Unless the parties otherwise agree in writing, all disputes arising out and relating to our valuation shall be finally settled under Hong Kong Law and the parties irrevocably submit to the jurisdiction of the Hong Kong Courts.

**********

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**Ground Floor (Flat L on G/F), On Ning Building,
No. 79 Mut Wah Street, Kwun Tong, Kowloon**

**APPENDIX NO. 2**

# Photographs, Location Map and Floor Plan of the Property

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**Ground Floor (Flat L on G/F), On Ning Building,
No. 79 Mut Wah Street, Kwun Tong, Kowloon**





*Exterior of the subject building – On Ning Building*

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**Ground Floor (Flat L on G/F), On Ning Building,
No. 79 Mut Wah Street, Kwun Tong, Kowloon**







*Frontage of the subject property onto Mut Wah Street*

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**Ground Floor (Flat L on G/F), On Ning Building,
No. 79 Mut Wah Street, Kwun Tong, Kowloon**

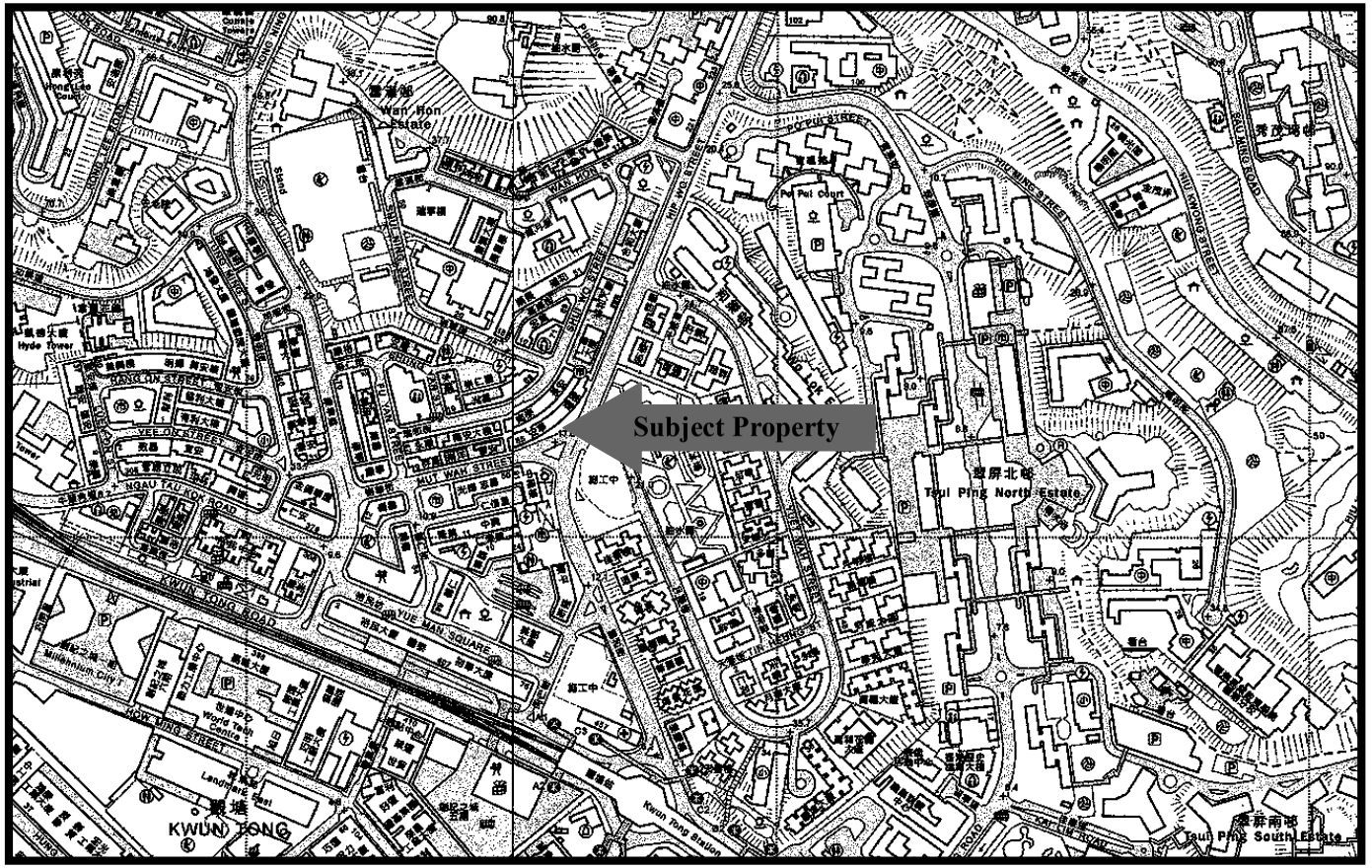




***Surrounding environment***

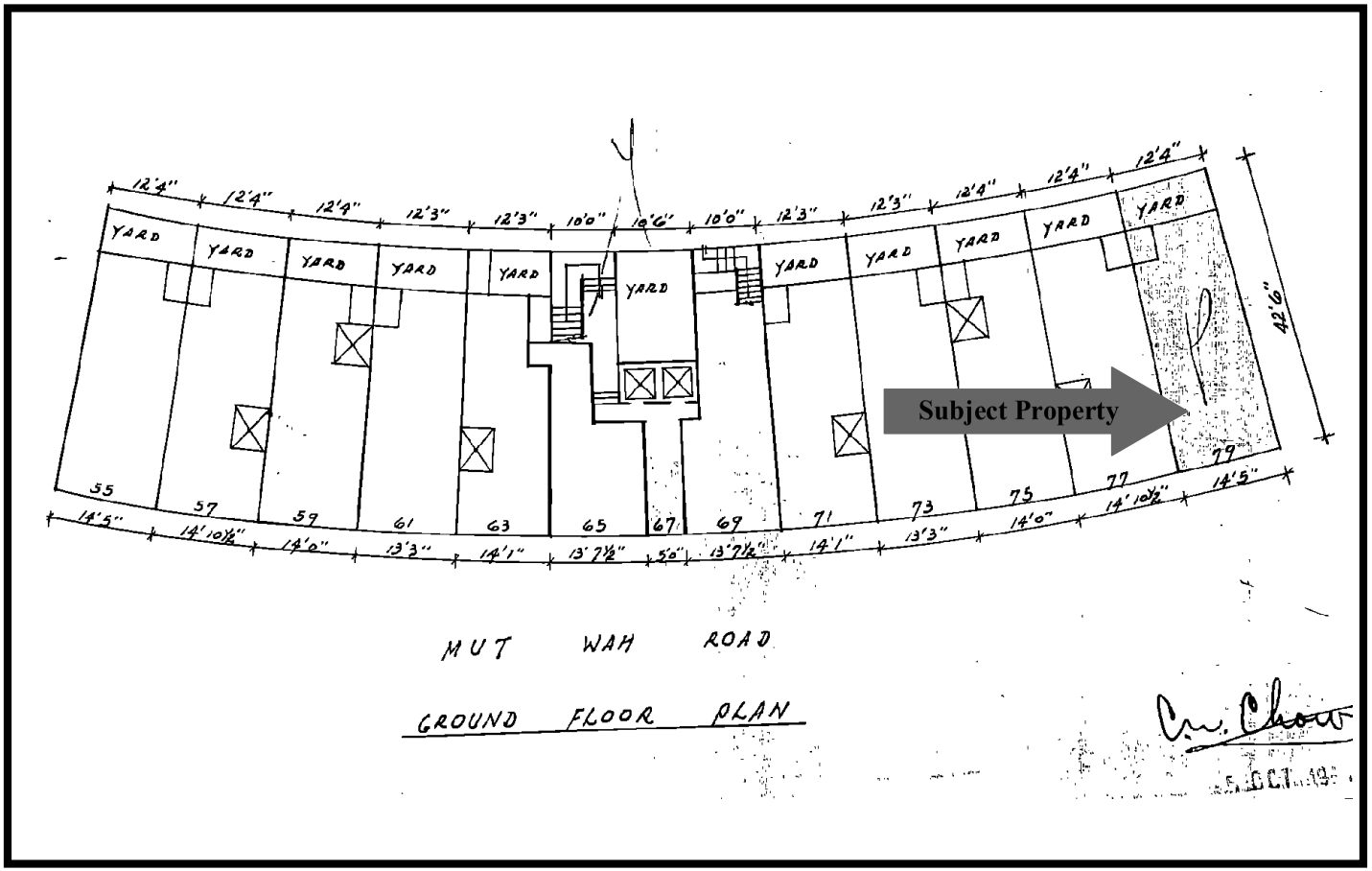
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**Ground Floor (Flat L on G/F), On Ning Building,**
**No. 79 Mut Wah Street, Kwun Tong, Kowloon**



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**Ground Floor (Flat L on G/F), On Ning Building,
No. 79 Mut Wah Street, Kwun Tong, Kowloon**





Ground Floor (Flat L on G/F), On Ning Building,
No. 79 Mut Wah Street, Kwun Tong, Kowloon

**APPENDIX NO. 3**

# Copy of Land Search Record

View PROPERTY PARTICULARS
View OWNER PARTICULARS
View INCUMBRANCES
View DEEDS PENDING REGISTRATION

**土地註冊處 THE LAND REGISTRY**
**土地登記冊 LAND REGISTER**

印製於 PRINTED AT: INTERNET SEARCH (DOWNLOAD)
查冊日期及時間 SEARCH DATE AND TIME: 31/05/2016 15:49
查冊者姓名 NAME OF SEARCHER: 1190
查冊種類 SEARCH TYPE: HISTORICAL AND CURRENT
本登記冊列明有關物業截至 31/05/2016 07:30 之資料
THE INFORMATION SET OUT BELOW CONTAINS PARTICULARS OF THE PROPERTY UP TO 07:30 ON 31/05/2016.
備存土地紀錄以供市民查閱旨在防止秘密及有欺詐成分的物業轉易，以及提供容易追溯和確定土地財產及不動產業權的方法。土地紀錄內載的資料不得用於與土地紀錄的宗旨無關之目的，使用所提供的資料須符合«個人資料（私隱）條例»的規定。
The land records are kept and made available to members of the public to prevent secret and fraudulent conveyances, and to provide means whereby the titles to real and immovable property may be easily traced and ascertained. The information contained in the land records shall not be used for purposes that are not related to the purposes of the land records. The use of information provided is subject to the provisions in the Personal Data (Privacy) Ordinance.

**物業資料**
**PROPERTY PARTICULARS**

物業參考編號
PROPERTY REFERENCE NUMBER (PRN): A5484285
地段編號
LOT NO.: KWUN TONG INLAND LOT NO. 404

批約 HELD UNDER:CONDITIONS OF SALE NO.7889
年期 LEASE TERM:99 YEARS
開始日期 COMMENCEMENT OF01/07/1898
LEASE TERM:
每年地稅 RENT PER$160.00
ANNUM:

所佔地段份數
SHARE OF THE LOT: 1/116

ADDRESS: GROUND FLOOR (FLAT L ON G/F)
ON NING BUILDING
NO.79 MUT WAH STREET
KOWLOON

地址:中文地址不詳

備註
REMARKS: CONSENT GIVEN BY LAND OFFICER DATED 8/4/1964 TO ENTER INTO AGREEMENTS FOR SALE & PURCHASE

SEE UNDERTAKING (MEM.NO.474509)

SURVEY OF KTIL 404 COMPLETED BY P.W.D. DATED 15/3/1966

**業主資料**
**OWNER PARTICULARS**

| 業主姓名 NAME OF OWNER | 身分 (如非唯一擁有人) CAPACITY (IF NOT SOLE OWNER) | 註冊摘要編號 MEMORIAL NO. | 文書日期 DATE OF INSTRUMENT | 註冊日期 DATE OF REGISTRATION | 代價 CONSIDERATION |
|---|---|---|---|---|---|
| LEE KWUN DEVELOPMENT COMPANY, LIMITED | - | - | - | - | - |
| - | | 備註 REMARKS: CONDITIONS OF SALE NO.7889 OF KTIL 404 | | | |
| HO LIN YUEN | | UB506447 | 12/10/1965 | 20/10/1965 | $56,000.00 |
| - | | 備註 REMARKS: ASSIGNMENT WITH PLAN | | | |
| KOU CHOR KAU | | UB1633085 | 19/10/1978 | 21/12/1978 | $1,180,000.00 |
| - | | 備註 REMARKS: ASSIGNMENT | | | |
| SAMKIND | | UB9444741 | 22/12/2004 | 13/01/2005 | $22,800,000.00 |

DEVELOPMENT
LIMITED
-

EU YAN SANG (PROPERTIES) LIMITED
余仁生物業有限公司

14091001860011 ASSIGNMENT | 29/08/2014 | 10/09/2014 | $84,200,000.00

**物業涉及的轇轕**
**INCUMBRANCES**

| 註冊摘要編號 MEMORIAL NO. | 文書日期 DATE OF INSTRUMENT | 註冊日期 DATE OF REGISTRATION | 文書性質 NATURE | 受惠各方 IN FAVOUR OF | 代價 CONSIDERATION |
|---|---|---|---|---|---|
| UB506448 | 12/10/1965 | 20/10/1965 | DEED OF MUTUAL COVENANT | -<br>- | - |
| UB510374 | 12/11/1965 | 20/11/1965 | LEASE FOR 5 YEARS FROM 1.12.1965 | LEE TAK SZE<br>-<br>CHAN HO CHUN<br>-<br>CHEUNG CHE KENG<br>- | - |
| | | | 備註 REMARKS: THE RENT IS $1000 PER MTH. & THE DEPOSIT IS $1000 | | |
| UB1633086 | 19/10/1978 | 21/12/1978 | MORTGAGE | THE CHINA AND SOUTH SEA BANK LIMITED<br>- | $900,000.00 |
| | | | 備註 REMARKS: RELEASED VIDE M/N 4382198 | | |
| UB1653730 | 01/12/1978 | 07/02/1979 | TENANCY AGREEMENT FOR 5 YEARS FROM 1.12.78 TO 30.11.83 | FAR EAST HALF PRICE MART LIMITED<br>- | - |
| | | | 備註 REMARKS: FOR RENT SEE MEMORIAL & THE DEPOSIT IS $13000 | | |

| | | | | |
|---|---|---|---|---|
| UB2047640 | 24/03/1981 | FURTHER CHARGE TO SECURE BANKING FACILITIES<br>- | THE CHINA & SOUTH SEA BANK LIMITED<br>- | $1,500,000.00 |
| | | 備註 REMARKS: RELEASED VIDE M/N 4382198 | | |
| UB3068531 | 02/06/1986 | FURTHER LEGAL CHARGE TO SECURE GENERAL BANKING FACILITIES<br>- | THE CHINA & SOUTH SEA BANK LIMITED<br>- | $500,000.00 |
| | | 備註 REMARKS: RELEASED VIDE M/N 4382198 | | |
| UB3963116 | 17/11/1988 | DEED OF CONSOLIDATION AND FURTHER LEGAL CHARGE<br>- | THE CHINA AND SOUTH SEA BANK LIMITED<br>- | - |
| | | 備註 REMARKS: THE CONSIDERATION IS PART EXTENT OF UNLIMITED FOR PREMISES RELEASED VIDE M/N 4382198 | | |
| UB4382199 | 22/01/1990 | MORTGAGE TO SECURE GENERAL CREDIT FACILITIES<br>- | XIAMEN INTERNATIONAL FINANCE COMPANY LIMITED<br>- | - (PT.) |
| | | 備註 REMARKS: FOR CONSIDERATION SEE MEMORIAL | | |
| UB9447722 | 22/12/2004 | PARTIAL RELEASE<br>- | -<br>- | - |
| UB6705259 | 29/06/1996 | TENANCY AGREEMENT FOR 3 YEARS FROM 1/7/1996 TO 30/6/1999<br>- | LUK FOOK JEWELLERY & GOLDSMITH (VM) COMPANY LIMITED<br>- | - |

| | | | |
|---|---|---|---|
| | | 備註 REMARKS: THE RENT IS $120000 PER CALENDAR MONTH WITH AN OPTION TO RENEW FOR A FURTHER TERM OF 3 YEARS | |
| UB6757472 | 09/08/1996 | - | - |
| | 23/09/1996 | ORDER NO. DA 58/K/96/P2 UNDER SEC. 26 & 28(3) OF THE BUILDINGS ORD. | - |
| | | 備註 REMARKS: BY THE BUILDING AUTHORITY | |
| UB7001548 | 25/01/1997 | - | - |
| | 04/04/1997 | LETTER OF COMPLIANCE | - |
| UB8052836 | 29/03/2000 | - | - |
| | 14/04/2000 | ORDER NO.CBZ/BB/2649/99/K UNDER S.24(1) OF THE BUILDINGS ORDINANCE | - |
| | | 備註 REMARKS: BY THE BUILDING AUTHORITY | |
| UB8759675 | 30/05/2002 | - | - |
| | 21/08/2002 | LETTER OF WITHDRAWAL | - |
| UB8054368 | 29/03/2000 | - | - |
| | 17/04/2000 | ORDER NO.CBZ/BB/2640/99/K UNDER S.24(1) OF THE BUILDINGS ORDINANCE | - |
| | | 備註 REMARKS: BY THE BUILDING AUTHORITY | |
| UB8791499 | 29/07/2002 | - | - |
| | 10/10/2002 | LETTER OF WITHDRAWAL | - |
| UB8910600 | 27/03/2003 | - | - |
| | 12/04/2003 | RENEWAL TENANCY AGREEMENT (IN CHINESE) | EXCELWIN INVESTMENT LIMITED - |
| | | 備註 REMARKS: FROM 4.3.2003 TO 3.3.2004 MONTHLY RENTAL IS $88000 | |

| | | | | |
|---|---|---|---|---|
| UB9162174 | 25/02/2004 | TENANCY AGREEMENT FOR 1 YEAR FROM 4.3.2004 TO 3.3.2005 | EXCELWIN INVESTMENT LIMITED - | - |
| | | 備註 REMARKS: THE MONTHLY RENTAL IS $90,000 | | |
| UB9374070 | 07/10/2004 | PROVISIONAL AGREEMENT FOR SALE AND PURCHASE | YEUNG BIU - | $22,800,000.00 |
| | | 備註 REMARKS: SEE ASSIGNMENT M/N 9444741 | | |
| UB9434919 | 15/12/2004 | NOMINATION | SAMKIND DEVELOPMENT LIMITED "NOMINEE" - | - |
| | | 備註 REMARKS: BY YEUNG BIU (SEE ASSIGNMENT MEM. NO.9444741) | | |
| 05032202760220 | 07/03/2005 | TENANCY AGREEMENT WITH PLAN | EXCELWIN INVESTMENT LIMITED - | - |
| | | 備註 REMARKS: FOR 1 YEAR FROM 4.3.2005 TO 3.3.2006 THE RENT IS $112,000.00 PER CALENDAR MONTH | | |
| 05101401030260 | 23/08/2005 | ORDER NO.CFZ/TC/004942/05/K UNDER S.24(1) OF THE BUILDINGS ORDINANCE | - - | - |
| | | 備註 REMARKS: BY THE BUILDING AUTHORITY ( RE: FOR COMMON PART(S) ONLY ) | | |
| 06010300010649 | 03/11/2005 | LETTER OF COMPLIANCE | - - | - |
| 06071802840162 | 07/07/2006 | TENANCY AGREEMENT WITH PLAN FOR 2 | EXCELWIN INVESTMENT LIMITED | SEE REMARKS |

| | | | | | |
|---|---|---|---|---|---|
| | | | YEARS FROM 4.3.06 TO 3.3.08 | - | |
| | | | 備註 REMARKS: THE RENT IS $106,000 PER CALENDAR MONTH FROM 4.3.06 TO 3.3.07 AND $110,000 PER CALENDAR MONTH FROM 4.3.07 TO 3.3.08 | | |
| 08100301290092 | 01/08/2008 | 03/10/2008 | ORDER NO. DBZ/U02-45/0001/07 BY THE BUILDING AUTHORITY UNDER S.26 OF THE BUILDINGS ORDINANCE | - - | - |
| | | | 備註 REMARKS: RE: EXTERIOR AND COMMON PARTS OF THE BUILDING | | |
| 09111700360101 | 05/06/2009 | 17/11/2009 | ORDER NO. UBZ/U02-45/0038/07 BY THE BUILDING AUTHORITY UNDER SECTION 24(1) OF THE BUILDINGS ORDINANCE | - - | - |
| 14082901630012 | 09/05/2014 | 29/08/2014 | PROVISIONAL AGREEMENT FOR SALE AND PURCHASE | EU YAN SANG (PROPERTIES) LIMITED - | $84,200,000.00 |
| | | | 備註 REMARKS: SEE ASSIGNMENT MEM. NO. 14091001860011 | | |

**等待註冊的契約**

**DEEDS PENDING REGISTRATION**

| 註冊摘要編號 MEMORIAL NO. | 文書日期 DATE OF INSTRUMENT | 交付日期 DATE OF DELIVERY | 文書性質 NATURE | 受惠各方 IN FAVOUR OF | 代價 CONSIDERATION |
|---|---|---|---|---|---|

********** 無 NIL **********

**********  登記冊末端 END OF REGISTER  **********

Jones Lang LaSalle Limited
Valuation Advisory Services
6/F Three Pacific Place 1 Queen's Road East H.K.
tel +852 2846 5000 fax +852 2968 0078
Company Licence No.: C-003464

仲量聯行有限公司
物業估價部
香港皇后大道東 1 號太古廣場三期 6 樓
電話 +852 2846 5000 傳真 +852 2968 0078
牌照號碼 C-003464

10 June 2016

The Directors
Eu Yan Sang International Ltd
21 Tai Seng Drive
Singapore 535223
Attention: The Board of Directors

Dear Sir,

**Re: Shops 1, 2 and 3 on Ground Floor including the Flat Roof/Yard thereof and Mezzanine Floor, Shum Tower, No.268 Des Voeux Road Central, Sheung Wan, Hong Kong**

## 1.0 INTRODUCTION

### Instructions

We refer to the instruction from **Eu Yan Sang International Ltd.** ("the Company") for us to prepare market valuation of Shops 1, 2 and 3 on Ground Floor including the Flat Roof/Yard thereof and Mezzanine Floor, Shum Tower, No.268 Des Voeux Road Central, Sheung Wan, Hong Kong ("the Property") subject to vacant possession as at 31 May 2016 ("the Date of Valuation"), for the purpose of the voluntary conditional cash offer by Righteous Crane Holding Pte. Ltd. for the Company.

We confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing the Company with our opinion of the market value of the unencumbered leasehold interest of the Property, as at the Dates of Valuation.

### Basis of Valuation

All work is carried out in accordance with the "HKIS Valuation Standards 2012 Edition" published by The Hong Kong Institute of Surveyors ("HKIS"), the "International Valuation Standards" published by the International Valuation Standards Council ("IVSC") and the "RICS Valuation – Professional Standards 2014" published by the Royal Institution of Chartered Surveyors ("RICS") subject to variation to meet local established law. Unless otherwise stated, our valuation is undertaken as External Valuers as defined in the relevant Valuation Standards.

Compliance with the RICS standards may be subject to monitoring under the RICS' conduct and disciplinary regulations.

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**Shops 1, 2 and 3 on Ground Floor
including the Flat Roof/Yard thereof and Mezzanine Floor,
Shum Tower, No.268 Des Voeux Road Central,
Sheung Wan, Hong Kong**

## 1.0 INTRODUCTION (CONT'D)

### Basis of Valuation (Cont'd)

Our valuation is made on the basis of Market Value as defined by IVSC and adopted by HKIS and RICS, set out as:

"*The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*"

The valuation presented in this report represents 100% interest of the Property and not the shareholdings of the company holding the property interests hereof.

Our valuation services have been executed in accordance with our Quality Assurance System, accredited by HKQAA via ISO 9001:2008 and our report has been prepared with reference to the assumptions, definitions and limiting conditions as set out in our General Principles of Valuation, copy of which is attached in Appendix No. 1.

Our valuation complies with the Financial Report Standard (FRS) 113, which is based on the Highest and Best Use. "Highest and best Use" is the most probable use of an asset which is physically possible, legally permissible and financially feasible which results in the highest value of the asset being valued.

### Valuation Assumptions

Our valuation has been made on the assumption that the owner sells the Property on the market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to affect the values of the Property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation that may be incurred in effecting the sales. Unless otherwise stated, it is assumed that the Property are free of legal complications and encumbrances, restrictions, outgoings of an onerous nature that could affect the values.

We have assumed that the owner of the Property has free and uninterrupted rights to use and assign the Property for the whole of the unexpired land lease term as granted. Unless otherwise stated, we have valued the Property on the assumption that it is freely disposable and transferable for the existing use without payment of any premium to the relevant authorities.

## 1.0 INTRODUCTION (CONT'D)

### Source of Information

We have relied to a considerable extent on the information provided by the Company and we have accepted advice in relation to particulars of occupancy, floor areas, floor plans and all other relevant matters. The dimensions, measurements and areas included in the report are based on information contained in copies of documents made available to us and thus are approximations. We have not carried out on site measurements to verify the correctness of the floor areas of the Property.

We have no reason to doubt the truth and accuracy of the information provided to us. The Company also advised that no material facts have been omitted from the information supplied and we have no reason to suspect that material information has been withheld.

Our valuation is totally dependent on the adequacy and accuracy of the information supplied and/or the assumptions made. Should these prove to be incorrect or inadequate, the accuracy of our valuation may be affected and we reserve the right to adjust the values reported herein.

All measurements are carried out in accordance with the "Code of Measuring Practice" booklet published by the HKIS. Unless otherwise stated, we do not physically measure the actual properties or verify the floor areas provided to us, unless we specifically agree in writing to do so, although we make reference to the registered floor plans if available. To suit the local legislation and/or client's request or agreement, we declare our departure from the "RICS property measurement" published by RICS in May 2015.

### Title Investigation

We have not been provided with copies of the title documents relating to the property but we have caused searches to be made at the Land Registry. However, we have not examined the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies handed to us. All documents and leases have been used for reference only and all dimensions, measurements and areas are approximate. No on-site measurements have been taken.

### Valuation Method

We have adopted the Direct Comparison Method in the course of our valuation.

The Direct Comparison Method is based on comparing the property to be valued directly with other comparable Property, which have recently been subject to transfer of legal ownership. However, given the differences between individual real estate Property, appropriate adjustments are required to allow for any qualitative and quantitative differences that may affect the price likely to be achieved by the property under consideration.

## 1.0 INTRODUCTION (CONT'D)

### Property Inspection

We inspected the exterior, and where possible the interior of the Property on 3 June 2016 by our Terence Lau, Valuer. We have not conducted site and structural surveys and, as such, we cannot report that the Property are free from rot, infestation or any other structural defects. We have not carried out building surveys, nor have we inspected those parts of the Property, which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We cannot express an opinion about or advise upon the condition of uninspected parts and this report should not be taken as making any implied representation or statement about such parts. No tests have been carried out to any of the building services within the Property.

We were not instructed to arrange for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the Property, or has since been incorporated, and we are therefore unable to report that the Property are free from risk in this respect. For the purpose of this valuation, we have assumed that such investigations would not disclose the presence of any such material to any significant extent.

### Plant and Machinery

Our valuation normally includes all plant and machinery that form part of the building services installations. However, process plant, machinery and equipment which may have been installed wholly in connection with the occupiers' industrial or commercial processes, together with furniture and furnishings, tenants' fixtures and fittings are excluded.

### Potential Tax Liability

There is potential tax liability which might arise on the disposal of the Property, including but not limited to profit tax, business tax, land appreciation tax, capital gain tax and any other relevant taxes prevailing at the time. The basis and definition of market value do not allow for any taxation that may be incurred in effecting a sale and therefore we have not considered such tax liability in the valuation.

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**Shops 1, 2 and 3 on Ground Floor
including the Flat Roof/Yard thereof and Mezzanine Floor,
Shum Tower, No.268 Des Voeux Road Central,
Sheung Wan, Hong Kong**

## 1.0 INTRODUCTION (CONT'D)

### Foreign Exchange

We have valued the Property in Hong Kong Dollars ("HK$").

### Report

Neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

Finally and in accordance with our standard practice, we must state that this report is for the use of the Company for the stated use and no responsibility is accepted to any third party for the whole or any part of its contents.

The valuation certificate is attached hereto.

Yours faithfully
For and on behalf of
**Jones Lang LaSalle Limited**



Cliff Tse B.Sc.(Hons), FHKIS, MRICS, RPS(GP)
Regional Director
*Licence No. E-145551*

Mr. Tse is a Fellow member of The Hong Kong Institue of Surveyors, a Registered Professional Surveyor in Hong Kong and a professional member of the Royal Institution of Chartered Surveyors. He has over 20-year experience in valuation of properties in Hong Kong.

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**Shops 1, 2 and 3 on Ground Floor including the Flat Roof/Yard thereof and Mezzanine Floor, Shum Tower, No.268 Des Voeux Road Central, Sheung Wan, Hong Kong**

## 2.0 VALUATION CERTIFICATE

| Property | Description, age and tenure | Particulars of occupancy | Market value in its existing state as at 31 May 2016 |
|---|---|---|---|
| Shops 1, 2 and 3 on Ground Floor including the Flat Roof/Yard thereof and Mezzanine Floor, Shum Tower, No. 268 Des Voeux Road Central, Sheung Wan, Hong Kong.<br><br>150/1,100 shares of and in the Remaining Portion of Inland Lot Nos. 1810, 1811, 1812 and 1813. | The property comprises three retail units on the ground floor together with the mezzanine floor of Shum Tower and the building was completed in 1993.<br><br>The retail units on ground floor and mezzanine floor have a total saleable area of approximately 1,965 $ft^2$ (182.55 $m^2$) and 2,099 $ft^2$ (195 $m^2$) respectively.<br><br>Inland Lot Nos. 1810 R.P., 1811 R.P., 1812 s.B R.P. and 1813 is held under a Government Lease for a term of 999 years lease commencing from 26/12/1866. The current Government Rent payable is $77 per annum. | As advised by the Company, the Property was owner-occupied as at the Date of Valuation. | HK$220,000,000 (HONG KONG DOLLARS TWO HUNDRED TWENTY MILLION) |

**Notes:**

1) The registered owner of the property is Eu Yan Sang (Properties) Limited vide Memorial No. 11111701310024 dated 27th October 2011.

2) The property is subject to the following encumbrances:

   i) Occupation Permit No.H135/93 dated 19th November 1993 vide Memorial No.UB5854099.
   ii) Deed of Mutual Covenant and Management Agreement registered on 21st December 1993 vide Memorial No. UB5872594.



**Shops 1, 2 and 3 on Ground Floor**
**including the Flat Roof/Yard thereof and Mezzanine Floor,**
**Shum Tower, No.268 Des Voeux Road Central,**
**Sheung Wan, Hong Kong**

**APPENDIX NO. 1**

# General Principles of Valuation

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**GENERAL PRINCIPLES ADOPTED IN THE PREPARATION AND CONDITIONS THAT APPLY TO AND FORM PART OF HONG KONG VALUATIONS AND REPORTS**

This document sets out the general principles upon which our Valuations and Reports are normally prepared, and the conditions that apply to and form part of our Valuations and Reports. They apply unless we have specifically mentioned otherwise in the body of the report. Where appropriate, we will be pleased to discuss variations to suit any particular circumstances, where appropriate, or to arrange for the execution of structural or site surveys, or any other more detailed enquiries. Any variations to these general principles and/or conditions must be confirmed in writing.

Our Valuations and Reports are confidential to, and for the use only of, the party to whom they are addressed and for the stated specific purpose. No responsibility whatsoever is accepted to any third parties who may use or rely on the whole or any part of the contents of any such Valuation or Report. The whole or any part of the Valuation or Report, or reference thereto, must not be published or referred to in any document, statement, circular, or in any communication with third parties, without our prior written approval of the form and context in which it will appear.

**1. Valuation Methodology:**

All work is carried out in accordance with the "HKIS Valuation Standards 2012 Edition" published by The Hong Kong Institute of Surveyors ("HKIS"), the "International Valuation Standards" published by the International Valuation Standards Council ("IVSC") and the "RICS Valuation – Professional Standards 2014" published by the Royal Institution of Chartered Surveyors ("RICS") subject to variation to meet local established law. Unless otherwise stated, our valuations are undertaken as External Valuers as defined in the relevant Valuation Standards.

Compliance with the RICS standards may be subject to monitoring under the RICS' conduct and disciplinary regulations.

**2. Valuation Basis:**

Our valuations are made on the basis of Market Value as defined by IVSC and adopted by HKIS and RICS, set out as:

*"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."*

Our valuations are made on the assumption that the owner sells the property on the open market without the benefit of a deferred terms contract, leaseback, joint venture or similar arrangement which would serve to affect the value of the property.

Each valuation is current as at the date of valuation only. The value assessed may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of preceding half of this paragraph, we do not assume any responsibility or accept liability where this valuation is relied upon after the expiration of three months from the date of valuation.

**3. Costs:**

No allowances are made in our valuations for dealing with any encumbrances such as charges, mortgages, nor for amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale or disposal.

**4. Source of Information:**

We accept as being complete and correct the information provided to us, by the sources listed, as to details of tenure, tenancies, tenant's improvements, planning consents and other relevant matters, as summarized in our report.

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**5. Assumptions**

Unless we state otherwise in the valuation, our valuation assumes (without investigation on our part), where applicable,

(a) good and marketable title, and no encumbrance on the property's title which could materially affect its value,
(b) no encroachment by or on the property and no unauthorized additions or structural alterations (our valuation is made according to the original layout as shown in the Registered Floor Plans or developer's brochure and assumes no outstanding reinstatement costs to be charged on the property),
(c) no major environmental factor (including contamination) affects the property,
(d) no deficiencies in the structural integrity of the property and other improvements,
(e) the property is not affected or required for any public purposes or is to be acquired for a public purpose,
(f) there are no outstanding statutory orders on the property or the likely possibility of future orders being made by a regulatory authority,
(g) body corporate records and finances are in a satisfactory order and there are no major financial commitments, orders or levies in respect of any major rectifications, remedial or other works to be undertaken by the body corporate above normal maintenance,
(h) no material litigation pending relating to the property,
(i) that the property (and any works thereto) comply with all relevant statutory regulations, including enactments relating to fire regulations,
(j) no deleterious materials (including by way of example asbestos and calcium chloride)
(k) ground conditions and services are suitable (including, particularly with respect to agricultural land, no possibility of latent infestation in the soil or of disease which might affect crops or stock at any time in the future) and no extraordinary expenses or delays will be incurred due to archaeological, ecological or environmental matters.

Without affecting the generality of the above, where leases or documents of title or site and building surveys or building report or pest certificate or engineer's certificate or body corporate records are provided to us for the purpose of the valuation, reliance must not be placed on our interpretation thereof of any of these documents.

**6. Tenants:**

Enquiries as to the financial standing of actual or prospective tenants are not made unless we specifically agree to in writing. Where properties are valued with the benefit of lettings, it is therefore assumed, unless we are informed otherwise in writing, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

**7. Measurements:**

All measurements are carried out in accordance with the "Code of Measuring Practice" booklet published by the HKIS. Unless otherwise stated, we do not physically measure the actual properties or verify the floor areas provided to us, unless we specifically agree in writing to do so, although we make reference to the registered floor plans if available. To suit the local legislation and/or client's request or agreement, we declare our departure from the "RICS property measurement" published by RICS in May 2015.

**8. Jurisdiction:**

Unless the parties otherwise agree in writing, all disputes arising out and relating to our valuation shall be finally settled under Hong Kong Law and the parties irrevocably submit to the jurisdiction of the Hong Kong Courts.

**********

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**Shops 1, 2 and 3 on Ground Floor
including the Flat Roof/Yard thereof and Mezzanine Floor,
Shum Tower, No.268 Des Voeux Road Central,
Sheung Wan, Hong Kong**

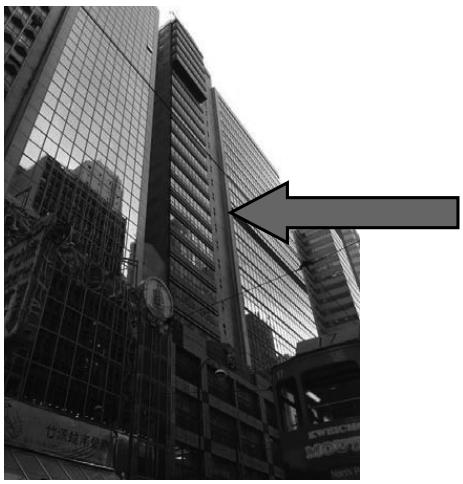
**APPENDIX NO. 2**

# Photographs, Location Map and Floor Plan of the Property

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**Shops 1, 2 and 3 on Ground Floor
including the Flat Roof/Yard thereof and Mezzanine Floor,
Shum Tower, No.268 Des Voeux Road Central,
Sheung Wan, Hong Kong**





*Exterior of the subject building – Shum Tower*

JLL
仲量聯行

**Shops 1, 2 and 3 on Ground Floor
including the Flat Roof/Yard thereof and Mezzanine Floor,
Shum Tower, No.268 Des Voeux Road Central,
Sheung Wan, Hong Kong**




*Frontage of the subject property facing Des Voeux Road Central*



*Panoramic view of the subject property on G/F*

JLL
仲量聯行

**Shops 1, 2 and 3 on Ground Floor
including the Flat Roof/Yard thereof and Mezzanine Floor,
Shum Tower, No.268 Des Voeux Road Central,
Sheung Wan, Hong Kong**





***Interior of the subject property on G/F***

JLL
仲量聯行

**Shops 1, 2 and 3 on Ground Floor
including the Flat Roof/Yard thereof and Mezzanine Floor,
Shum Tower, No.268 Des Voeux Road Central,
Sheung Wan, Hong Kong**



*Storerooms on G/F*



*Pantry and Toilet on G/F*

JLL
仲量聯行

**Shops 1, 2 and 3 on Ground Floor
including the Flat Roof/Yard thereof and Mezzanine Floor,
Shum Tower, No.268 Des Voeux Road Central,
Sheung Wan, Hong Kong**




*Entrance of the subject building / Mezzanine Floor (M/F)*



*Lift lobby of M/F*

JLL
仲量聯行

**Shops 1, 2 and 3 on Ground Floor
including the Flat Roof/Yard thereof and Mezzanine Floor,
Shum Tower, No.268 Des Voeux Road Central,
Sheung Wan, Hong Kong**




*Entrance of the subject property on M/F*




*General reception area on M/F*

JLL
仲量聯行

**Shops 1, 2 and 3 on Ground Floor
including the Flat Roof/Yard thereof and Mezzanine Floor,
Shum Tower, No.268 Des Voeux Road Central,
Sheung Wan, Hong Kong**



*Typical treatment rooms on M/F*



*Typical consultation rooms on M/F*

JLL
仲量聯行

**Shops 1, 2 and 3 on Ground Floor
including the Flat Roof/Yard thereof and Mezzanine Floor,
Shum Tower, No.268 Des Voeux Road Central,
Sheung Wan, Hong Kong**



*Medicine counter on M/F*



*Pantry on M/F*

JLL
仲量聯行

**Shops 1, 2 and 3 on Ground Floor
including the Flat Roof/Yard thereof and Mezzanine Floor,
Shum Tower, No.268 Des Voeux Road Central,
Sheung Wan, Hong Kong**



*Toilet on M/F*



*Storeroom on M/F*

JLL
仲量聯行

**Shops 1, 2 and 3 on Ground Floor
including the Flat Roof/Yard thereof and Mezzanine Floor,
Shum Tower, No.268 Des Voeux Road Central,
Sheung Wan, Hong Kong**

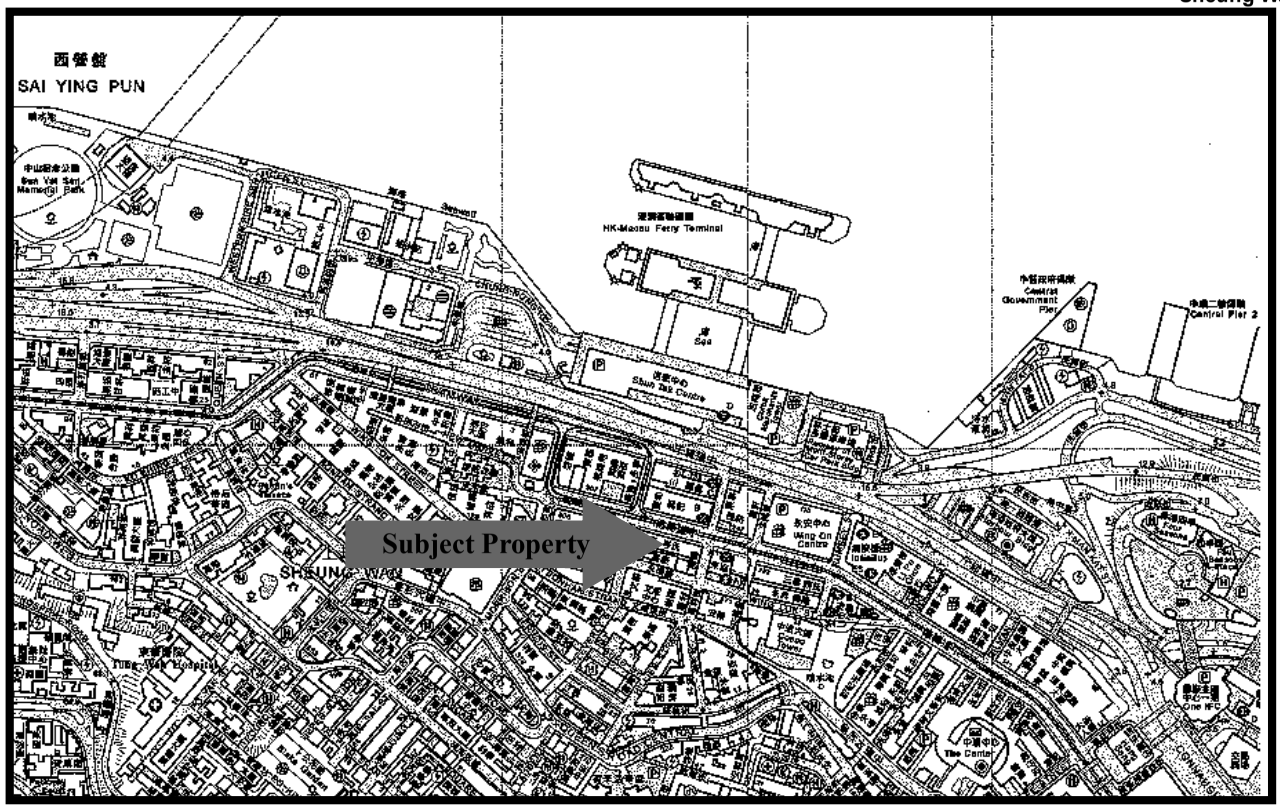


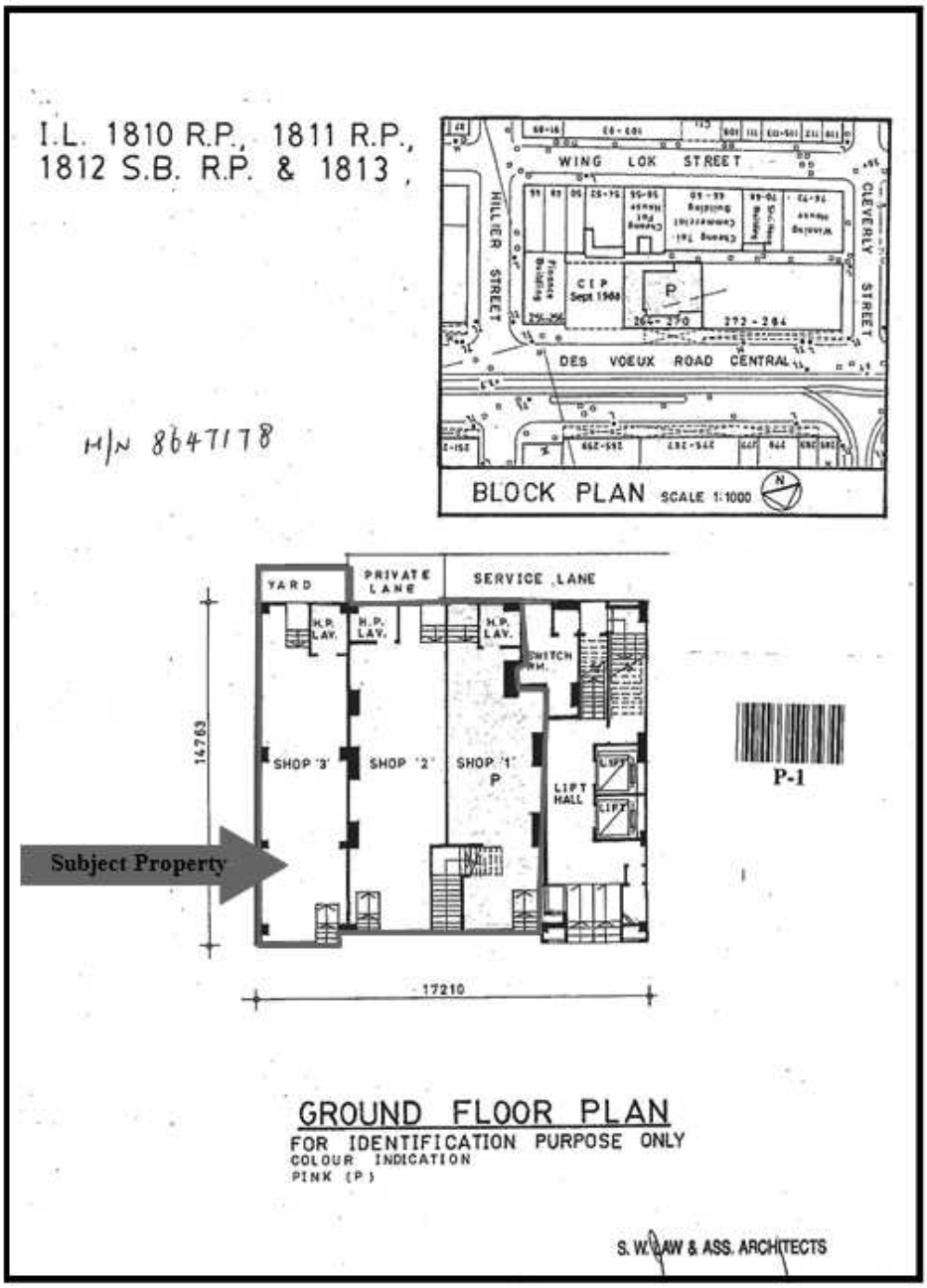



*Surrounding environment*

JLL
仲量聯行

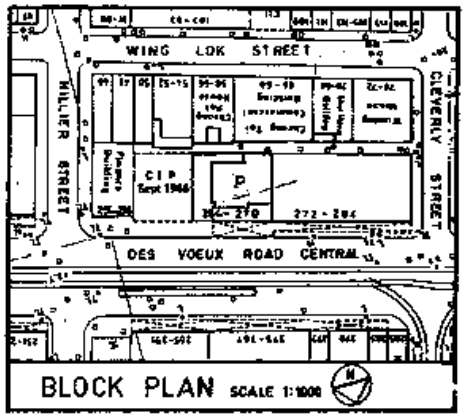
**Shops 1, 2 and 3 on Ground Floor**
**including the Flat Roof/Yard thereof and Mezzanine Floor,**
**Shum Tower, No.268 Des Voeux Road Central,**
**Sheung Wan, Hong Kong**

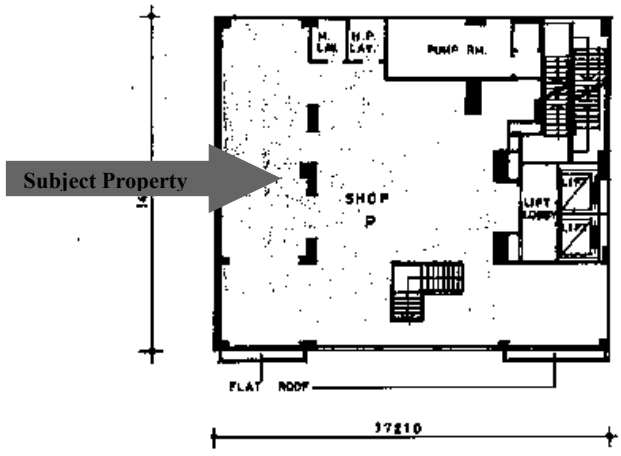



I.L. 1810 R.P., 1811 R.P.,
1812 S.B. R.P. & 1813,
M/N 8647178
WING LOK STREET
HILLIER STREET
CLEVERLY STREET
DES VOEUX ROAD CENTRAL
C I P Sept 1968
P
BLOCK PLAN SCALE 1:1000
YARD
PRIVATE LANE
SERVICE LANE
H.P. LAV.
SWITCH RM.
SHOP '3'
SHOP '2'
SHOP '1'
P
LIFT HALL
LIFT
14763
17210
Subject Property
P-1
GROUND FLOOR PLAN
FOR IDENTIFICATION PURPOSE ONLY
COLOUR INDICATION
PINK (P)
S. W. LAW & ASS. ARCHITECTS

I.L. 1810 R.P., 1811 R.P., 1812 S.B. R.P. & 1813

M/N 8647178




P-1

MEZZANINE FLOOR PLAN
FOR IDENTIFICATION PURPOSE ONLY
COLOUR INDICATION
PINK (P)




**Shops 1, 2 and 3 on Ground Floor**
**including the Flat Roof/Yard thereof and Mezzanine Floor,**
**Shum Tower, No.268 Des Voeux Road Central,**
**Sheung Wan, Hong Kong**

**APPENDIX NO. 3**

# Copy of Land Search Record

View PROPERTY PARTICULARS
View OWNER PARTICULARS
View INCUMBRANCES
View DEEDS PENDING REGISTRATION

**土地註冊處 THE LAND REGISTRY**
**土地登記冊 LAND REGISTER**

印製於 PRINTED AT: INTERNET SEARCH (DOWNLOAD)
查冊日期及時間 SEARCH DATE AND TIME: 06/06/2016 16:18
查冊者姓名 NAME OF SEARCHER: 1189
查冊種類 SEARCH TYPE: HISTORICAL AND CURRENT
本登記冊列明有關物業截至 06/06/2016 07:30 之資料
THE INFORMATION SET OUT BELOW CONTAINS PARTICULARS OF THE PROPERTY UP TO 07:30 ON 06/06/2016.
備存土地紀錄以供市民查閱旨在防止秘密及有欺詐成分的物業轉易，以及提供容易追溯和確定土地財產及不動產業權的方法。土地紀錄內載的資料不得用於與土地紀錄的宗旨無關之目的，使用所提供的資料須符合«個人資料（私隱）條例»的規定。
The land records are kept and made available to members of the public to prevent secret and fraudulent conveyances, and to provide means whereby the titles to real and immovable property may be easily traced and ascertained. The information contained in the land records shall not be used for purposes that are not related to the purposes of the land records. The use of information provided is subject to the provisions in the Personal Data (Privacy) Ordinance.

**物業資料**
**PROPERTY PARTICULARS**

物業參考編號
PROPERTY REFERENCE NUMBER (PRN): A0567743
地段編號
LOT NO.: THE REMAINING PORTION OF INLAND LOT NO. 1810 批約 HELD UNDER:GOVERNMENT LEASE
年期 LEASE TERM:999 YEARS
開始日期 COMMENCEMENT OF LEASE TERM:26/12/1866
每年地稅 RENT PER-ANNUM:

地段編號
LOT NO.: THE REMAINING PORTION OF INLAND LOT NO. 1811 批約 HELD UNDER:GOVERNMENT LEASE

年期 LEASE TERM:999 YEARS
開始日期 COMMENCEMENT OF26/12/1866
LEASE TERM:
每年地稅 RENT PER-
ANNUM:

地段編號
LOT NO.: THE REMAINING PORTION OF SECTION B OF INLAND LOT NO. 1812

批約 HELD UNDER:GOVERNMENT LEASE
年期 LEASE TERM:999 YEARS
開始日期 COMMENCEMENT OF26/12/1866
LEASE TERM:
每年地稅 RENT PER-
ANNUM:

地段編號
LOT NO.: INLAND LOT NO. 1813

批約 HELD UNDER:GOVERNMENT LEASE
年期 LEASE TERM:999 YEARS
開始日期 COMMENCEMENT OF26/12/1866
LEASE TERM:
每年地稅 RENT PER$12.00
ANNUM:

所佔地段份數
SHARE OF THE LOT: 30/1100
ADDRESS: SHOP 1 ON GROUND FLOOR
SHUM TOWER NO.268 DES VOEUX ROAD
CENTRAL HONG KONG

地址:中文地址不詳

備註
REMARKS: THE RENT IS $26 P.A. (IL 1810), $26 P.A. (IL 1811), $13 P.A. (IL 1812 S.B)

MODIFICATION/EXEMPTION GRANTED BY BUILDING AUTHORITY'S PERMIT NO. HK176/88 DATED 16/6/88 (LO 11342)

MODIFICATION/EXEMPTION GRANTED BY BUILDING AUTHORITY'S PERMIT NO. HK96/90 DATED 22/3/90 (LO 11860)

MODIFICATION/EXEMPTION GRANTED BY BUILDING AUTHORITY'S PERMIT NO. HK61/92 DATED 19/2/92 (LO 12322)

HOUSE NO. FORMERLY NOS.264, 266, 268 & 270 DES VOEUX ROAD CENTRAL NOW NO.268 DES VOEUX ROAD CENTRAL

SEE D.M.C. M/N 5872594

**業主資料**
**OWNER PARTICULARS**

| 業主姓名 NAME OF OWNER | 身分 (如非唯一擁有人) CAPACITY (IF NOT SOLE OWNER) | 註冊摘要編號 MEMORIAL NO. | 文書日期 DATE OF INSTRUMENT | 註冊日期 DATE OF REGISTRATION | 代價 CONSIDERATION |
|---|---|---|---|---|---|
| THE SHUM YEE HING TONG COMPANY LIMITED | - | UB124512 | 01/04/1931 | 02/04/1931 | $159,500.00 |
| 備註 REMARKS: ASSIGNMENT OF IL 1811 RP & IL 1812 S.B R.P. | | | | | |
| THE SHUM YEE HING TONG COMPANY LIMITED | - | UB3092676 | 31/05/1986 | 14/07/1986 | $2,716,000.00 |
| 備註 REMARKS: ASSIGNMENT OF IL 1813 RE-REGISTERED VIDE MEM. NO. 5821815 | | | | | |
| THE SHUM YEE HING TONG COMPANY LIMITED | - | UB5448201 | 11/09/1992 | 02/10/1992 | $13,000,000.00 |
| 備註 REMARKS: ASSIGNMENT OF IL 1810 R.P. | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| GOLDEN SUN PROPERTY DEVELOPMENT LIMITED<br>- | | UB8647178 | 28/02/2002 | 06/04/2002 | $39,300,000.00 (PT.) |
| | 備註 REMARKS: ASSIGNMENT WITH PLANS | | | | |
| ASIA KING (H.K.) LIMITED<br>啓順（香港）有限公司 | | 05022800950083<br>ASSIGNMENT | 31/01/2005 | 28/02/2005 | $76,000,000.00 (PT.) |
| HONFIELD INVESTMENT (HONG KONG) LIMITED<br>康港投資有限公司 | | 10060200750244<br>ASSIGNMENT | 17/05/2010 | 02/06/2010 | $112,000,000.00 (PT.) |
| EU YAN SANG (PROPERTIES) LIMITED<br>余仁生物業有限公司 | | 11111701310024<br>ASSIGNMENT | 27/10/2011 | 17/11/2011 | $149,800,000.00 (PT.) |

**物業涉及的轇轕**
**INCUMBRANCES**

| 註冊摘要編號<br>MEMORIAL NO. | 文書日期<br>DATE OF INSTRUMENT | 註冊日期<br>DATE OF REGISTRATION | 文書性質<br>NATURE | 受惠各方<br>IN FAVOUR OF | 代價<br>CONSIDERATION |
|---|---|---|---|---|---|
| UB5123841 | 16/12/1991 | 21/12/1991 | BUILDING MORTGAGE RE IL 1811 R.P., IL 1812 S.B R.P. & IL 1813 | OVERSEA-CHINESE BANKING CORPORATION LIMITED<br>- | $18,000,000.00 |
| UB5508892 | 02/12/1992 | 11/12/1992 | RELEASE | -<br>- | - |
| UB6090347 | 02/12/1992 | 10/08/1994 | RELEASE (PREVIOUSLY | - | - |

| | | | |
|---|---|---|---|
| | | REGD. BY M/N 5508892) - | |
| UB5379373 | 06/08/1992 | STATUTORY - DECLARATION OF - WALTER SHEUNG WING HON"THE DECLARANT" | - |
| | | 備註 REMARKS: RE IL 1811 R.P., IL 1812 S.B R.P. & IL 1813 | |
| UB5508893 | 02/12/1992 | BUILDING MORTGAGE OVERSEA-CHINESE BANKING CORPORATION LIMITED - | $36,400,000.00 (PT.) |
| UB5946846 | 03/03/1994 | RELEASE - - | - |
| UB5787803 | 14/09/1993 | SUPPLEMENTAL - STATUTORY - DECLARATION BY WALTER SHEUNG WING HON | - |
| | | 備註 REMARKS: SUPPLEMENTAL TO STATUTORY DECLARATION M/N 5379373 | |
| UB5795118 | 24/02/1993 | DECLARATION OF SHIU - CHI PING RE IL 1813 - | - |
| UB5854099 | 19/11/1993 | OCCUPATION PERMIT - NO.H135/93 - | - |
| UB5872594 | 07/12/1993 | DEED OF MUTUAL - COVENANT AND - MANAGEMENT AGREEMENT | - |
| UB6083542 | 01/07/1994 | TENANCY AGREEMENT MCDONALD'S | - |

| | | | | | |
|---|---|---|---|---|---|
| | | | FOR 3 YRS. FROM 20.6.94 TO 19.6.97 WITH PLAN | RESTAURANTS (HONG KONG) LIMITED<br>- | |
| | | | 備註 REMARKS: THE RENT IS $133000 PER MONTH FOR THE 1ST YEAR AND $160000 PER MONTH FOR THE 2ND & 3RD YEARS | | |
| UB6087567 | 27/07/1994 | 06/08/1994 | MORTGAGE TO SECURE GENERAL BANKING FACILITIES | CITIBANK, N.A.<br>- | - (PT.) |
| | | | 備註 REMARKS: THE CONSIDERATION IS ALL MONEYS | | |
| UB6760766 | 19/08/1996 | 26/09/1996 | RECEIPT ON DISCHARGE OF A CHARGE | -<br>- | - |
| UB6751594 | 19/08/1996 | 18/09/1996 | MORTGAGE TO SECURE GENERAL BANKING FACILITIES | THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED<br>- | - (PT.) |
| | | | 備註 REMARKS: FOR CONSIDERATION SEE MEMORIAL | | |
| UB8638922 | 28/02/2002 | 25/03/2002 | PARTIAL RELEASE | -<br>- | - |
| UB6751595 | 19/08/1996 | 18/09/1996 | ASSIGNMENT OF RENTAL | THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED<br>- | - |
| UB8638923 | 28/02/2002 | 25/03/2002 | MEMORANDUM OF PARTIAL RELEASE | -<br>- | - |
| UB7169820 | 10/07/1997 | 22/07/1997 | TENANCY AGREEMENT RE SHOP NOS.1, 2, PORTION OF SHOP NO.3 | MCDONALD'S RESTAURANTS (HONG KONG) LIMITED | - |

| | | | | |
|---|---|---|---|---|
| | | ON G/F & M/F | - | |
| | | 備註 REMARKS: WITH PLANS FOR 3 YEARS FROM 20/6/97 TO 19/6/2000 WITH OPTION TO RENEW 4 YRS. FOR RENT SEE MEMORIAL | | |
| UB8160695 | 08/08/2000 | TENANCY AGREEMENT WITH PLAN FOR 6 YEARS FROM 20.6.2000 TO 19.6.2006 | MCDONALD'S RESTAURANTS (HONG KONG) LIMITED - | - |
| | | 備註 REMARKS: FOR RENT SEE MEMORIAL RE SHOP NOS.1, 2, PORTION OF SHOP NO.3 ON G/F & M/F | | |
| UB8562345 | 01/12/2001 | PROVISIONAL AGREEMENT FOR SALE AND PURCHASE | GOLDEN SUN PROPERTY DEVELOPMENT LIMITED - | $39,300,000.00 (PT.) |
| | | 備註 REMARKS: SEE ASSIGNMENT MEM. NO.8647178 | | |
| UB8637223 | 28/02/2002 | AGREEMENT FOR SALE AND PURCHASE | GOLDEN SUN PROPERTY DEVELOPMENT LIMITED - | $39,300,000.00 (PT.) |
| | | 備註 REMARKS: SEE ASSIGNMENT MEM. NO.8647178 | | |
| UB8638924 | 28/02/2002 | MORTGAGE | BANK OF CHINA (HONG KONG) LIMITED - | - (PT.) |
| | | 備註 REMARKS: BY GOLDEN SUN PROPERTY DEVELOPMENT LIMITED THE CONSIDERATION IS ALL MONEYS | | |
| UB9253782 | 28/05/2004 | RECEIPT ON DISCHARGE OF A CHARGE | - - | - |
| UB8642358 | 28/02/2002 | DEED OF LICENCE | GOLDEN SUN PROPERTY DEVELOPMENT LIMITED | - |

| | | | | |
|---|---|---|---|---|
| | | "THE LICENSEE"<br>- | | |
| | | 備註 REMARKS: BY THE SHUM YEE HING TONG COMPANY LIMITED RE EXTERNAL WALL | | |
| UB9253783 | 28/05/2004 | MORTGAGE TO SECURE GENERAL BANKING FACILITIES | CHIYU BANKING CORPORATION LIMITED<br>- | - (PT.) |
| | | 備註 REMARKS: THE CONSIDERATION IS ALL MONIES | | |
| 05022800950070 | 31/01/2005 | RECEIPT ON DISCHARGE OF A CHARGE | -<br>- | - |
| UB9382553 | 16/10/2004 | PROVISIONAL AGREEMENT FOR SALE AND PURCHASE | ASIA KING (H.K.) LIMITED<br>- | $76,000,000.00 (PT.) |
| | | 備註 REMARKS: SEE ASSIGNMENT MEM. NO. 05022800950083 | | |
| 05022800950094 | 31/01/2005 | MORTGAGE TO SECURE GENERAL BANKING FACILITIES | BANK OF COMMUNICATIONS<br>- | THE CONSIDERATION IS ALL SUMS OF MONEY (PT.) |
| 10060900750082 | 17/05/2010 | RELEASE | -<br>- | - |
| 05022800950102 | 31/01/2005 | RENT ASSIGNMENT IN RESPECT OF GENERAL BANKING FACILITIES | BANK OF COMMUNICATIONS<br>- | THE CONSIDERATION IS ALL SUMS OF MONEY (PT.) |
| 10060900750082 | 17/05/2010 | RELEASE | -<br>- | - |
| 05022800950112 | 31/01/2005 | DEED OF ASSIGNMENT OF LICENCE | ASIA KING (H.K.) LIMITED "LICENSEE" | $1.00 (PT.) |

啟順(香港)有限公司

備註 REMARKS: BY GOLDEN SUN PROPERTY DEVELOPMENT LIMITED

| | | | | |
|---|---|---|---|---|
| 06051801010012 | 08/05/2006 | TENANCY AGREEMENT WITH PLANS | HANG SENG BANK LIMITED<br>- | THE RENT IS $208000 PER MONTH (PT.) |
| | | 備註 REMARKS: FOR 3 YEARS FROM 20.6.2006 | | |
| 10040700720016 | 12/03/2010 | PROVISIONAL AGREEMENT FOR SALE AND PURCHASE | GOOD BRIGHT INDUSTRIAL LIMITED<br>- | $112,000,000.00 (PT.) |
| | | 備註 REMARKS: SEE ASSIGNMENT MEM. NO. 10060200750244 | | |
| 10051800760038 | 11/05/2010 | NOMINATION | HONFIELD INVESTMENT (HONG KONG) LIMITED<br>康港投資有限公司<br>(NOMINEE) | - |
| | | 備註 REMARKS: BY GOOD BRIGHT INDUSTRIAL LIMITED SEE ASSIGNMENT MEM. NO. 10060200750244 | | |
| 10060200750253 | 17/05/2010 | 02/06/2010 MORTGAGE | HANG SENG BANK LIMITED<br>- | ALL MONEYS (PT.) |
| 11111701310013 | 27/10/2011 | 17/11/2011 RELEASE | -<br>- | - |
| 10060200750264 | 17/05/2010 | 02/06/2010 RENTAL ASSIGNMENT | HANG SENG BANK LIMITED<br>- | - |
| 11111701310013 | 27/10/2011 | 17/11/2011 RELEASE | -<br>- | - |

| | | | | | |
|---|---|---|---|---|---|
| 11081801540018 | 22/07/2011 | 18/08/2011 | PROVISIONAL AGREEMENT FOR SALE AND PURCHASE | PRONATURE (HONG KONG) LIMITED<br>- | $149,800,000.00 (PT.) |
| | | | 備註 REMARKS: SEE ASSIGNMENT MEM. NO. 11111701310024 | | |
| 11092101250018 | 15/09/2011 | 21/09/2011 | AGREEMENT FOR SALE AND PURCHASE | PRONATURE (HONG KONG) LIMITED<br>天然坊(香港)有限公司 | $149,800,000.00 (PT.) |
| | | | 備註 REMARKS: SEE ASSIGNMENT MEM. NO. 11111701310024 | | |
| 11102601280028 | 15/09/2011 | 26/10/2011 | NOMINATION | EU YAN SANG (PROPERTIES) LIMITED<br>余仁生物業有限公司<br>(NOMINEE) | - |
| | | | 備註 REMARKS: BY PRONATURE (HONG KONG) LIMITED<br>SEE ASSIGNMENT MEM. NO. 11111701310024 | | |

**等待註冊的契約**

**DEEDS PENDING REGISTRATION**

| 註冊摘要編號<br>MEMORIAL NO. | 文書日期<br>DATE OF INSTRUMENT | 交付日期<br>DATE OF DELIVERY | 文書性質<br>NATURE | 受惠各方<br>IN FAVOUR OF | 代價<br>CONSIDERATION |
|---|---|---|---|---|---|

********** 無 NIL **********

**********  **登記冊末端 END OF REGISTER**  **********

View PROPERTY PARTICULARS
View OWNER PARTICULARS
View INCUMBRANCES
View DEEDS PENDING REGISTRATION

**土地註冊處 THE LAND REGISTRY**
**土地登記冊 LAND REGISTER**

印製於 PRINTED AT: INTERNET SEARCH (DOWNLOAD)
查冊日期及時間 SEARCH DATE AND TIME: 06/06/2016 16:18
查冊者姓名 NAME OF SEARCHER: 1189
查冊種類 SEARCH TYPE: HISTORICAL AND CURRENT
本登記冊列明有關物業截至 06/06/2016 07:30 之資料
THE INFORMATION SET OUT BELOW CONTAINS PARTICULARS OF THE PROPERTY UP TO 07:30 ON 06/06/2016.
備存土地紀錄以供市民查閱旨在防止秘密及有欺詐成分的物業轉易，以及提供容易追溯和確定土地財產及不動產業權的方法。土地紀錄內載的資料不得用於與土地紀錄的宗旨無關之目的，使用所提供的資料須符合«個人資料（私隱）條例»的規定。
The land records are kept and made available to members of the public to prevent secret and fraudulent conveyances, and to provide means whereby the titles to real and immovable property may be easily traced and ascertained. The information contained in the land records shall not be used for purposes that are not related to the purposes of the land records. The use of information provided is subject to the provisions in the Personal Data (Privacy) Ordinance.

**物業資料**
**PROPERTY PARTICULARS**

物業參考編號
PROPERTY REFERENCE NUMBER (PRN): A0567753
地段編號
LOT NO.: THE REMAINING PORTION OF INLAND LOT NO. 1810 批約 HELD UNDER:GOVERNMENT LEASE
年期 LEASE TERM:999 YEARS
開始日期 COMMENCEMENT OF LEASE TERM:26/12/1866
每年地稅 RENT PER-ANNUM:

地段編號
LOT NO.: THE REMAINING PORTION OF INLAND LOT NO. 1811 批約 HELD UNDER:GOVERNMENT LEASE

年期 LEASE TERM:999 YEARS
開始日期 COMMENCEMENT OF26/12/1866
LEASE TERM:
每年地稅 RENT PER-
ANNUM:

地段編號
LOT NO.: THE REMAINING PORTION OF SECTION B OF
INLAND LOT NO. 1812

批約 HELD UNDER:GOVERNMENT LEASE
年期 LEASE TERM:999 YEARS
開始日期 COMMENCEMENT OF26/12/1866
LEASE TERM:
每年地稅 RENT PER-
ANNUM:

地段編號
LOT NO.: INLAND LOT NO. 1813

批約 HELD UNDER:GOVERNMENT LEASE
年期 LEASE TERM:999 YEARS
開始日期 COMMENCEMENT OF26/12/1866
LEASE TERM:
每年地稅 RENT PER$12.00
ANNUM:

所佔地段份數
SHARE OF THE LOT: 30/1100
ADDRESS: SHOP 2 ON GROUND FLOOR SHUM TOWER
NO.268 DES VOEUX ROAD CENTRAL
HONG KONG

地址:中文地址不詳

備註
REMARKS: THE RENT IS $26 P.A. (IL 1810), $26 P.A. (IL 1811), $13 P.A. (IL 1812 S.B)

MODIFICATION/EXEMPTION GRANTED BY BUILDING AUTHORITY'S PERMIT NO. HK176/88 DATED 16/6/88 (LO 11342)

MODIFICATION/EXEMPTION GRANTED BY BUILDING AUTHORITY'S PERMIT NO. HK96/90 DATED 22/3/90 (LO 11860)

MODIFICATION/EXEMPTION GRANTED BY BUILDING AUTHORITY'S PERMIT NO. HK61/92 DATED 19/2/92 (LO 12322)

HOUSE NO. FORMERLY NOS.264, 266, 268 & 270 DES VOEUX ROAD CENTRAL NOW NO.268 DES VOEUX ROAD CENTRAL

SEE D.M.C. M/N 5872594

**業主資料**
**OWNER PARTICULARS**

| 業主姓名 NAME OF OWNER | 身分 (如非唯一擁有人) CAPACITY (IF NOT SOLE OWNER) | 註冊摘要編號 MEMORIAL NO. | 文書日期 DATE OF INSTRUMENT | 註冊日期 DATE OF REGISTRATION | 代價 CONSIDERATION |
|---|---|---|---|---|---|
| THE SHUM YEE HING TONG COMPANY LIMITED | - | UB124512 | 01/04/1931 | 02/04/1931 | $159,500.00 |
| 備註 REMARKS: ASSIGNMENT OF IL 1811 RP & IL 1812 S.B R.P. | | | | | |
| THE SHUM YEE HING TONG COMPANY LIMITED | - | UB3092676 | 31/05/1986 | 14/07/1986 | $2,716,000.00 |
| 備註 REMARKS: ASSIGNMENT OF IL 1813 RE-REGISTERED VIDE MEM. NO. 5821815 | | | | | |
| THE SHUM YEE HING TONG COMPANY LIMITED | - | UB5448201 | 11/09/1992 | 02/10/1992 | $13,000,000.00 |
| 備註 REMARKS: ASSIGNMENT OF IL 1810 R.P. | | | | | |

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| GOLDEN SUN PROPERTY DEVELOPMENT LIMITED<br>- | | UB8647178 | 28/02/2002 | 06/04/2002 | $39,300,000.00 (PT.) |
| | 備註 REMARKS: ASSIGNMENT WITH PLANS | | | | |
| ASIA KING (H.K.) LIMITED<br>啓順（香港）有限公司 | | 05022800950083<br>ASSIGNMENT | 31/01/2005 | 28/02/2005 | $76,000,000.00 (PT.) |
| HONFIELD INVESTMENT (HONG KONG) LIMITED<br>康港投資有限公司 | | 10060200750244<br>ASSIGNMENT | 17/05/2010 | 02/06/2010 | $112,000,000.00 (PT.) |
| EU YAN SANG (PROPERTIES) LIMITED<br>余仁生物業有限公司 | | 11111701310024<br>ASSIGNMENT | 27/10/2011 | 17/11/2011 | $149,800,000.00 (PT.) |

**物業涉及的轇轕**
**INCUMBRANCES**

| 註冊摘要編號<br>MEMORIAL NO. | 文書日期<br>DATE OF INSTRUMENT | 註冊日期<br>DATE OF REGISTRATION | 文書性質<br>NATURE | 受惠各方<br>IN FAVOUR OF | 代價<br>CONSIDERATION |
|---|---|---|---|---|---|
| UB5123841 | 16/12/1991 | 21/12/1991 | BUILDING MORTGAGE RE IL 1811 R.P., IL 1812 S.B R.P. & IL 1813 | OVERSEA-CHINESE BANKING CORPORATION LIMITED<br>- | $18,000,000.00 |
| UB5508892 | 02/12/1992 | 11/12/1992 | RELEASE | -<br>- | - |
| UB6090347 | 02/12/1992 | 10/08/1994 | RELEASE (PREVIOUSLY | - | - |

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|---|---|---|---|---|
| | | REGD. BY M/N 5508892) | - | |
| UB5379373 | 06/08/1992 | STATUTORY<br>DECLARATION OF<br>WALTER SHEUNG WING<br>HON"THE DECLARANT" | -<br>-<br><br><br> | - |
| | | 備註 REMARKS: RE IL 1811 R.P., IL 1812 S.B R.P. & IL 1813 | | |
| UB5508893 | 02/12/1992 | BUILDING MORTGAGE | OVERSEA-CHINESE BANKING CORPORATION LIMITED<br>- | $36,400,000.00 (PT.) |
| UB5946846 | 03/03/1994 | RELEASE | -<br>- | - |
| UB5787803 | 14/09/1993 | SUPPLEMENTAL<br>STATUTORY<br>DECLARATION BY<br>WALTER SHEUNG WING<br>HON | -<br>-<br><br><br> | - |
| | | 備註 REMARKS: SUPPLEMENTAL TO STATUTORY DECLARATION M/N 5379373 | | |
| UB5795118 | 24/02/1993 | DECLARATION OF SHIU<br>CHI PING RE IL 1813 | -<br>- | - |
| UB5854099 | 19/11/1993 | OCCUPATION PERMIT<br>NO.H135/93 | -<br>- | - |
| UB5872594 | 07/12/1993 | DEED OF MUTUAL<br>COVENANT AND<br>MANAGEMENT<br>AGREEMENT | -<br>-<br><br><br> | - |
| UB6083542 | 01/07/1994 | TENANCY AGREEMENT | MCDONALD'S | - |

| | | | | | |
|---|---|---|---|---|---|
| | | | FOR 3 YRS. FROM 20.6.94 TO 19.6.97 WITH PLAN | RESTAURANTS (HONG KONG) LIMITED<br>- | |
| | | | 備註 REMARKS: THE RENT IS $133000 PER MONTH FOR THE 1ST YEAR AND $160000 PER MONTH FOR THE 2ND & 3RD YEARS | | |
| UB6087567 | 27/07/1994 | 06/08/1994 | MORTGAGE TO SECURE GENERAL BANKING FACILITIES | CITIBANK, N.A.<br>- | - (PT.) |
| | | | 備註 REMARKS: THE CONSIDERATION IS ALL MONEYS | | |
| UB6760766 | 19/08/1996 | 26/09/1996 | RECEIPT ON DISCHARGE OF A CHARGE | -<br>- | - |
| UB6751594 | 19/08/1996 | 18/09/1996 | MORTGAGE TO SECURE GENERAL BANKING FACILITIES | THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED<br>- | - (PT.) |
| | | | 備註 REMARKS: FOR CONSIDERATION SEE MEMORIAL | | |
| UB8638922 | 28/02/2002 | 25/03/2002 | PARTIAL RELEASE | -<br>- | - |
| UB6751595 | 19/08/1996 | 18/09/1996 | ASSIGNMENT OF RENTAL | THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED<br>- | - |
| UB8638923 | 28/02/2002 | 25/03/2002 | MEMORANDUM OF PARTIAL RELEASE | -<br>- | - |
| UB7169820 | 10/07/1997 | 22/07/1997 | TENANCY AGREEMENT RE SHOP NOS.1, 2, PORTION OF SHOP NO.3 | MCDONALD'S RESTAURANTS (HONG KONG) LIMITED | - |

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|---|---|---|---|---|
| | | ON G/F & M/F | - | |
| | | 備註 REMARKS: WITH PLANS FOR 3 YEARS FROM 20/6/97 TO 19/6/2000 WITH OPTION TO RENEW 4 YRS. FOR RENT SEE MEMORIAL | | |
| UB8160695 | 08/08/2000 | TENANCY AGREEMENT WITH PLAN FOR 6 YEARS FROM 20.6.2000 TO 19.6.2006 | MCDONALD'S RESTAURANTS (HONG KONG) LIMITED - | - |
| | | 備註 REMARKS: FOR RENT SEE MEMORIAL RE SHOP NOS.1, 2, PORTION OF SHOP NO.3 ON G/F & M/F | | |
| UB8562345 | 01/12/2001 | PROVISIONAL AGREEMENT FOR SALE AND PURCHASE | GOLDEN SUN PROPERTY DEVELOPMENT LIMITED - | $39,300,000.00 (PT.) |
| | | 備註 REMARKS: SEE ASSIGNMENT MEM. NO.8647178 | | |
| UB8637223 | 28/02/2002 | AGREEMENT FOR SALE AND PURCHASE | GOLDEN SUN PROPERTY DEVELOPMENT LIMITED - | $39,300,000.00 (PT.) |
| | | 備註 REMARKS: SEE ASSIGNMENT MEM. NO.8647178 | | |
| UB8638924 | 28/02/2002 | MORTGAGE | BANK OF CHINA (HONG KONG) LIMITED - | - (PT.) |
| | | 備註 REMARKS: BY GOLDEN SUN PROPERTY DEVELOPMENT LIMITED THE CONSIDERATION IS ALL MONEYS | | |
| UB9253782 | 28/05/2004 | RECEIPT ON DISCHARGE OF A CHARGE | - - | - |
| UB8642358 | 28/02/2002 | DEED OF LICENCE | GOLDEN SUN PROPERTY DEVELOPMENT LIMITED | - |

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|---|---|---|---|---|---|
| | | | | "THE LICENSEE"<br>- | |
| | | | 備註 REMARKS: BY THE SHUM YEE HING TONG COMPANY LIMITED RE EXTERNAL WALL | | |
| UB9253783 | 28/05/2004 | 24/06/2004 | MORTGAGE TO SECURE GENERAL BANKING FACILITIES | CHIYU BANKING CORPORATION LIMITED<br>- | - (PT.) |
| | | | 備註 REMARKS: THE CONSIDERATION IS ALL MONIES | | |
| 05022800950070 | 31/01/2005 | 28/02/2005 | RECEIPT ON DISCHARGE OF A CHARGE | -<br>- | - |
| UB9382553 | 16/10/2004 | 13/11/2004 | PROVISIONAL AGREEMENT FOR SALE AND PURCHASE | ASIA KING (H.K.) LIMITED<br>- | $76,000,000.00 (PT.) |
| | | | 備註 REMARKS: SEE ASSIGNMENT MEM. NO. 05022800950083 | | |
| 05022800950094 | 31/01/2005 | 28/02/2005 | MORTGAGE TO SECURE GENERAL BANKING FACILITIES | BANK OF COMMUNICATIONS<br>- | THE CONSIDERATION IS ALL SUMS OF MONEY (PT.) |
| 10060900750082 | 17/05/2010 | 09/06/2010 | RELEASE | -<br>- | - |
| 05022800950102 | 31/01/2005 | 28/02/2005 | RENT ASSIGNMENT IN RESPECT OF GENERAL BANKING FACILITIES | BANK OF COMMUNICATIONS<br>- | THE CONSIDERATION IS ALL SUMS OF MONEY (PT.) |
| 10060900750082 | 17/05/2010 | 09/06/2010 | RELEASE | -<br>- | - |
| 05022800950112 | 31/01/2005 | 28/02/2005 | DEED OF ASSIGNMENT OF LICENCE | ASIA KING (H.K.) LIMITED "LICENSEE" | $1.00 (PT.) |

啟順(香港)有限公司

備註 REMARKS: BY GOLDEN SUN PROPERTY DEVELOPMENT LIMITED

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|---|---|---|---|---|
| 0605180101012 | 08/05/2006 | TENANCY AGREEMENT WITH PLANS | HANG SENG BANK LIMITED<br>- | THE RENT IS $208000 PER MONTH (PT.) |
| | | 備註 REMARKS: FOR 3 YEARS FROM 20.6.2006 | | |
| 10040700720016 | 12/03/2010 | PROVISIONAL AGREEMENT FOR SALE AND PURCHASE | GOOD BRIGHT INDUSTRIAL LIMITED<br>- | $112,000,000.00 (PT.) |
| | | 備註 REMARKS: SEE ASSIGNMENT MEM. NO. 10060200750244 | | |
| 10051800760038 | 11/05/2010 | NOMINATION | HONFIELD INVESTMENT (HONG KONG) LIMITED<br>康港投資有限公司<br>(NOMINEE) | - |
| | | 備註 REMARKS: BY GOOD BRIGHT INDUSTRIAL LIMITED SEE ASSIGNMENT MEM. NO. 10060200750244 | | |
| 10060200750253 | 17/05/2010 | 02/06/2010 MORTGAGE | HANG SENG BANK LIMITED<br>- | ALL MONEYS (PT.) |
| 11111701310013 | 27/10/2011 | 17/11/2011 RELEASE | -<br>- | - |
| 10060200750264 | 17/05/2010 | 02/06/2010 RENTAL ASSIGNMENT | HANG SENG BANK LIMITED<br>- | - |
| 11111701310013 | 27/10/2011 | 17/11/2011 RELEASE | -<br>- | - |

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|---|---|---|---|---|---|
| 11081801540018 | 22/07/2011 | 18/08/2011 | PROVISIONAL AGREEMENT FOR SALE AND PURCHASE | PRONATURE (HONG KONG) LIMITED<br>- | $149,800,000.00 (PT.) |
| | | 備註 REMARKS: SEE ASSIGNMENT MEM. NO. 11111701310024 | | | |
| 11092101250018 | 15/09/2011 | 21/09/2011 | AGREEMENT FOR SALE AND PURCHASE | PRONATURE (HONG KONG) LIMITED<br>天然坊(香港)有限公司 | $149,800,000.00 (PT.) |
| | | 備註 REMARKS: SEE ASSIGNMENT MEM. NO. 11111701310024 | | | |
| 11102601280028 | 15/09/2011 | 26/10/2011 | NOMINATION | EU YAN SANG (PROPERTIES) LIMITED<br>余仁生物業有限公司<br>(NOMINEE) | - |
| | | 備註 REMARKS: BY PRONATURE (HONG KONG) LIMITED<br>SEE ASSIGNMENT MEM. NO. 11111701310024 | | | |

**等待註冊的契約**

**DEEDS PENDING REGISTRATION**

| 註冊摘要編號<br>MEMORIAL NO. | 文書日期<br>DATE OF INSTRUMENT | 交付日期<br>DATE OF DELIVERY | 文書性質<br>NATURE | 受惠各方<br>IN FAVOUR OF | 代價<br>CONSIDERATION |
|---|---|---|---|---|---|

********** 無 NIL **********

**********  **登記冊末端 END OF REGISTER**  **********

View PROPERTY PARTICULARS
View OWNER PARTICULARS
View INCUMBRANCES
View DEEDS PENDING REGISTRATION

**土地註冊處 THE LAND REGISTRY**
**土地登記冊 LAND REGISTER**

印製於 PRINTED AT: INTERNET SEARCH (DOWNLOAD)
查冊日期及時間 SEARCH DATE AND TIME: 31/05/2016 15:45
查冊者姓名 NAME OF SEARCHER: 1189
查冊種類 SEARCH TYPE: HISTORICAL AND CURRENT
本登記冊列明有關物業截至 31/05/2016 07:30 之資料
THE INFORMATION SET OUT BELOW CONTAINS PARTICULARS OF THE PROPERTY UP TO 07:30 ON 31/05/2016.
備存土地紀錄以供市民查閱旨在防止秘密及有欺詐成分的物業轉易，以及提供容易追溯和確定土地財產及不動產業權的方法。土地紀錄內載的資料不得用於與土地紀錄的宗旨無關之目的，使用所提供的資料須符合«個人資料（私隱）條例»的規定。
The land records are kept and made available to members of the public to prevent secret and fraudulent conveyances, and to provide means whereby the titles to real and immovable property may be easily traced and ascertained. The information contained in the land records shall not be used for purposes that are not related to the purposes of the land records. The use of information provided is subject to the provisions in the Personal Data (Privacy) Ordinance.

**物業資料**
**PROPERTY PARTICULARS**

物業參考編號
PROPERTY REFERENCE NUMBER (PRN): B3451150
地段編號
LOT NO.: THE REMAINING PORTION OF INLAND LOT NO. 1810 批約 HELD UNDER:GOVERNMENT LEASE
年期 LEASE TERM:999 YEARS
開始日期 COMMENCEMENT OF26/12/1866
LEASE TERM:
每年地稅 RENT PER-
ANNUM:

地段編號
LOT NO.: THE REMAINING PORTION OF INLAND LOT NO. 1811 批約 HELD UNDER:GOVERNMENT LEASE

年期 LEASE TERM:999 YEARS
開始日期 COMMENCEMENT OF26/12/1866
LEASE TERM:
每年地稅 RENT PER-
ANNUM:

地段編號
LOT NO.: THE REMAINING PORTION OF SECTION B OF INLAND LOT NO. 1812

批約 HELD UNDER:GOVERNMENT LEASE
年期 LEASE TERM:999 YEARS
開始日期 COMMENCEMENT OF26/12/1866
LEASE TERM:
每年地稅 RENT PER-
ANNUM:

地段編號
LOT NO.: INLAND LOT NO. 1813

批約 HELD UNDER:GOVERNMENT LEASE
年期 LEASE TERM:999 YEARS
開始日期 COMMENCEMENT OF26/12/1866
LEASE TERM:
每年地稅 RENT PER$12.00
ANNUM:

所佔地段份數
SHARE OF THE LOT: 30/1100
ADDRESS: SHOP 3 ON GROUND FLOOR INCLUDING THE FLAT ROOF/YARD THEREOF
SHUM TOWER NO.268 DES VOEUX ROAD
CENTRAL HONG KONG

地址:中文地址不詳

備註
REMARKS: THE RENT IS $26 P.A. (IL 1810), $26 P.A. (IL 1811), $13 P.A. (IL 1812 S.B)

MODIFICATION/EXEMPTION GRANTED BY BUILDING AUTHORITY'S PERMIT NO. HK176/88 DATED 16/6/88 (LO 11342)

MODIFICATION/EXEMPTION GRANTED BY BUILDING AUTHORITY'S PERMIT NO. HK96/90 DATED 22/3/90 (LO 11860)

MODIFICATION/EXEMPTION GRANTED BY BUILDING AUTHORITY'S PERMIT NO. HK61/92 DATED 19/2/92 (LO 12322)

HOUSE NO. FORMERLY NOS.264, 266, 268 & 270 DES VOEUX ROAD CENTRAL NOW NO.268 DES VOEUX ROAD CENTRAL

SEE D.M.C. M/N 5872594

**業主資料**
**OWNER PARTICULARS**

| 業主姓名 NAME OF OWNER | 身分 (如非唯一擁有人) CAPACITY (IF NOT SOLE OWNER) | 註冊摘要編號 MEMORIAL NO. | 文書日期 DATE OF INSTRUMENT | 註冊日期 DATE OF REGISTRATION | 代價 CONSIDERATION |
|---|---|---|---|---|---|
| THE SHUM YEE HING TONG COMPANY LIMITED - | | UB124512 | 01/04/1931 | 02/04/1931 | $159,500.00 |
| 備註 REMARKS: ASSIGNMENT OF IL 1811 RP & IL 1812 S.B R.P. | | | | | |
| THE SHUM YEE HING TONG COMPANY LIMITED - | | UB3092676 | 31/05/1986 | 14/07/1986 | $2,716,000.00 |
| 備註 REMARKS: ASSIGNMENT OF IL 1813 RE-REGISTERED VIDE MEM. NO. 5821815 | | | | | |
| THE SHUM YEE HING TONG COMPANY LIMITED - | | UB5448201 | 11/09/1992 | 02/10/1992 | $13,000,000.00 |
| 備註 REMARKS: ASSIGNMENT OF IL 1810 R.P. | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| GOLDEN SUN PROPERTY DEVELOPMENT LIMITED<br>- | | UB8647178 | 28/02/2002 | 06/04/2002 | $39,300,000.00 (PT.) |
| | 備註 REMARKS: ASSIGNMENT WITH PLANS | | | | |
| ASIA KING (H.K.) LIMITED<br>啓順（香港）有限公司 | | 05022800950083<br>ASSIGNMENT | 31/01/2005 | 28/02/2005 | $76,000,000.00 (PT.) |
| HONFIELD INVESTMENT (HONG KONG) LIMITED<br>康港投資有限公司 | | 10060200750244<br>ASSIGNMENT | 17/05/2010 | 02/06/2010 | $112,000,000.00 (PT.) |
| EU YAN SANG (PROPERTIES) LIMITED<br>余仁生物業有限公司 | | 11111701310024<br>ASSIGNMENT | 27/10/2011 | 17/11/2011 | $149,800,000.00 (PT.) |

**物業涉及的轇轕**
**INCUMBRANCES**

| 註冊摘要編號<br>MEMORIAL NO. | 文書日期<br>DATE OF INSTRUMENT | 註冊日期<br>DATE OF REGISTRATION | 文書性質<br>NATURE | 受惠各方<br>IN FAVOUR OF | 代價<br>CONSIDERATION |
|---|---|---|---|---|---|
| UB5123841 | 16/12/1991 | 21/12/1991 | BUILDING MORTGAGE RE IL 1811 R.P., IL 1812 S.B R.P. & IL 1813 | OVERSEA-CHINESE BANKING CORPORATION LIMITED<br>- | $18,000,000.00 |
| UB5508892 | 02/12/1992 | 11/12/1992 | RELEASE | -<br>- | - |
| UB6090347 | 02/12/1992 | 10/08/1994 | RELEASE (PREVIOUSLY | - | - |

| | | | | | |
|---|---|---|---|---|---|
| | | | REGD. BY M/N 5508892) | - | |
| UB5379373 | 06/08/1992 | 07/08/1992 | STATUTORY DECLARATION OF WALTER SHEUNG WING HON"THE DECLARANT" | -<br>- | - |
| | | | 備註 REMARKS: RE IL 1811 R.P., IL 1812 S.B R.P. & IL 1813 | | |
| UB5508893 | 02/12/1992 | 11/12/1992 | BUILDING MORTGAGE | OVERSEA-CHINESE BANKING CORPORATION LIMITED<br>- | $36,400,000.00 (PT.) |
| UB5946846 | 03/03/1994 | 15/03/1994 | RELEASE | -<br>- | - |
| UB5787803 | 14/09/1993 | 16/09/1993 | SUPPLEMENTAL STATUTORY DECLARATION BY WALTER SHEUNG WING HON | -<br>- | - |
| | | | 備註 REMARKS: SUPPLEMENTAL TO STATUTORY DECLARATION M/N 5379373 | | |
| UB5795118 | 24/02/1993 | 23/09/1993 | DECLARATION OF SHIU CHI PING RE IL 1813 | -<br>- | - |
| UB5854099 | 19/11/1993 | 26/11/1993 | OCCUPATION PERMIT NO.H135/93 | -<br>- | - |
| UB5872594 | 07/12/1993 | 21/12/1993 | DEED OF MUTUAL COVENANT AND MANAGEMENT AGREEMENT | -<br>- | - |
| UB6083542 | 01/07/1994 | 02/08/1994 | TENANCY AGREEMENT | MCDONALD'S | - |

| | | | | | |
|---|---|---|---|---|---|
| | | | FOR 3 YRS. FROM 20.6.94 TO 19.6.97 WITH PLAN | RESTAURANTS (HONG KONG) LIMITED<br>- | |
| | | | 備註 REMARKS: THE RENT IS $133000 PER MONTH FOR THE 1ST YEAR AND $160000 PER MONTH FOR THE 2ND & 3RD YEARS | | |
| UB6087567 | 27/07/1994 | 06/08/1994 | MORTGAGE TO SECURE GENERAL BANKING FACILITIES | CITIBANK, N.A.<br>- | - (PT.) |
| | | | 備註 REMARKS: THE CONSIDERATION IS ALL MONEYS | | |
| UB6760766 | 19/08/1996 | 26/09/1996 | RECEIPT ON DISCHARGE OF A CHARGE | -<br>- | - |
| UB6751594 | 19/08/1996 | 18/09/1996 | MORTGAGE TO SECURE GENERAL BANKING FACILITIES | THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED<br>- | - (PT.) |
| | | | 備註 REMARKS: FOR CONSIDERATION SEE MEMORIAL | | |
| UB8638922 | 28/02/2002 | 25/03/2002 | PARTIAL RELEASE | -<br>- | - |
| UB6751595 | 19/08/1996 | 18/09/1996 | ASSIGNMENT OF RENTAL | THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED<br>- | - |
| UB8638923 | 28/02/2002 | 25/03/2002 | MEMORANDUM OF PARTIAL RELEASE | -<br>- | - |
| UB7169820 | 10/07/1997 | 22/07/1997 | TENANCY AGREEMENT RE SHOP NOS.1, 2, PORTION OF SHOP NO.3 | MCDONALD'S RESTAURANTS (HONG KONG) LIMITED | - |

| | | | | |
|---|---|---|---|---|
| | | ON G/F & M/F | - | |
| | | 備註 REMARKS: WITH PLANS FOR 3 YEARS FROM 20/6/97 TO 19/6/2000 WITH OPTION TO RENEW 4 YRS. FOR RENT SEE MEMORIAL | | |
| UB8160695 | 08/08/2000 | TENANCY AGREEMENT WITH PLAN FOR 6 YEARS FROM 20.6.2000 TO 19.6.2006 | MCDONALD'S RESTAURANTS (HONG KONG) LIMITED - | - |
| | | 備註 REMARKS: FOR RENT SEE MEMORIAL RE SHOP NOS.1, 2, PORTION OF SHOP NO.3 ON G/F & M/F | | |
| UB8562345 | 01/12/2001 | PROVISIONAL AGREEMENT FOR SALE AND PURCHASE | GOLDEN SUN PROPERTY DEVELOPMENT LIMITED - | $39,300,000.00 (PT.) |
| | | 備註 REMARKS: SEE ASSIGNMENT MEM. NO.8647178 | | |
| UB8637223 | 28/02/2002 | AGREEMENT FOR SALE AND PURCHASE | GOLDEN SUN PROPERTY DEVELOPMENT LIMITED - | $39,300,000.00 (PT.) |
| | | 備註 REMARKS: SEE ASSIGNMENT MEM. NO.8647178 | | |
| UB8638924 | 28/02/2002 | MORTGAGE | BANK OF CHINA (HONG KONG) LIMITED - | - (PT.) |
| | | 備註 REMARKS: BY GOLDEN SUN PROPERTY DEVELOPMENT LIMITED THE CONSIDERATION IS ALL MONEYS | | |
| UB9253782 | 28/05/2004 | RECEIPT ON DISCHARGE OF A CHARGE | - - | - |
| UB8642358 | 28/02/2002 | DEED OF LICENCE | GOLDEN SUN PROPERTY DEVELOPMENT LIMITED | - |

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|---|---|---|---|---|---|
| | | | | "THE LICENSEE"<br>- | |
| | | | 備註 REMARKS: BY THE SHUM YEE HING TONG COMPANY LIMITED RE EXTERNAL WALL | | |
| UB9253783 | 28/05/2004 | 24/06/2004 | MORTGAGE TO SECURE GENERAL BANKING FACILITIES | CHIYU BANKING CORPORATION LIMITED<br>- | - (PT.) |
| | | | 備註 REMARKS: THE CONSIDERATION IS ALL MONIES | | |
| 05022800950070 | 31/01/2005 | 28/02/2005 | RECEIPT ON DISCHARGE OF A CHARGE | -<br>- | - |
| UB9382553 | 16/10/2004 | 13/11/2004 | PROVISIONAL AGREEMENT FOR SALE AND PURCHASE | ASIA KING (H.K.) LIMITED<br>- | $76,000,000.00 (PT.) |
| | | | 備註 REMARKS: SEE ASSIGNMENT MEM. NO. 05022800950083 | | |
| 05022800950094 | 31/01/2005 | 28/02/2005 | MORTGAGE TO SECURE GENERAL BANKING FACILITIES | BANK OF COMMUNICATIONS<br>- | THE CONSIDERATION IS ALL SUMS OF MONEY (PT.) |
| 10060900750082 | 17/05/2010 | 09/06/2010 | RELEASE | -<br>- | - |
| 05022800950102 | 31/01/2005 | 28/02/2005 | RENT ASSIGNMENT IN RESPECT OF GENERAL BANKING FACILITIES | BANK OF COMMUNICATIONS<br>- | THE CONSIDERATION IS ALL SUMS OF MONEY (PT.) |
| 10060900750082 | 17/05/2010 | 09/06/2010 | RELEASE | -<br>- | - |
| 05022800950112 | 31/01/2005 | 28/02/2005 | DEED OF ASSIGNMENT OF LICENCE | ASIA KING (H.K.) LIMITED "LICENSEE" | $1.00 (PT.) |

啟順(香港)有限公司

備註 REMARKS: BY GOLDEN SUN PROPERTY DEVELOPMENT LIMITED

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|---|---|---|---|---|
| 06051801010012 | 08/05/2006 | TENANCY AGREEMENT WITH PLANS | HANG SENG BANK LIMITED<br>- | THE RENT IS $208000 PER MONTH (PT.) |
| | | 備註 REMARKS: FOR 3 YEARS FROM 20.6.2006 RE PORTION INCLUDING THE FLAT ROOF/YARD THEREOF | | |
| 07072700620020 | 11/07/2007 | TENANCY AGREEMENT RE FRONT PORTION WITH PLAN | HANG SENG BANK LIMITED<br>- | THE RENT IS $57,000 PER MONTH |
| | | 備註 REMARKS: FOR 1 YEAR 10 MONTHS 11 DAYS FROM 9.8.2007 | | |
| 10040700720016 | 12/03/2010 | PROVISIONAL AGREEMENT FOR SALE AND PURCHASE | GOOD BRIGHT INDUSTRIAL LIMITED<br>- | $112,000,000.00 (PT.) |
| | | 備註 REMARKS: SEE ASSIGNMENT MEM. NO. 1006020075024 4 | | |
| 10051800760038 | 11/05/2010 | NOMINATION | HONFIELD INVESTMENT (HONG KONG) LIMITED 康港投資有限公司 (NOMINEE) | - |
| | | 備註 REMARKS: BY GOOD BRIGHT INDUSTRIAL LIMITED SEE ASSIGNMENT MEM. NO. 1006020075024 4 | | |
| 10060200750253 | 17/05/2010 | MORTGAGE | HANG SENG BANK LIMITED<br>- | ALL MONEYS (PT.) |
| 11111701310013 | 27/10/2011 | RELEASE | -<br>- | - |

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|---|---|---|---|---|---|
| 10060200750264 | 17/05/2010 | 02/06/2010 | RENTAL ASSIGNMENT | HANG SENG BANK LIMITED<br>- | - |
| 11111701310013 | 27/10/2011 | 17/11/2011 | RELEASE | -<br>- | - |
| 11081801540018 | 22/07/2011 | 18/08/2011 | PROVISIONAL AGREEMENT FOR SALE AND PURCHASE | PRONATURE (HONG KONG) LIMITED<br>- | $149,800,000.00 (PT.) |
| | | | 備註 REMARKS: SEE ASSIGNMENT MEM. NO. 11111701310024 | | |
| 11092101250018 | 15/09/2011 | 21/09/2011 | AGREEMENT FOR SALE AND PURCHASE | PRONATURE (HONG KONG) LIMITED<br>天然坊(香港)有限公司 | $149,800,000.00 (PT.) |
| | | | 備註 REMARKS: SEE ASSIGNMENT MEM. NO. 11111701310024 | | |
| 11102601280028 | 15/09/2011 | 26/10/2011 | NOMINATION | EU YAN SANG (PROPERTIES) LIMITED<br>余仁生物業有限公司<br>(NOMINEE) | - |
| | | | 備註 REMARKS: BY PRONATURE (HONG KONG) LIMITED<br>SEE ASSIGNMENT MEM. NO. 11111701310024 | | |

**等待註冊的契約**

**DEEDS PENDING REGISTRATION**

| 註冊摘要編號<br>MEMORIAL NO. | 文書日期<br>DATE OF INSTRUMENT | 交付日期<br>DATE OF DELIVERY | 文書性質<br>NATURE | 受惠各方<br>IN FAVOUR OF | 代價<br>CONSIDERATION |
|---|---|---|---|---|---|

********** 無 NIL **********

**********登記冊末端 END OF REGISTER**********

View PROPERTY PARTICULARS
View OWNER PARTICULARS
View INCUMBRANCES
View DEEDS PENDING REGISTRATION

**土地註冊處 THE LAND REGISTRY**
**土地登記冊 LAND REGISTER**

印製於 PRINTED AT: INTERNET SEARCH (DOWNLOAD)
查冊日期及時間 SEARCH DATE AND TIME: 31/05/2016 15:45
查冊者姓名 NAME OF SEARCHER: 1189
查冊種類 SEARCH TYPE: HISTORICAL AND CURRENT
本登記冊列明有關物業截至 31/05/2016 07:30 之資料
THE INFORMATION SET OUT BELOW CONTAINS PARTICULARS OF THE PROPERTY UP TO 07:30 ON 31/05/2016.
備存土地紀錄以供市民查閱旨在防止秘密及有欺詐成分的物業轉易，以及提供容易追溯和確定土地財產及不動產業權的方法。土地紀錄內載的資料不得用於與土地紀錄的宗旨無關之目的，使用所提供的資料須符合«個人資料（私隱）條例»的規定。
The land records are kept and made available to members of the public to prevent secret and fraudulent conveyances, and to provide means whereby the titles to real and immovable property may be easily traced and ascertained. The information contained in the land records shall not be used for purposes that are not related to the purposes of the land records. The use of information provided is subject to the provisions in the Personal Data (Privacy) Ordinance.

**物業資料**
**PROPERTY PARTICULARS**

物業參考編號
PROPERTY REFERENCE NUMBER (PRN): A0567558
地段編號
LOT NO.: THE REMAINING PORTION OF INLAND LOT NO. 1810 批約 HELD UNDER:GOVERNMENT LEASE
年期 LEASE TERM:999 YEARS
開始日期 COMMENCEMENT OF LEASE TERM:26/12/1866
每年地稅 RENT PER-ANNUM:

地段編號
LOT NO.: THE REMAINING PORTION OF INLAND LOT NO. 1811 批約 HELD UNDER:GOVERNMENT LEASE

年期 LEASE TERM:999 YEARS
開始日期 COMMENCEMENT OF26/12/1866
LEASE TERM:
每年地稅 RENT PER-
ANNUM:

地段編號
LOT NO.: THE REMAINING PORTION OF SECTION B OF INLAND LOT NO. 1812

批約 HELD UNDER:GOVERNMENT LEASE
年期 LEASE TERM:999 YEARS
開始日期 COMMENCEMENT OF26/12/1866
LEASE TERM:
每年地稅 RENT PER-
ANNUM:

地段編號
LOT NO.: INLAND LOT NO. 1813

批約 HELD UNDER:GOVERNMENT LEASE
年期 LEASE TERM:999 YEARS
開始日期 COMMENCEMENT OF26/12/1866
LEASE TERM:
每年地稅 RENT PER$12.00
ANNUM:

所佔地段份數
SHARE OF THE LOT: 60/1100
ADDRESS: MEZZANINE FLOOR
SHUM TOWER
NO.268 DES VOEUX ROAD CENTRAL
HONG KONG

地址:中文地址不詳

備註
REMARKS: THE RENT IS $26 P.A. (IL 1810), $26 P.A. (IL 1811), $13 P.A. (IL 1812 S.B)

MODIFICATION/EXEMPTION GRANTED BY BUILDING AUTHORITY'S PERMIT NO. HK176/88 DATED 16/6/88 (LO 11342)

MODIFICATION/EXEMPTION GRANTED BY BUILDING AUTHORITY'S PERMIT NO. HK96/90 DATED 22/3/90 (LO 11860)

MODIFICATION/EXEMPTION GRANTED BY BUILDING AUTHORITY'S PERMIT NO. HK61/92 DATED 19/2/92 (LO 12322)

HOUSE NO. FORMERLY NOS.264, 266, 268 & 270 DES VOEUX ROAD CENTRAL NOW NO.268 DES VOEUX ROAD CENTRAL

SEE D.M.C. M/N 5872594

**業主資料**
**OWNER PARTICULARS**

| 業主姓名 NAME OF OWNER | 身分 (如非唯一擁有人) CAPACITY (IF NOT SOLE OWNER) | 註冊摘要編號 MEMORIAL NO. | 文書日期 DATE OF INSTRUMENT | 註冊日期 DATE OF REGISTRATION | 代價 CONSIDERATION |
|---|---|---|---|---|---|
| THE SHUM YEE HING TONG COMPANY LIMITED - | | UB124512 | 01/04/1931 | 02/04/1931 | $159,500.00 |
| 備註 REMARKS: ASSIGNMENT OF IL 1811 RP & IL 1812 S.B R.P. | | | | | |
| THE SHUM YEE HING TONG COMPANY LIMITED - | | UB3092676 | 31/05/1986 | 14/07/1986 | $2,716,000.00 |
| 備註 REMARKS: ASSIGNMENT OF IL 1813 RE-REGISTERED VIDE MEM. NO. 5821815 | | | | | |
| THE SHUM YEE HING TONG COMPANY LIMITED - | | UB5448201 | 11/09/1992 | 02/10/1992 | $13,000,000.00 |
| 備註 REMARKS: ASSIGNMENT OF IL 1810 R.P. | | | | | |

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|---|---|---|---|---|---|
| GOLDEN SUN PROPERTY DEVELOPMENT LIMITED<br>- | | UB8647178 | 28/02/2002 | 06/04/2002 | $39,300,000.00 (PT.) |
| | 備註 REMARKS: ASSIGNMENT WITH PLANS | | | | |
| ASIA KING (H.K.) LIMITED<br>啓順（香港）有限公司 | | 05022800950083<br>ASSIGNMENT | 31/01/2005 | 28/02/2005 | $76,000,000.00 (PT.) |
| HONFIELD INVESTMENT (HONG KONG) LIMITED<br>康港投資有限公司 | | 10060200750244<br>ASSIGNMENT | 17/05/2010 | 02/06/2010 | $112,000,000.00 (PT.) |
| EU YAN SANG (PROPERTIES) LIMITED<br>余仁生物業有限公司 | | 11111701310024<br>ASSIGNMENT | 27/10/2011 | 17/11/2011 | $149,800,000.00 (PT.) |

**物業涉及的轇轕**
**INCUMBRANCES**

| 註冊摘要編號<br>MEMORIAL NO. | 文書日期<br>DATE OF INSTRUMENT | 註冊日期<br>DATE OF REGISTRATION | 文書性質<br>NATURE | 受惠各方<br>IN FAVOUR OF | 代價<br>CONSIDERATION |
|---|---|---|---|---|---|
| UB5123841 | 16/12/1991 | 21/12/1991 | BUILDING MORTGAGE RE IL 1811 R.P., IL 1812 S.B R.P. & IL 1813 | OVERSEA-CHINESE BANKING CORPORATION LIMITED<br>- | $18,000,000.00 |
| UB5508892 | 02/12/1992 | 11/12/1992 | RELEASE | -<br>- | - |
| UB6090347 | 02/12/1992 | 10/08/1994 | RELEASE (PREVIOUSLY | - | - |

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|---|---|---|---|---|
| | | REGD. BY M/N 5508892) | - | |
| UB5379373 | 06/08/1992 | STATUTORY DECLARATION OF WALTER SHEUNG WING HON"THE DECLARANT" | - - | - |
| | | 備註 REMARKS: RE IL 1811 R.P., IL 1812 S.B R.P. & IL 1813 | | |
| UB5508893 | 02/12/1992 | BUILDING MORTGAGE | OVERSEA-CHINESE BANKING CORPORATION LIMITED - | $36,400,000.00 (PT.) |
| UB5946846 | 03/03/1994 | RELEASE | - - | - |
| UB5787803 | 14/09/1993 | SUPPLEMENTAL STATUTORY DECLARATION BY WALTER SHEUNG WING HON | - - | - |
| | | 備註 REMARKS: SUPPLEMENTAL TO STATUTORY DECLARATION M/N 5379373 | | |
| UB5795118 | 24/02/1993 | DECLARATION OF SHIU CHI PING RE IL 1813 | - - | - |
| UB5854099 | 19/11/1993 | OCCUPATION PERMIT NO.H135/93 | - - | - |
| UB5872594 | 07/12/1993 | DEED OF MUTUAL COVENANT AND MANAGEMENT AGREEMENT | - - | - |
| UB6083542 | 01/07/1994 | TENANCY AGREEMENT | MCDONALD'S | - |

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|---|---|---|---|---|---|
| | | | FOR 3 YRS. FROM 20.6.94 TO 19.6.97 WITH PLAN | RESTAURANTS (HONG KONG) LIMITED<br>- | |
| | | | 備註 REMARKS: THE RENT IS $133000 PER MONTH FOR THE 1ST YEAR AND $160000 PER MONTH FOR THE 2ND & 3RD YEARS | | |
| UB6087567 | 27/07/1994 | 06/08/1994 | MORTGAGE TO SECURE GENERAL BANKING FACILITIES | CITIBANK, N.A.<br>- | - (PT.) |
| | | | 備註 REMARKS: THE CONSIDERATION IS ALL MONEYS | | |
| UB6760766 | 19/08/1996 | 26/09/1996 | RECEIPT ON DISCHARGE OF A CHARGE | -<br>- | - |
| UB6751594 | 19/08/1996 | 18/09/1996 | MORTGAGE TO SECURE GENERAL BANKING FACILITIES | THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED<br>- | - (PT.) |
| | | | 備註 REMARKS: FOR CONSIDERATION SEE MEMORIAL | | |
| UB8638922 | 28/02/2002 | 25/03/2002 | PARTIAL RELEASE | -<br>- | - |
| UB6751595 | 19/08/1996 | 18/09/1996 | ASSIGNMENT OF RENTAL | THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED<br>- | - |
| UB8638923 | 28/02/2002 | 25/03/2002 | MEMORANDUM OF PARTIAL RELEASE | -<br>- | - |
| UB7169820 | 10/07/1997 | 22/07/1997 | TENANCY AGREEMENT RE SHOP NOS.1, 2, PORTION OF SHOP NO.3 | MCDONALD'S RESTAURANTS (HONG KONG) LIMITED | - |

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|---|---|---|---|---|
| | | ON G/F & M/F | - | |
| | | 備註 REMARKS: WITH PLANS FOR 3 YEARS FROM 20/6/97 TO 19/6/2000 WITH OPTION TO RENEW 4 YRS. FOR RENT SEE MEMORIAL | | |
| UB8160695 | 08/08/2000 | TENANCY AGREEMENT WITH PLAN FOR 6 YEARS FROM 20.6.2000 TO 19.6.2006 | MCDONALD'S RESTAURANTS (HONG KONG) LIMITED - | - |
| | | 備註 REMARKS: FOR RENT SEE MEMORIAL RE SHOP NOS.1, 2, PORTION OF SHOP NO.3 ON G/F & M/F | | |
| UB8562345 | 01/12/2001 | PROVISIONAL AGREEMENT FOR SALE AND PURCHASE | GOLDEN SUN PROPERTY DEVELOPMENT LIMITED - | $39,300,000.00 (PT.) |
| | | 備註 REMARKS: SEE ASSIGNMENT MEM. NO.8647178 | | |
| UB8637223 | 28/02/2002 | AGREEMENT FOR SALE AND PURCHASE | GOLDEN SUN PROPERTY DEVELOPMENT LIMITED - | $39,300,000.00 (PT.) |
| | | 備註 REMARKS: SEE ASSIGNMENT MEM. NO.8647178 | | |
| UB8638924 | 28/02/2002 | MORTGAGE | BANK OF CHINA (HONG KONG) LIMITED - | - (PT.) |
| | | 備註 REMARKS: BY GOLDEN SUN PROPERTY DEVELOPMENT LIMITED THE CONSIDERATION IS ALL MONEYS | | |
| UB9253782 | 28/05/2004 | RECEIPT ON DISCHARGE OF A CHARGE | - - | - |
| UB8642358 | 28/02/2002 | DEED OF LICENCE | GOLDEN SUN PROPERTY DEVELOPMENT LIMITED | - |

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|---|---|---|---|---|---|
| | | | | "THE LICENSEE"<br>- | |
| | | | 備註 REMARKS: BY THE SHUM YEE HING TONG COMPANY LIMITED RE EXTERNAL WALL | | |
| UB9253783 | 28/05/2004 | 24/06/2004 | MORTGAGE TO SECURE GENERAL BANKING FACILITIES | CHIYU BANKING CORPORATION LIMITED<br>- | - (PT.) |
| | | | 備註 REMARKS: THE CONSIDERATION IS ALL MONIES | | |
| 05022800950070 | 31/01/2005 | 28/02/2005 | RECEIPT ON DISCHARGE OF A CHARGE | -<br>- | - |
| UB9382553 | 16/10/2004 | 13/11/2004 | PROVISIONAL AGREEMENT FOR SALE AND PURCHASE | ASIA KING (H.K.) LIMITED<br>- | $76,000,000.00 (PT.) |
| | | | 備註 REMARKS: SEE ASSIGNMENT MEM. NO. 05022800950083 | | |
| 05022800950094 | 31/01/2005 | 28/02/2005 | MORTGAGE TO SECURE GENERAL BANKING FACILITIES | BANK OF COMMUNICATIONS<br>- | THE CONSIDERATION IS ALL SUMS OF MONEY (PT.) |
| 10060900750082 | 17/05/2010 | 09/06/2010 | RELEASE | -<br>- | - |
| 05022800950102 | 31/01/2005 | 28/02/2005 | RENT ASSIGNMENT IN RESPECT OF GENERAL BANKING FACILITIES | BANK OF COMMUNICATIONS<br>- | THE CONSIDERATION IS ALL SUMS OF MONEY (PT.) |
| 10060900750082 | 17/05/2010 | 09/06/2010 | RELEASE | -<br>- | - |
| 05022800950112 | 31/01/2005 | 28/02/2005 | DEED OF ASSIGNMENT OF LICENCE | ASIA KING (H.K.) LIMITED "LICENSEE" | $1.00 (PT.) |

啟順(香港)有限公司

備註 REMARKS: BY GOLDEN SUN PROPERTY DEVELOPMENT LIMITED

| | | | | |
|---|---|---|---|---|
| 0605180101012 | 08/05/2006 | TENANCY AGREEMENT WITH PLANS | HANG SENG BANK LIMITED<br>- | THE RENT IS $208000 PER MONTH (PT.) |
| | | 備註 REMARKS: FOR 3 YEARS FROM 20.6.2006 | | |
| 10040700720016 | 12/03/2010 | PROVISIONAL AGREEMENT FOR SALE AND PURCHASE | GOOD BRIGHT INDUSTRIAL LIMITED<br>- | $112,000,000.00 (PT.) |
| | | 備註 REMARKS: SEE ASSIGNMENT MEM. NO. 10060200750244 | | |
| 10051800760038 | 11/05/2010 | NOMINATION | HONFIELD INVESTMENT (HONG KONG) LIMITED<br>康港投資有限公司<br>(NOMINEE) | - |
| | | 備註 REMARKS: BY GOOD BRIGHT INDUSTRIAL LIMITED SEE ASSIGNMENT MEM. NO. 10060200750244 | | |
| 10060200750253 | 17/05/2010 | 02/06/2010 MORTGAGE | HANG SENG BANK LIMITED<br>- | ALL MONEYS (PT.) |
| 11111701310013 | 27/10/2011 | 17/11/2011 RELEASE | -<br>- | - |
| 10060200750264 | 17/05/2010 | 02/06/2010 RENTAL ASSIGNMENT | HANG SENG BANK LIMITED<br>- | - |
| 11111701310013 | 27/10/2011 | 17/11/2011 RELEASE | -<br>- | - |

| | | | | | |
|---|---|---|---|---|---|
| 11081801540018 | 22/07/2011 | 18/08/2011 | PROVISIONAL AGREEMENT FOR SALE AND PURCHASE<br>- | PRONATURE (HONG KONG) LIMITED | $149,800,000.00 (PT.) |
| | | 備註 REMARKS: SEE ASSIGNMENT MEM. NO. 11111701310024 | | | |
| 11092101250018 | 15/09/2011 | 21/09/2011 | AGREEMENT FOR SALE AND PURCHASE | PRONATURE (HONG KONG) LIMITED<br>天然坊(香港)有限公司 | $149,800,000.00 (PT.) |
| | | 備註 REMARKS: SEE ASSIGNMENT MEM. NO. 11111701310024 | | | |
| 11102601280028 | 15/09/2011 | 26/10/2011 | NOMINATION | EU YAN SANG (PROPERTIES) LIMITED<br>余仁生物業有限公司<br>(NOMINEE) | - |
| | | 備註 REMARKS: BY PRONATURE (HONG KONG) LIMITED<br>SEE ASSIGNMENT MEM. NO. 11111701310024 | | | |

**等待註冊的契約**

**DEEDS PENDING REGISTRATION**

| 註冊摘要編號<br>MEMORIAL NO. | 文書日期<br>DATE OF INSTRUMENT | 交付日期<br>DATE OF DELIVERY | 文書性質<br>NATURE | 受惠各方<br>IN FAVOUR OF | 代價<br>CONSIDERATION |
|---|---|---|---|---|---|

********** 無 NIL **********

**********  **登記冊末端 END OF REGISTER**  **********

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