

CIRCULAR DATED 16 DECEMBER 2019

THIS CIRCULAR IS ISSUED BY WBL CORPORATION LIMITED (THE “COMPANY”). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE ADVICE AND RECOMMENDATION OF SAC CAPITAL PRIVATE LIMITED, THE INDEPENDENT FINANCIAL ADVISER TO THE SHAREHOLDERS OF THE COMPANY (THE “SHAREHOLDERS”). THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.

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

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



WBL CORPORATION LIMITED

(Incorporated in Singapore)
(Company Registration No.: 191200028Z)

CIRCULAR TO SHAREHOLDERS

in relation to the

MANDATORY UNCONDITIONAL CASH OFFER

by

DBS BANK LTD.

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

for and on behalf of

YANLORD INVESTMENT (SINGAPORE) PTE. LTD.

(FORMERLY KNOWN AS YANLORD PERENNIAL INVESTMENT (SINGAPORE) PTE. LTD.)

(Incorporated in the Republic of Singapore)
(Company Registration No.: 201715887D)

to acquire all the issued and paid-up ordinary stock units in the capital of the Company other than those already owned, controlled, or agreed to be acquired by the Offeror (as defined herein) and parties acting in concert with the Offeror

Independent Financial Adviser to Shareholders



SAC CAPITAL PRIVATE LIMITED

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

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES OF THE OFFER (AS DEFINED HEREIN) SHOULD BE RECEIVED BY 5.30 P.M. (SINGAPORE TIME) ON 30 DECEMBER 2019. THE OFFEROR DOES NOT INTEND TO EXTEND THE OFFER BEYOND 5.30 P.M. (SINGAPORE TIME) ON 30 DECEMBER 2019. NOTICE IS HEREBY GIVEN THAT THE OFFER WILL NOT BE OPEN FOR ACCEPTANCE BEYOND 5.30 P.M. (SINGAPORE TIME) ON 30 DECEMBER 2019. ACCORDINGLY, SHAREHOLDERS WHO WISH TO ACCEPT THE OFFER MUST DO SO BY SUCH TIME AND DATE.

THE OFFEROR DOES NOT INTEND TO REVISE THE OFFER PRICE.

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DEFINITIONS

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

“9M2019”	:	The nine (9) months ended 30 September 2019
“9M2019 Results”	:	The unaudited interim condensed consolidated financial statements of the Group for 9M2019 as set out in Appendix E to this Circular
“ACRA”	:	The Accounting and Corporate Regulatory Authority of Singapore
“Appraised Properties”	:	Shall have the meaning ascribed to it in Section 9.1 of Appendix B to this Circular
“Auditor”	:	Ernst & Young LLP, being the auditor of the Company
“Business Day”	:	A day (other than Saturday, Sunday or a gazetted public holiday) on which commercial banks are open for business in Singapore
“Circular”	:	This circular to Shareholders dated 16 December 2019 from the Company containing, amongst other things, the advice and Recommendation of the IFA to Shareholders
“Closing Date”	:	30 December 2019, being the last day for the lodgement of acceptances of the Offer
“Code”	:	The Singapore Code on Take-overs and Mergers
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore
“Company”	:	WBL Corporation Limited (Company Registration No.: 191200028Z), a company incorporated in Singapore
“Company Securities”	:	(i) The Shares; (ii) securities which carry voting rights in the Company; and (iii) convertible securities, warrants, options (including any options granted under any employee share scheme of the Company) and derivatives in respect of the Shares or securities which carry voting rights in the Company
“Constitution”	:	The constitution of the Company
“CPF”	:	The Central Provident Fund
“CPFIS”	:	CPF Investment Scheme
“CPFIS Investors”	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
“DBS”	:	DBS Bank Ltd. (Company Registration No.: 196800306E), a company incorporated in the Republic of Singapore
“Directors”	:	The directors of the Company as at the Latest Practicable Date
“FAT”	:	Form of Acceptance and Transfer for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders
“FY”	:	In respect of the Company, financial year ended or ending (as the case may be) on 31 December of a particular year as stated

DEFINITIONS

“Group”	: The Company and its subsidiaries from time to time
“IFA”	: SAC Capital Private Limited (Company Registration No.: 200401542N), a company incorporated in the Republic of Singapore and the independent financial adviser to Shareholders in respect of the Offer
“IFA Letter”	: Letter dated 16 December 2019 from the IFA to Shareholders containing, amongst other things, the advice and Recommendation of the IFA to Shareholders, as set out in Appendix A to this Circular
“Independent Valuer”	: Orient Appraisal Co., Ltd (Company Registration No.: 26000000201908060942), a company incorporated in the People’s Republic of China
“Latest Practicable Date”	: 4 December 2019, being the latest practicable date prior to the printing of this Circular
“Net Earnings”	: The profit or loss attributable to equity holders of the Company in respect of each of 9M2019, FY2016, FY2017 and/or FY2018 (as the case may be), as set out in Section 7.1 of Appendix B to this Circular
“Offer”	: The mandatory unconditional cash offer by DBS, for and on behalf of the Offeror, to acquire the Offer Shares, on the terms and subject to the conditions set out in the Offer Document
“Offer Announcement”	: The announcement issued by DBS, for and on behalf of the Offeror, in relation to the Offer, on the Offer Announcement Date
“Offer Announcement Date”	: 16 November 2019, being the date of the Offer Announcement
“Offer Document”	: The offer document dated 2 December 2019, and any other document(s) which may be issued by or on behalf of the Offeror, to amend, revise, supplement or update such offer document(s) from time to time
“Offer Price”	: S\$2.5947 in cash for each Offer Share
“Offer Shares”	: Shares, other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror as at the date of the Offer
“Offeror”	: Yanlord Investment (Singapore) Pte. Ltd. (formerly known as Yanlord Perennial Investment (Singapore) Pte. Ltd.) (Company Registration No.: 201715887D), a company incorporated in the Republic of Singapore
“Offeror Securities”	: (i) The Offeror Shares; (ii) securities which carry voting rights in the Offeror; and (iii) convertible securities, warrants, options and derivatives in respect of the Offeror Shares or securities which carry voting rights in the Offeror
“Offeror Shares”	: Issued and paid-up ordinary shares in the capital of the Offeror
“Overseas Shareholders”	: Shareholders with neither a mailing address nor a corporate action mailing address in Singapore, as shown on the Register

DEFINITIONS

“Recommendation”	: The recommendation in respect of the Offer as required under the Code
“Register”	: The register of Shareholders maintained by the Share Registrar
“RMB”	: Renminbi, being the lawful currency of the People’s Republic of China
“SFA”	: The Securities and Futures Act, Chapter 289 of Singapore
“SGX-ST”	: Singapore Exchange Securities Trading Limited (Company Registration No.: 197300970D), a company incorporated in the Republic of Singapore
“SGXNET”	: A system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
“Shanghai Olympic Properties”	: Shall have the meaning ascribed to it in Section 9.1 of Appendix B to this Circular
“Share Registrar”	: Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) (Company Registration No.: 200416127E), a company incorporated in the Republic of Singapore and the share registrar of the Company located at 80 Robinson Road, #11-02, Singapore 068898
“Shareholders”	: The holders of Shares as indicated on the Register
“Shares”	: Issued and paid-up ordinary stock units in the capital of the Company
“SIC”	: The Securities Industry Council of Singapore
“SRS”	: Supplementary Retirement Scheme
“SRS Investors”	: Investors who have purchased Shares using their SRS contributions pursuant to the SRS
“S\$”	: Singapore dollars, being the lawful currency of Singapore
“UEL”	: United Engineers Limited (Company Registration No.: 191200018G), a company incorporated in Singapore
“UEL Offer Announcement”	: Shall have the meaning ascribed to it in Section 1.1 of this Circular
“UEL Ordinary Share Offer”	: Shall have the meaning ascribed to it in Section 1.1(a) of this Circular
“Valuation Report”	: The valuation report published by the Independent Valuer on 4 December 2019, in relation to the independent valuation commissioned by the Company of the Appraised Properties and the Shanghai Olympic Properties
“Valuation Report Extracts”	: The extracts of the Valuation Report, as set out in Appendix F to this Circular
“Yanlord”	: Yanlord Land Group Limited

DEFINITIONS

“Yanlord Commercial” : Yanlord Commercial Property Investments Pte. Ltd.

“%” : Percentage or per centum

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

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

Expressions. Words importing the singular shall, where applicable, include the plural and *vice versa* and words indicating a specific gender shall, where applicable, include the other genders (male, female or neuter). 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 included in this Circular between the listed amounts and their totals are due to rounding. Accordingly, figures may have been adjusted to ensure that totals or sub-totals shown, as the case may be, reflect an arithmetic aggregation of the figures that precede them.

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

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

Subsidiary, wholly owned subsidiary and related corporation. References to **“subsidiary”**, **“wholly owned subsidiary”** and **“related corporation”** shall have the meanings ascribed to them respectively in Sections 5, 5B and 6 of the Companies Act.

Time and date. Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date, unless otherwise stated.

Total Number of Shares and Percentage of Shares. In this Circular, the total number of Shares as at the Latest Practicable Date is 281,200,630 (based on the results of the instant information search of the Company dated the Latest Practicable Date conducted with ACRA). Unless otherwise specified, all references to a percentage shareholding in the capital of the Company in this Circular are based on 281,200,630 Shares as at the Latest Practicable Date.

Reproduced Statements. Statements which are reproduced in their entirety or as excerpts from the Offer Document, the IFA Letter and the Constitution are set out in this Circular within quotes and in *italics*, and all capitalised terms and expressions used within these reproduced statements and not defined herein shall have the same 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”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “if”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s 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 the Company assumes no obligation to update publicly or revise any forward-looking statement.

Given the risks and uncertainties that may cause the actual results, performance or achievements of the Company and/or Group to be materially different than expected, expressed or implied by the forward-looking statements in this Circular, Shareholders are advised not to place undue reliance on those statements. Further, the Company disclaims any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and/or any regulatory or supervisory body or agency.

INDICATIVE TIMETABLE

Date of despatch of the Offer Document	:	2 December 2019 (Monday)
Date of despatch of this Circular	:	16 December 2019 (Monday)
Closing Date and time	:	5.30 p.m. (Singapore time) on 30 December 2019, being the last day for the lodgement of acceptances for the Offer.
Date of settlement of consideration for valid acceptances of the Offer	:	In respect of acceptances which are valid and complete in all respects and in accordance with the instructions and requirements stated in the Offer Document, within seven (7) Business Days after the receipt of such acceptances.

Please refer to Section 1 of Appendix V to the Offer Document on page 25 therein, for further information.

LETTER TO SHAREHOLDERS

WBL CORPORATION LIMITED

(Incorporated in Singapore)
(Company Registration Number: 191200028Z)

Directors

Mr. Norman Ip Ka Cheung (Non-Independent, Non-Executive Director)
Mr. Tan Chee Keong Roy (Non-Independent, Executive Director)

Registered Office

12 Ang Mo Kio Street 64
#01-01
UE BizHub CENTRAL
Singapore 569088

16 December 2019

To: Shareholders of the Company

Dear Sir / Madam

MANDATORY UNCONDITIONAL CASH OFFER BY DBS BANK LTD., FOR AND ON BEHALF OF YANLORD INVESTMENT (SINGAPORE) PTE. LTD. (FORMERLY KNOWN AS YANLORD PERENNIAL INVESTMENT (SINGAPORE) PTE. LTD.), FOR THE OFFER SHARES

1. INTRODUCTION

1.1 **UEL Offer Announcement.** On 25 October 2019, DBS announced (the “**UEL Offer Announcement**”), for and on behalf of the Offeror, that the Offeror would make:

- (a) a mandatory conditional cash offer for all the issued and paid-up ordinary stock units in the capital of UEL other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror in accordance with Rule 14 of the Code (the “**UEL Ordinary Share Offer**”); and
- (b) a comparable offer for all the issued and paid-up preference shares in the capital of UEL other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror in accordance with Rule 18 of the Code.

1.2 **Offer Announcement.** Further to the UEL Offer Announcement, on 16 November 2019, DBS announced, for and on behalf of the Offeror, that, *inter alia*:

- (a) the UEL Ordinary Share Offer had become unconditional as to acceptances and has been declared unconditional in all respects on 15 November 2019; and
- (b) the Offeror is required, pursuant to the chain principle in Note 7 on Rule 14.1 of the Code, to make a mandatory unconditional cash offer for all the Shares, other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror as at the date of the Offer.

A copy of the Offer Announcement is available for download from SGXNET at www.sgx.com. The Offer Announcement was also advertised in The Straits Times on 22 November 2019.

1.3 **Offer Document.** Shareholders should have received a copy of the Offer Document issued by DBS, for and on behalf of the Offeror, setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out 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 for download from SGXNET at www.sgx.com.

LETTER TO SHAREHOLDERS

- 1.4 **Independent Financial Adviser.** The Company has appointed SAC Capital Private Limited (the “**IFA**”) as the independent financial adviser to advise and make a Recommendation to Shareholders.
- 1.5 **Purpose of this Circular.** The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Offer and to set out the advice and Recommendation of the IFA to Shareholders.

Shareholders should read the Offer Document, this Circular and the IFA Letter set out in Appendix A carefully and consider the advice and Recommendation of the IFA to Shareholders before deciding whether to accept or reject the Offer.

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

2. THE OFFER

Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

- 2.1 **Offer and Offer Shares.** Subject to the terms and conditions set out in the Offer Document, the Offer is made by DBS, for and on behalf of the Offeror, for all the Offer Shares in accordance with Section 139 of the SFA and Rule 14 of the Code. For the avoidance of doubt, the Offer is extended to all Shares other than those held by the Offeror and a wholly owned subsidiary of UEL, UE Centennial Venture Pte. Ltd. (being a party acting in concert with the Offeror).

The principal terms of the Offer are set out in paragraph 2 of the Offer Document, extracts of which are reproduced below.

- 2.2 **Offer Price.** Paragraph 2.3 of the Offer Document on page 7 therein states the following:

“2.3 **Consideration**

For each WBL Offer Share: S\$2.5947 in cash (the “WBL Share Offer Price”)

As per the SIC Ruling, the WBL Share Offer Price is no less than the value of S\$2.5947 that is attributed to each WBL Share in the amount paid to Perennial UW and Heng Yue pursuant to the Acquisitions.

*DBS Bank, for and on behalf of the Offeror, wishes to announce that **the Offeror does not intend to revise the WBL Share Offer Price.** Therefore, in accordance with Rule 20.2 of the Code, the Offeror will not be allowed to subsequently amend the WBL Share Offer Price in any way.*

The aggregate consideration payable in cash to each WBL Shareholder for the WBL Offer Shares held by such WBL Shareholder will be rounded up to the nearest whole cent.”

- 2.3 **No Encumbrances.** Paragraph 2.4 of the Offer Document on pages 7 and 8 therein states the following:

“2.4 **No Encumbrances**

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

LETTER TO SHAREHOLDERS

If any dividend, right or other distribution or return of capital is declared, paid or made by WBL in respect of the WBL Shares on or after the UEL Offer Announcement Date, the Offeror reserves the right to reduce the WBL Share Offer Price by an amount equivalent to such dividend, right, other distribution or return of capital.

2.4 **Unconditional Offer.** Paragraph 2.5 of the Offer Document on page 8 therein states the following:

“2.5 Unconditional Offer

The WBL Offer is unconditional in all respects.”

2.5 **Warranty.** Paragraph 2.6 of the Offer Document on page 8 therein states the following:

“2.6 Warranty

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

2.6 **No Extension of Closing Date.** Paragraph 2.7 of the Offer Document on page 8 therein states the following:

“2.7 No Extension of Closing Date

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

Accordingly, the WBL Offer will close at 5.30 p.m. (Singapore time) on 30 December 2019, being the WBL Offer Closing Date. Notice is hereby given, pursuant to Rule 22.6 of the Code, that the WBL Offer will not be open for acceptance beyond 5.30 p.m. (Singapore time) on the WBL Offer Closing Date.”

3. FURTHER DETAILS OF THE OFFER

Appendix V to the Offer Document on page 25 therein sets out further details on (a) the settlement of the consideration for the Offer, (b) the requirements relating to the announcement of the level of acceptances of the Offer, and (c) the right of withdrawal of acceptances of the Offer.

4. PROCEDURES FOR ACCEPTANCE

Appendix VI to the Offer Document on pages 26, 27 and 28 therein sets out the procedures for acceptance of the Offer.

5. INFORMATION ON THE COMPANY

The Company was delisted from the Main Board of the SGX-ST on 18 February 2014 and, as at the Latest Practicable Date, the Company is an unlisted public company. The principal activities of the Group include property development, property investment, engineering, manufacturing and distribution.

Additional information on the Company is set out in **Appendix B** to this Circular.

LETTER TO SHAREHOLDERS

6. INFORMATION ON THE OFFEROR, YANLORD COMMERCIAL AND YANLORD

The following information on the Offeror, Yanlord Commercial and Yanlord has been extracted from paragraph 3 of the Offer Document on pages 8 and 9 therein, and reproduced below.

“3. INFORMATION ON THE OFFEROR, YANLORD COMMERCIAL AND YANLORD

3.1 The Offeror

The Offeror is a special purpose vehicle incorporated in the Republic of Singapore, and is a wholly-owned subsidiary of Yanlord Commercial.

As at the Latest Practicable Date:

- (a) the Offeror has an issued and paid-up share capital of S\$100 comprising 100 ordinary shares; and*
- (b) the board of directors of the Offeror comprises Mr. Zhong Sheng Jian and Mr. Zhong Ming.*

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

3.2 Yanlord Commercial and Yanlord

Yanlord Commercial is a wholly-owned subsidiary of Yanlord, a company listed on the Main Board of the SGX-ST.

The Yanlord Group focuses on developing high-end fully-fitted residential, commercial and integrated property projects in strategically selected key and high-growth cities in the PRC. With an established presence in fifteen (15) key high-growth cities within six (6) major economic regions of the PRC, the Yanlord Group has a diverse portfolio of residential, commercial and investment properties including retail malls, offices, hotels and serviced residence developments. In addition, the Yanlord Group also provides property management services primarily for the projects it develops.

Appendix II to this Offer Document sets out certain additional information on Yanlord.”

7. RATIONALE FOR THE OFFER AND THE OFFEROR’S INTENTIONS

The full text of the rationale for the Offer and the Offeror’s intentions for the Company has been extracted from paragraph 6 of the Offer Document on pages 9 and 10 therein, and reproduced below. **Shareholders are advised to read the extract below carefully.**

“6. RATIONALE FOR THE WBL OFFER AND OFFEROR’S INTENTIONS

6.1 Compliance with Code

As mentioned in paragraph 1.2 above, the Offeror is required to make the WBL Offer in the event that the Ordinary Share Offer becomes unconditional as to acceptances or the Offeror acquires statutory control of UEL, whether pursuant to the Ordinary Share Offer or otherwise. Since the Ordinary Share Offer has become unconditional as to acceptances on 15 November 2019 and the WBL Chain Offer Condition has therefore been satisfied, the Offeror is making the WBL Offer in compliance with the requirements of the Code.

6.2 Exit Opportunity for WBL Shareholders in an Unlisted Company

Following the delisting of WBL from the Main Board of the SGX-ST, it has become difficult for WBL Shareholders to realise their investments in the WBL Shares given the lack of a public market for the WBL Shares. The WBL Offer presents WBL Shareholders with an opportunity to realise the value of their WBL Shares in cash. If WBL Shareholders do not accept the WBL Offer, there is no guarantee that another opportunity will arise for them to realise the value of their WBL Shares.

LETTER TO SHAREHOLDERS

6.3 **Offeror's Intentions for WBL**

The Offeror currently intends for WBL to continue with its existing business activities and has no current plans to (a) introduce any major changes to the business of the WBL Group, (b) re-deploy the WBL Group's fixed assets, or (c) discontinue the employment of the existing employees of any member of the WBL Group, in each case, other than in the ordinary and usual course of business. The Offeror however retains the flexibility at any time to consider options or opportunities which may present themselves."

8. **COMPULSORY ACQUISITION**

- 8.1 The full text stating the Offeror's intentions for compulsory acquisition of the Company has been extracted from paragraph 7 of the Offer Document on page 10 therein, and reproduced below.

"7. COMPULSORY ACQUISITION

7.1 *Right to compulsorily acquire WBL Shares*

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

7.2 *Right to require the Offeror to acquire WBL Shares*

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

7.3 *Offeror's Intentions*

The Offeror, if and when entitled, intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act."

- 8.2 On 4 December 2019, DBS issued an announcement, for and on behalf of the Offeror, that as the Offeror had as at 5.00 p.m. on 4 December 2019 received acceptances pursuant to the Offer which, together with the Shares held by it, its related corporations and their respective nominees, comprise more than 90% of all of the Shares, Shareholders who have not accepted the Offer have the right, under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Offer Price.

Shareholders who have not accepted the Offer but who wish to exercise such right are advised to seek their own independent legal advice.

9. **DIRECTORS' INTERESTS**

Details of the Directors including, amongst other things, the Directors' direct and indirect interests in the Offeror Securities and the Company Securities as at the Latest Practicable Date are set out in **Appendix B** to this Circular.

LETTER TO SHAREHOLDERS

10. ADVICE AND RECOMMENDATION

- 10.1 **Exemptions in relation to Directors' Recommendation.** The Company had on 26 November 2019 made an application to the SIC seeking confirmation that the Directors, being Mr. Norman Ip Ka Cheung and Mr. Tan Chee Keong Roy, are considered not independent for the purposes of the Offer under the Code and are therefore exempted from assuming responsibility for any Recommendation to Shareholders, as, *inter alia*:

- (a) as set out in the Offer Document, UEL is a subsidiary and a concert party of the Offeror;
- (b) Mr. Norman Ip Ka Cheung was the group managing director of UEL and, following his resignation therefrom, remains as a senior advisor to the chairman's office in UEL, providing general advice and guidance to the executive chairman and group managing director of UEL, its subsidiaries and associates as and when required.

As Mr. Norman Ip Ka Cheung is engaged as a senior advisor to the chairman's office in UEL, he would have, or be reasonably perceived to have, an interest in a favourable outcome for the Offeror, which would render it inappropriate for him to make a Recommendation to Shareholders; and

- (c) Mr. Tan Chee Keong Roy is the group managing director and a director of UEL.

Taking into account his position as the group managing director and a director of UEL, Mr. Tan Chee Keong Roy is presumed to be a party acting in concert with the Offeror, and is of the view that he faces an irreconcilable conflict of interest if he were to assume responsibility for making a Recommendation to Shareholders.

The SIC had on 2 December 2019 ruled that both Directors are exempted from the requirement to make a Recommendation to Shareholders.

Notwithstanding the above, both Directors will still assume responsibility for the accuracy of facts stated and opinions expressed in documents or advertisements issued by, or on behalf of, the Company to Shareholders in connection with the Offer.

- 10.2 **Responsibility for making a Recommendation and Appointment of the IFA.** As all the Directors have been exempted by SIC from the requirement to make a Recommendation to Shareholders, the responsibility for making a Recommendation to Shareholders shall reside primarily with the independent financial adviser. Accordingly, the Company has appointed SAC Capital Private Limited as the independent financial adviser to advise and make a Recommendation to Shareholders. For the avoidance of doubt, notwithstanding that SAC Capital Private Limited had acted as the independent financial adviser in relation to, *inter alia*, the UEL Ordinary Share Offer, the SIC had on 2 December 2019 ruled that it had no objection to SAC Capital Private Limited acting as the independent financial adviser to advise and make a Recommendation to Shareholders.
- 10.3 **Evaluation of the Offer by the IFA.** The key factors relied upon by the IFA in arriving at its advice and Recommendation to Shareholders are set out in sections 6 and 7 of the IFA Letter. **Shareholders should read and carefully consider the key factors relied upon by the IFA in arriving at its advice and Recommendation to Shareholders as set out in sections 6 and 7 of the IFA Letter in conjunction with, and in the context of, the full text of the IFA Letter.**

LETTER TO SHAREHOLDERS

- 10.4 **Advice and Recommendation of the IFA to Shareholders on the Offer.** Taking into consideration the factors set out in the IFA Letter and the information available to the IFA as at the Latest Practicable Date and subject to the qualifications and assumptions set out in the IFA Letter, the IFA has made a Recommendation to Shareholders as set out in section 7 of the IFA Letter, an extract of which is reproduced below. Shareholders should read the extract in conjunction with, and in the context of, the full text of the IFA Letter.

*“Based on our analysis set out above and after considering all relevant information available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the financial terms of the Offer are **fair and reasonable**. Accordingly, we advise Shareholders to **accept** the Offer.”*

The IFA Letter setting out the advice and Recommendation of the IFA to Shareholders is set out in **Appendix A** to this Circular.

SHAREHOLDERS ARE ADVISED TO READ THE IFA LETTER SET OUT IN APPENDIX A TO THIS CIRCULAR CAREFULLY BEFORE DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER. SHAREHOLDERS SHOULD NOTE THAT THE IFA’S OPINION SHOULD NOT BE RELIED UPON BY ANY SHAREHOLDER AS THE SOLE BASIS FOR DECIDING WHETHER OR NOT TO ACCEPT THE OFFER. SHAREHOLDERS ARE ALSO URGED TO READ THE OFFER DOCUMENT CAREFULLY.

The IFA, in giving its advice and making its Recommendation, has not had regard to the specific investment objectives, financial situation, tax position or individual circumstances of any individual Shareholder or any specific group of Shareholders. Any individual Shareholder or any specific group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) should consult his or their legal, financial, tax or other professional adviser.

11. ACTION TO BE TAKEN BY SHAREHOLDERS

- 11.1 **Shareholders who DO NOT WISH TO ACCEPT the Offer.** Shareholders who do not wish to accept the Offer should take no further action in respect of the Offer Document which has been sent to them.
- 11.2 **Shareholder who WISH TO ACCEPT the Offer.** Shareholders who wish to accept the Offer must do so no later than 5.30 p.m. (Singapore time) on the Closing Date, abiding by the procedures for the acceptance of the Offer as set out in Appendix VI to the Offer Document.

12. OVERSEAS SHAREHOLDERS AND COPIES OF THIS CIRCULAR

- 12.1 **Overseas Shareholders.** The full text relating to Overseas Shareholders has been extracted from paragraph 8 of the Offer Document on pages 10 and 11 therein, and is reproduced below.

“8. OVERSEAS SHAREHOLDERS

*The availability of the WBL Offer to WBL Shareholders whose addresses are outside Singapore as shown in the register of members of WBL (each, an “**Overseas Shareholder**”) may be affected by the laws of the relevant overseas jurisdictions in which they are located. Accordingly, Overseas Shareholders should inform themselves of, and observe, any applicable requirements in the relevant overseas jurisdictions. Overseas Shareholders should also exercise caution in relation to the WBL Offer, as this Offer Document 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 and/or the FAT to any overseas jurisdiction, the Offeror and DBS Bank each reserves the right not to send these documents to WBL Shareholders in such overseas jurisdictions. For the avoidance of doubt, the WBL Offer is open to all WBL Shareholders, including those to whom this Offer Document and the FAT have not been, or may not be, mailed or otherwise forwarded, distributed or sent.*

LETTER TO SHAREHOLDERS

*Copies of this Offer Document and any formal documentation relating to the WBL 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 WBL 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 WBL 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 WBL 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 FAT and any related documents, during normal business hours and up to 5.30 p.m. (Singapore time) on the WBL Offer Closing Date, from the Offeror through its receiving agent, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), at its office located at 80 Robinson Road, #11-02, Singapore 068898.

Alternatively, an Overseas Shareholder may write to the Offeror through Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at the address listed above to request for this Offer Document, 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 five (5) Business Days prior to the WBL Offer Closing Date.

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

The Offeror and DBS Bank each reserves the right to notify any matter, including the fact that the WBL Offer has been made, to any or all Overseas Shareholders by announcement on UEL's corporate website at <https://uel.sg> 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 WBL Shareholder to receive or see such announcement, notice or advertisement.”

LETTER TO SHAREHOLDERS

- 12.2 **Copies of this Circular.** This Circular may not be sent to Overseas Shareholders due to potential restrictions on sending such documents to the relevant overseas jurisdictions. Any affected Overseas Shareholder may, nevertheless, obtain copies of this Circular during normal business hours up to the Closing Date from the office of the Share Registrar at 80 Robinson Road, #11-02, Singapore 068898, download a copy of this Circular from SGXNET at www.sgx.com, or make a request to the Share Registrar for this Circular to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Business Days prior to the Closing Date.

It is the responsibility of any Overseas Shareholder who wishes to request this Circular and/or any related documents to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements. In requesting for this Circular and/or any related documents the Overseas Shareholder represents and warrants to the Company 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.

13. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

The full text relating to CPFIS Investors and SRS Investors has been extracted from paragraph 11.3 of the Offer Document on page 12 therein, and reproduced below.

“11.3 Information Pertaining to CPFIS Investors and SRS Investors

CPFIS Investors and SRS Investors should receive further information on how to accept the WBL Offer from their respective CPF Agent Banks and SRS Agent Banks. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice. CPFIS Investors and SRS Investors who wish to accept the WBL Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks, which may be earlier than the WBL Offer Closing Date. CPFIS Investors and SRS Investors will receive the WBL Share Offer Price payable in respect of their WBL Offer Shares validly tendered in acceptance of the WBL Offer through appropriate intermediaries in their respective CPF investment accounts and SRS investment accounts.”

14. DIRECTORS' RESPONSIBILITY STATEMENT

- 14.1 The Directors (including any Director 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 in the IFA Letter, the reports issued by the Auditor and the IFA in respect of the 9M2019 Results and the Valuation Report Extracts) are fair and accurate, and that there are no other material facts not contained in this Circular, the omission of which would make any statement in this Circular misleading, and they jointly and severally accept responsibility accordingly.
- 14.2 In respect of the IFA Letter, the reports issued by the Auditor and the IFA in respect of the 9M2019 Results and the Valuation Report Extracts, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Group are fair and accurate.
- 14.3 Where any information in this Circular has been extracted from published or otherwise publicly available sources (including, without limitation, the Offer Announcement and the Offer Document) or obtained from a named source, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

LETTER TO SHAREHOLDERS

15. CONSENTS

- 15.1 The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter setting out its advice to Shareholders as set out in **Appendix A** to this Circular, the report from the IFA dated 16 December 2019 in respect of the 9M2019 Results as set out in **Appendix E** to this Circular, and all references thereto, in the form and context in which they appear in this Circular.
- 15.2 The Auditor has given and has not withdrawn its written consent to the inclusion herein of its name, the report from the Auditor dated 4 December 2019 in respect of the 9M2019 Results as set out in **Appendix E** to this Circular, and all references thereto, in the form and context in which they appear in this Circular.
- 15.3 The Independent Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the Valuation Report Extracts as set out in **Appendix F** to this Circular, and all references thereto, in the form and context in which they appear in this Circular.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 12 Ang Mo Kio Street 64, #01-01, UE BizHub CENTRAL, Singapore 569088 during normal business hours from the date of this Circular up to and including the Closing Date:

- (a) the Constitution;
- (b) the audited consolidated financial statements of the Group for FY2016, FY2017 and FY2018;
- (c) the IFA Letter as set out in **Appendix A** to this Circular;
- (d) the 9M2019 Results as set out in **Appendix E** to this Circular;
- (e) the reports from the Auditor and the IFA in respect of the 9M2019 Results as set out in **Appendix E** to this Circular;
- (f) the Valuation Report; and
- (g) the letters of consent from the IFA, the Independent Valuer and the Auditor referred to in **Section 15** of this Circular.

17. ADDITIONAL INFORMATION

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

Yours faithfully
For and on behalf of the Board of Directors of
WBL CORPORATION LIMITED

Mr. Norman Ip Ka Cheung
Chairman

APPENDIX A: LETTER FROM THE IFA TO SHAREHOLDERS IN RESPECT OF THE OFFER

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

1 Robinson Road #21-00 AIA Tower
Singapore 048542

16 December 2019

To: The Shareholders of WBL Corporation Limited (in respect of the Offer)

Dear Sirs

MANDATORY UNCONDITIONAL CASH OFFER BY DBS BANK LTD., FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES (AS DEFINED BELOW)

Unless otherwise defined or the context otherwise requires, all terms defined in the circular to the shareholders of WBL Corporation Limited (the “Company” or “WBL”) dated 16 December 2019 (the “Circular”) shall have the same meanings herein.

1. INTRODUCTION

On 25 October 2019 (the “**UEL Offer Announcement Date**”), DBS Bank Ltd. (“**DBS**”) announced (the “**UEL Offer Announcement**”), for and on behalf of Yanlord Investment (Singapore) Pte. Ltd. (formerly known as Yanlord Perennial Investment (Singapore) Pte. Ltd.) (the “**Offeror**”), that the Offeror would make:

- (i) a mandatory conditional cash offer for all the issued and paid-up ordinary stock units in the capital of United Engineers Limited (“**UEL**”) other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror in accordance with Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”) (the “**UEL Ordinary Share Offer**”); and
- (ii) a comparable offer for all the issued and paid-up preference shares in the capital of UEL other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror in accordance with Rule 18 of the Code.

Further to the UEL Offer Announcement, on 16 November 2019, DBS announced (the “**Offer Announcement**”), for and on behalf of the Offeror, that, *inter alia*:

- (a) the UEL Ordinary Share Offer had become unconditional as to acceptances and has been declared unconditional in all respects on 15 November 2019; and
- (b) the Offeror is required, pursuant to the chain principle in Note 7 on Rule 14.1 of the Code, to make a mandatory unconditional cash offer (the “**Offer**”) for all the issued and paid-up ordinary stock units in the capital of the Company (the “**Shares**”), other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror as at the date of the Offer (the “**Offer Shares**”).

APPENDIX A: LETTER FROM THE IFA TO SHAREHOLDERS IN RESPECT OF THE OFFER

In addition, as set out in paragraphs 10.1 and 10.2 of the Circular, as all the directors of the Company (the “**Directors**”) have been exempted by the Securities Industry Council of Singapore (the “**SIC**”) from the requirement to make a recommendation in respect of the Offer (the “**Recommendation**”) to the shareholders of the Company (the “**Shareholders**”), the responsibility for making a Recommendation to Shareholders shall reside primarily with the independent financial adviser. Accordingly, the Company has appointed us as the independent financial adviser to Shareholders to advise on the financial terms of the Offer and make a Recommendation to Shareholders. This letter, which sets out, *inter alia*, our evaluation and advice, has been prepared for the use of Shareholders in connection with their consideration of the Offer.

2. OUR TERMS OF REFERENCE

We have been appointed by the Company as the independent financial adviser to advise and make a Recommendation to Shareholders.

We are not and were not involved in any aspect of the negotiations entered into by the Company and its subsidiaries (collectively, the “**Group**”) in relation to the Offer or in the deliberations leading up to the decision by the Offeror to undertake the Offer. Accordingly, we do not, by this letter warrant the merits of the Offer, other than to advise Shareholders on the terms of the Offer from a financial point of view and to make a Recommendation to Shareholders.

We have not conducted a comprehensive review of the business, operations or financial condition of the Group, its associates and joint ventures or the Offeror. We have not been provided with, nor do we have access to, any business plans or financial projections of the future performance of the Group, its associates and joint ventures and/or the Offeror. Our evaluation is confined to the financial terms of the Offer and it is not within the terms of reference to evaluate the strategic, legal or commercial merits or risks of the Offer or the future growth prospects or earnings potential of the Group, its associates and joint ventures. Accordingly, we do not express any view on the future financial performance of the Group, its associates and joint ventures or the Offeror after the completion of the Offer.

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

APPENDIX A: LETTER FROM THE IFA TO SHAREHOLDERS IN RESPECT OF THE OFFER

Save as disclosed, all information relating to the Group or any of its associates and joint ventures that we have relied upon in arriving at our opinion and advice has been obtained from the Circular, publicly available information, the Directors and/or the Management. We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Group or any of its associates and joint ventures at any time or as at 4 December 2019 (the “**Latest Practicable Date**”). We have also not made any independent evaluation or appraisal of the assets and liabilities of the Group, its associates and joint ventures and have not been furnished with any such evaluation or appraisals, except for the independent valuation report (the “**Valuation Report**”) and the extracts of the Valuation Report (the “**Valuation Report Extracts**”) prepared by Orient Appraisal Co., Ltd (the “**Independent Valuer**”) who was appointed to perform independent valuations of certain properties held by the Group and its joint ventures as at 30 September 2019. The Valuation Report Extracts is set out in Appendix F to the Circular. As we are not experts in the evaluation or appraisal of the assets set out in the Valuation Report Extracts, we have placed sole reliance on the independent valuations in relation to the aforementioned assets and have not made any independent verification of the contents thereof. In addition, we do not assume any responsibility to enquire about the basis of the valuation in the Valuation Report and/or the Valuation Report Extracts or if the contents in the Valuation Report and/or the Valuation Report Extracts have been prepared in accordance with all applicable regulatory requirements including Rule 26 of the Code.

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

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

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

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this letter). We have had no role or involvement and have not provided any advice, financial or otherwise, in the preparation, review and verification of the Circular (other than this letter). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this letter).

APPENDIX A: LETTER FROM THE IFA TO SHAREHOLDERS IN RESPECT OF THE OFFER

3. THE OFFER

3.1 Terms

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

3.2 Offer Price

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

For each Offer Share: S\$2.5947 in cash (the “Offer Price”)

The Offeror DOES NOT intend to revise the Offer Price.

3.3 No Encumbrances

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

If any dividend, right or other distribution or return of capital is declared, paid or made by the Company in respect of the Shares on or after the UEL Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by an amount equivalent to such dividend, right, other distribution or return of capital.

3.4 Unconditional Offer

The Offer is unconditional in all respects.

3.5 Closing Date

As stated in the offer document dated 2 December 2019 issued by DBS, for and on behalf of the Offeror (the “**Offer Document**”), the Offer is open for acceptance by Shareholders for at least 28 days from 2 December 2019, being the date of posting of the Offer Document, except insofar as the Offer may be withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder.

Accordingly, Shareholders should note that the Offer will close at 5.30pm (Singapore time) on 30 December 2019, being the Closing Date.

3.6 Further Details of the Offer

Further details of the Offer, including: (a) the settlement of the consideration for the Offer; (b) the requirements relating to the announcement of the level of acceptances of the Offer; and (c) the right of withdrawal of acceptances of the Offer, are set out in Appendix V of the Offer Document.

APPENDIX A: LETTER FROM THE IFA TO SHAREHOLDERS IN RESPECT OF THE OFFER

4. INFORMATION ON THE OFFEROR, YANLORD COMMERCIAL PROPERTY INVESTMENTS PTE. LTD. AND YANLORD LAND GROUP LIMITED

Information on the Offeror

The Offeror is a special purpose vehicle incorporated in the Republic of Singapore, and is a wholly-owned subsidiary of Yanlord Commercial Property Investments Pte. Ltd. (“**Yanlord Commercial**”).

As at the latest practicable date of the Offer Document:

- (a) The Offeror has an issued and paid-up share capital of S\$100 comprising 100 ordinary shares; and
- (b) The board of directors of the Offeror comprises Mr. Zhong Sheng Jian and Mr. Zhong Ming.

Further details on the Offeror are set out in Appendix I to the Offer Document.

Information on Yanlord Commercial and Yanlord Land Group Limited (“**Yanlord**”)

Yanlord Commercial is a wholly-owned subsidiary of Yanlord, a company listed on the Main Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

Yanlord and its subsidiaries (collectively, the “**Yanlord Group**”) focuses on developing high-end fully-fitted residential, commercial and integrated property projects in strategically selected key and high-growth cities in the PRC. With an established presence in fifteen (15) key high-growth cities within six (6) major economic regions of the PRC, the Yanlord Group has a diverse portfolio of residential, commercial and investment properties including retail malls, offices, hotels and serviced residence developments. In addition, the Yanlord Group also provides property management services primarily for the projects it develops.

Further details on Yanlord are set out in Appendix II to the Offer Document.

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

The full text of the rationale for the Offer and the Offeror’s intentions relating to the Company is set out in paragraph 6 of the Offer Document, and Shareholders are advised to read the information carefully.

6 FINANCIAL ASSESSMENT OF THE OFFER

In assessing the financial terms of the Offer¹, we have taken into account the following factors which we consider to have a significant bearing on our assessment:

- (a) Absence of market quotation for the Shares;
- (b) Book net asset value (“**NAV**”), net tangible assets (“**NTA**”) and Adjusted NTA (as defined below) of the Group;
- (c) Sum-of-the-parts valuation analysis;

¹ For the purposes of the analysis in this letter, unless otherwise stated, any reference to the total number of Shares means 281,200,630 Shares as at the Latest Practicable Date.

APPENDIX A: LETTER FROM THE IFA TO SHAREHOLDERS IN RESPECT OF THE OFFER

- (d) Comparison with recent completed privatisation of companies listed on the SGX-ST;
- (e) Historical financial performance and condition of the Group; and
- (f) Other relevant considerations in relation to the Offer.

6.1 Absence of market quotation for the Shares

The Company is an unlisted public company incorporated in Singapore on 26 November 1912, which was previously listed on the Main Board of the SGX-ST and has been delisted from the SGX-ST since 18 February 2014. The Shares are not quoted or traded on any stock exchange. As at the Latest Practicable Date and as announced by DBS on 4 December 2019, 99.07% of the Shares are held by the Offeror and its concert parties.

We note that save for the historical transactions set out in section 6.6.1 of this letter, there are limited publicly available data on the historical trading prices of the Shares. Having regard to the absence of any market quotation for the Shares, we are of the view that it would not be meaningful to benchmark the Offer Price against the limited historical trading prices of the Shares to evaluate the reasonableness of the Offer Price unlike shares of a publicly listed company.

6.2 Book NAV, NTA and Adjusted NTA of the Group

Book NAV and NTA of the Group

Based on the unaudited financial statements of the Group as at 30 September 2019, the unaudited NAV of the Group amounted to S\$711.8 million (or S\$2.53 per Share based on 281,200,630 issued Shares). Accordingly, the Offer Price represents a premium of approximately 2.6% over the unaudited NAV per Share of S\$2.53 as at 30 September 2019.

Excluding intangible assets comprising mainly goodwill arising on consolidation, which amounted to an aggregate of approximately S\$22.8 million as at 30 September 2019, the unaudited NTA of the Group amounted to S\$689.0 million (or S\$2.45 per Share based on 281,200,630 issued Shares). Accordingly, the Offer Price represents a premium of approximately 5.9% over the unaudited NTA per Share of S\$2.45 as at 30 September 2019. This represents an offer price-to-NTA ratio of 1.06 times as implied by the Offer Price. For comparison, we have also included below the mean and median price-to-NTA ratios of certain Property Comparable Companies (as defined in section 6.3.1.2 of this letter), and the mean and median offer price-to-NTA ratios of Selected Property Precedent Transactions (as defined in section 6.3.1.3 of this letter). Please refer to sections 6.3.1.2 and 6.3.1.3 of this letter for further details of our analysis.

(times)	Mean	Median
Price-to-NTA ratio of Property Comparable Companies	0.54	0.49
Offer price-to-NTA ratio of Selected Property Precedent Transactions	0.63	0.67

We note that the offer price-to-NTA ratio of 1.06 times as implied by the Offer Price is higher than the mean and median price-to-NTA ratios of the Property Comparable Companies and the mean and median offer price-to-NTA ratios of the Selected Property Precedent Transactions.

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Adjusted NTA of the Group

We have discussed with the Management on whether there are any assets under the Group which may be valued at an amount that is materially different from the unaudited balance sheet of the Group as at 30 September 2019. The Management had considered the materiality of the balance sheet items and provided us with their reasonable estimates on the value of certain properties for the purposes of assessing the adjusted NTA of the Group (the “**Adjusted NTA**”) as at 30 September 2019. In connection with the Offer, the Company had also commissioned the Independent Valuer to conduct independent valuations on the Appraised Properties (as defined below) and the Shanghai Olympic Properties (as defined below).

Properties held for sale

Save for the properties held for sale set out in the table below (the “**Appraised Properties**”), the Management has confirmed that the other properties held for sale, representing approximately 1.1% of the Group’s total assets as at 30 September 2019, are individually and collectively immaterial relative to its total assets, and as at the Latest Practicable Date, there are no material differences between the NAV and market value of these properties as at the 30 September 2019. Accordingly, no valuation was obtained for such properties.

Appraised Properties	Independent Valuer	Market value as at 30 September 2019 (RMB million)
Chengdu Orchard Villa	Orient Appraisal Co., Ltd.	728.2 ⁽¹⁾
Shenyang Orchard Summer Palace	Orient Appraisal Co., Ltd.	2,138.7 ⁽¹⁾

Note:

- (1) The market values include potential tax liabilities assuming the hypothetical disposal of the Appraised Properties.

The bases for the independent valuation of the Appraised Properties, as set out in the Valuation Report Extracts in Appendix F of the Circular, involve certain assumptions, limitations and disclaimers. Shareholders are advised to read the above in conjunction with the Valuation Report Extracts in its entirety.

We understand from the Management that the Group will incur tax liabilities assuming the hypothetical disposal of the Appraised Properties. Accordingly, based on the hypothetical disposal of the Appraised Properties by the Company, the aggregate estimated potential tax liabilities that may be incurred by the Company is approximately RMB449.4 million.

Investment Properties

We note that the investment properties held under the Group are recognised based on historical cost less accumulated depreciation and impairment losses. Save for the Appraised Properties, the Company has not commissioned external property valuations for the investment properties. We note that the investment properties represent in aggregate approximately 0.1% of the Group’s total assets as at 30 September 2019. We have not made any attempt to estimate the current fair value or market value of these properties. However, we understand that the Management had, where relevant, provided their reasonable estimates and/or obtained valuations for purposes of its FY2018 audit to support its determination of the fair value of the investment properties. Taking into account the valuations conducted during the FY2018 audit, market condition, location of the properties, nature of the building and

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the structures, and use of the properties, the Management is of the view that there are no material differences between the market values as set out in the table below and the market values of such investment properties as at the Latest Practicable Date.

Investment Properties	Market value (S\$' million)
No. 56 & 58, Jalan Dian 8, Taman Munsyi Ibrahim, Jalan Skudai, 81200 Johor Bahru, Johor, Malaysia	0.4
Lots 9-12, Block 31 Phase 2A, Bandar Penampang, Kota Kinabalu, Sabah, Malaysia	1.2
No. 86, Shanhao Street, Heping District, Shenyang, Liaoning Province, China	9.1 ⁽¹⁾

Note:

- (1) The market value presented is based on 80.0% shareholding interest of WBL held in the investment property.

The Management is of the view that there is no potential tax liability assuming the hypothetical sale of the investment properties in Malaysia as any gain or loss on disposal is capital in nature. In respect of the investment property in the PRC, the Management is of the view that the potential tax liabilities, assuming the hypothetical sale of such property, will not be material. In addition, we understand from the Management that the above investment properties are held for long term investment purposes and there are no current plans to dispose of the investment properties. Accordingly, no adjustments have been made to the NTA of the Group in relation to such potential tax liabilities.

Joint ventures and associates

We had also discussed with the Management on the assets held by the Group's joint ventures and associates and understand that save for (a) the properties held by Shanghai Olympic Garden Property Development Co., Ltd. (the "**Shanghai Olympic Properties**") where the Group's effective share of the market value is estimated to be approximately RMB446.9 million² based on the Valuation Report Extracts, and (b) the investment property held by Permata Alasan (M) Sdn Bhd (the "**Permata Property**") where the Group's effective share of the market value is reasonably estimated by the directors of Permata Alasan (M) Sdn Bhd to be approximately RM17.5 million³, the Management is of the view that there are no other material assets held by the Group's joint ventures and associates which are required to be valued for the purpose of assessing the Adjusted NTA of the Group.

We understand from the Management that the Group will incur tax liabilities assuming the hypothetical disposal of the Shanghai Olympic Properties. Accordingly, we note that the estimated potential tax liability that may be incurred by the Group (based on the effective shareholding interest of WBL held in Shanghai Olympic Garden Property Development Co., Ltd.), assuming the hypothetical disposal of the Shanghai Olympic Properties, is approximately RMB264.3 million². As the Permata Property is held for long term investment purposes and there are no current plans to dispose of the Permata Property, any gain or loss on disposal is capital in nature, the Management is

² The market value presented is based on 45.05% shareholding interest of WBL held in Shanghai Olympic Garden Property Development Co., Ltd.. The market value includes the potential tax liabilities assuming the hypothetical disposal of the Shanghai Olympic Properties.

³ The market value presented is based on 50.00% shareholding interest of WBL held in Permata Alasan (M) Sdn Bhd.

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of the view that there is no potential tax liability assuming the hypothetical sale of such properties.

The bases for the independent valuation of the Shanghai Olympic Properties as set out in the Valuation Report Extracts in Appendix F of the Circular, involve certain assumptions, limitations and disclaimers. Shareholders are advised to read the above in conjunction with the Valuation Report Extracts in its entirety.

Property, plant and equipment

The aggregate book value of the property, plant and equipment of the Group as at 30 September 2019 (comprising land and buildings, plant, machinery and equipment and other assets) amounted to S\$94.6 million, representing 9.3% of the Group's total assets.

We understand from the Management that the plant, machinery and equipment are used primarily for the purposes of the sand mining and agricultural activities. The land and buildings under the property, plant and equipment mainly comprise a freehold land for sand mining, lands for agriculture activities, and office buildings. In respect of the land for sand mining, we note that any development opportunities would be subject to relevant regulatory approvals being provided upon the cessation of the existing mining operations and exhaustion of its resources. Accordingly, re-development of the land is unlikely to take place in the foreseeable near term. In respect of the agriculture lands and the office buildings which are partially occupied by the Group for internal use, the Management is of the view that they are primarily used to support the Group's existing business operation and are individually not material relative to the Group's total assets. Accordingly, no adjustments have been made to the NTA of the Group in this letter.

Taking into account the above, we made the following adjustments to the NTA of the Group to arrive at the Adjusted NTA of the Group:

	S\$' million
Unaudited NTA of the Group as at 30 September 2019	689.0
Add: revaluation surplus of the Appraised Properties ⁽¹⁾ (the "Revaluation Surplus")	139.8
Add: surplus on revaluation of the investment properties ⁽²⁾	9.9
Add: surplus on revaluation of the properties held under the joint ventures ⁽¹⁾⁽²⁾	49.4
Adjusted NTA of the Group as at 30 September 2019	888.1
Adjusted NTA per Share as at 30 September 2019 (S\$)	3.16

Notes:

- (1) Net of potential tax liabilities, where relevant. The aforesaid tax liabilities will not crystallise if the Group does not dispose of its interests in the Appraised Properties and the Shanghai Olympic Properties.
- (2) Based on the Group's effective shareholding interest in the relevant entities.

Based on the above, the Offer Price is at a discount of approximately 17.9% to the Adjusted NTA per Share of the Group as at 30 September 2019. This represents an offer price-to-Adjusted NTA ratio of 0.82 times as implied by the Offer Price. For comparison, we have also included below the mean and median offer price-to-revalued NTA ("RNTA") ratios of Selected Property Precedent Transactions. Please refer to section 6.3.1.3 of this letter for further details of our analysis.

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(times)	Mean	Median
Offer price-to-RNTA ratio of Selected Property Precedent Transactions	0.55	0.49

We note that the offer price-to-Adjusted NTA ratio of 0.82 times as implied by the Offer Price is higher than the mean and median offer price-to-RNTA ratios of the Selected Property Precedent Transactions.

The Company has made the assessment of the potential tax liabilities, which would arise if the Appraised Properties and the Shanghai Olympic Properties were to be sold at the valuation amount, in accordance with Rule 26.3 of the Code. **Shareholders should note that the Adjusted NTA of the Group above is not necessarily a realisable value given that the market value of the properties may vary depending on, *inter alia*, the prevailing market and economic conditions.**

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

- (a) except for the Appraised Properties and the Shanghai Olympic Properties, they are not aware of any material differences between the estimated market value of the other assets held by the Group, its associates and its joint ventures for which no updated valuation has been obtained as at the Latest Practicable Date *vis-à-vis* their respective book values recorded in the unaudited balance sheet of the Group as at 30 September 2019;
- (b) they are not aware of any circumstances which may cause the unaudited NTA of the Group as at the Latest Practicable Date to be materially different from that recorded in the unaudited balance sheet of the Group as at 30 September 2019;
- (c) there have been no material disposals or acquisitions of assets by the Group since 30 September 2019 and up to the Latest Practicable Date;
- (d) there are no contingent liabilities, bad or doubtful debts or impairment losses as at the Latest Practicable Date which are likely to have a material adverse impact on the unaudited NTA of the Group as at 30 September 2019;
- (e) there are no litigation, claim or proceeding pending or threatened against the Group or of any fact likely to give rise to any proceedings as at the Latest Practicable Date which would have a material adverse impact on the financial position of the Group as at 30 September 2019; and
- (f) there are no other intangible assets as at the Latest Practicable Date which ought to be disclosed in the unaudited balance sheet of the Group in accordance with the Singapore Financial Reporting Standards, and which have not been disclosed that would have a material impact on the unaudited NTA of the Group as at 30 September 2019.

6.3 Sum-of-the-Parts Valuation Analysis

The Group has five distinct business divisions comprising (a) Property (which consists of its property development and property rental & services segments), (b) Manufacturing, (c) Distribution, (d) Engineering, and (e) Corporate Services & Others.

Given that the Group has operations in various disparate industries, we consider it appropriate to value each of the Group's businesses separately to arrive at an aggregate valuation of the Group on a sum-of-the-parts basis. We have arrived at a

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range of valuation for the Group rather than a single estimated value as this will provide a more objective measure of the value of the Shares taking into account, *inter alia*, the Group's significant property portfolio and other factors which may impact the intrinsic or net realisable values of the businesses and investments held by the Group, which is sensitive to general market and economic conditions.

Our valuation methodologies for each of the Group's businesses are further set out in sections 6.3.1 to 6.3.5 of this letter. The following table sets out a summary of the estimated sum-of-the-parts valuation of the Group:

Summary of sum-of-the-parts valuation	Lower valuation (S\$' million)	Higher valuation (S\$' million)	Valuation methodology
Property	252.5	575.7	Adjusted Property NTA (as defined below), as adjusted for surpluses on revaluation set out in section 6.3.1.1 of this letter, relative valuation based on comparable companies, and comparison with recent take-over transactions of property companies listed on the SGX-ST
Manufacturing	53.5	53.5	Relative valuation based on comparable companies and net tangible book value
Distribution	82.3	83.8	Relative valuation based on comparable companies and net tangible book value
Engineering	30.9	30.9	Adjusted Engineering NTA (as defined below), as adjusted for surplus on revaluation set out in section 6.3.4 of this letter.
Corporate Services & Others	162.3	162.3	Net tangible book value
Sum-of-the-parts valuation of the Group	581.5	906.2	
Sum-of-the-parts valuation of each Share (S\$)⁽¹⁾	2.07	3.22	

Note:

(1) Based on 281,200,630 issued Shares as at the Latest Practicable Date.

We note that the Offer Price falls within the range of the estimated sum-of-the-parts valuation of each Share.

Shareholders should note that a discount may be applied to the sum-of-the-parts valuation of a conglomerate such as the Group for various reasons. In an efficient capital market, investors can generally achieve a more effective diversification by purchasing a portfolio of stocks of focused firms as compared to purchasing stocks of

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a conglomerate. A valuation discount may also be applied as conglomerates are generally believed to employ capital less efficiently. In arriving at the sum-of-the-parts valuation of the Group above, we have not applied any conglomerate discount as the quantification of such discount is highly subjective. The conglomerate discount is dependent on, *inter alia*, the size of the conglomerate, the extent of business diversification or synergies (if any) within the conglomerate and the requirement for additional management as compared to standalone businesses.

Similarly, we have not taken into account any control premium that may arise from a controlling stake in the businesses of the Group as a result of majority ownership, nor applied a discount for lack of marketability to account for the absence of market quotation for the Shares as the quantification of such premium or discount is highly subjective.

The above sum-of-the-parts valuation range includes the NTA of the respective business divisions (and the Adjusted NTA of the Property and Engineering divisions, where relevant). Shareholders should note that the NTA-related analysis assumes the hypothetical sale of all the assets and businesses of the respective business divisions as at 30 September 2019. The analysis thus assumes, *inter alia*, the existence of ready and committed buyer(s) for each asset at the carrying value as at 30 September 2019 (or on the adjusted basis for the assets under the Property and Engineering divisions), and that such sale can be conducted efficiently without any timing constraint and without regard to other relevant market factors that may affect the sale process. Shareholders should also evaluate the analysis above in conjunction with the contents in section 6.2 of this letter for further details on the basis and assumptions set out in the NTA and Adjusted NTA analysis.

For the relative valuation based on comparable companies in relation to the respective business divisions, we have, in consultation with the Management, referred to selected listed companies whose businesses are broadly comparable with the respective business divisions of the Group (the “**Comparable Companies**”) to give an indication of the current market expectations with regard to the perceived valuation of these business divisions of the Group. Relevant information have been extracted from Bloomberg L.P., publicly available information including annual reports and/or announcements of the Comparable Companies as at the Latest Practicable Date. Shareholders should note that the Comparable Companies’ accounting policies with respect to the values for which the assets or the revenue and cost are recorded may differ from that of the business divisions of the Group. We have not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained and make no representation or warranties, expressed or implied, on the accuracy or completeness of such information. We wish to highlight that the Comparable Companies are not exhaustive and they differ from the respective business divisions of the Group in terms of, *inter alia*, business activities, market capitalisation, scale of operations, risk profile, geographical spread, operating and financial leverage, accounting policies, adherence to accounting standards, tax factors, track record and future prospects. In addition, each of the Comparable Companies may engage in other separate business activities which are not related to the respective business divisions of the Group referred to in the comparison. As such, any comparison made in relation to the Comparable Companies is strictly limited in scope and merely serves as an illustrative guide to Shareholders.

For the relative valuation based on take-over transactions of companies listed and traded on the SGX-ST, we have referred to selected take-over transactions of companies that are engaged in business activities similar to the Property division of the Company to give an indication of the current market expectations with regard to the perceived valuation of the Property division of the Company. We wish to highlight that the Selected Property Precedent Transactions are by no means exhaustive. Each of the take-over transactions must be judged on its own commercial and financial

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merits. Shareholders should also note that the premium (if any) to be paid by an offeror in a privatisation/delisting transaction varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies to be gained from integration with an existing business, the trading liquidity of the target company's shares, prevailing market expectations and the presence of competing bids. Accordingly, any comparison made herein is strictly limited in scope. **Any conclusions drawn from comparisons made may therefore not necessarily reflect the possible or potential market values for the respective business divisions of the Group.**

In addition, as part of the sum-of-the-parts valuation, we have relied on the closing share prices of the Comparable Companies as at the Latest Practicable Date. We wish to highlight that historical price performance is not indicative of the future price performance levels. Shareholders should note that share prices are and will continue to be affected to a varying extent by changes in, *inter alia*, market, economic, political, industry, monetary and other general macroeconomic conditions as well as company-specific factors. Accordingly, the historical share prices of the relevant companies should not be relied upon as a promise of the companies' future trading performance or future value.

For the purpose of conducting the sum-of-the-parts valuation, we have relied upon and assumed the accuracy and completeness of all information that was furnished to or discussed with us by the Company or otherwise reviewed by or for us, and we have not independently verified (nor have we assumed any responsibility or liability for independently verifying such information) any such information or its accuracy or completeness. In relying on the financial analyses and estimates provided to us by the Management, we have assumed, *inter alia*, that they have been reasonably prepared based on assumptions reflecting the best currently available estimates and judgement by Management as to the financial condition of the Group to which such analyses or estimates relate. We express no view as to such analyses or estimates or the assumptions on which they were based.

While the sum-of-the-parts valuation is useful as a cross-check and provides an additional dimension to our evaluation of the financial terms of the Offer, Shareholders should note that it would not be appropriate to solely rely on the sum-of-the-parts valuation in assessing the Offer Price in view of its various drawbacks and limitations. Accordingly, the sum-of-the-parts valuation should, therefore, be considered in conjunction with the analyses in the other sections of this letter.

In evaluating the Comparable Companies, we have used the following valuation parameters in our analysis:

Valuation parameter	Description
Price-earnings ratio ("PER")	The historical PER, which illustrates the ratio of the market price of a company's shares relative to its historical consolidated earnings per share, is commonly used for the purpose of illustrating the profitability, and hence valuation, of a company. We have considered the historical PERs of the Comparable Companies based on their respective last transacted prices on the Latest Practicable Date and the trailing 12-month ("T12M") net earnings per share (as adjusted for any corporate activities which were undertaken after the T12M financial period that may affect the PER, where relevant).

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Valuation parameter	Description
Price-to-NTA ratio	An NTA-based approach is useful to illustrate the extent that the value of each share is backed by assets, and would be more relevant in the case where the group were to change the nature of its business or realise or convert the use of all or most of its assets. The NTA-based valuation approach may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets over a reasonable period of time at the aggregate value of the assets used in the computation of the NTA, with the balance to be distributed to its shareholders after the settlement of all the liabilities and obligations of the company or group. We have considered the historical price-to-NTA ratios of the Comparable Companies based on their respective last transacted prices on the Latest Practicable Date and latest available NTA per share (as adjusted for any corporate activities which were undertaken after the latest available balance sheet that may affect the NTA per share, where relevant).
Enterprise value to EBITDA (“EV/EBITDA”) ratio	The historical EV/EBITDA ratio illustrates the ratio of the market value of a company's business relative to its historical consolidated pre-tax operating cashflow performance, without regard to its capital structure, and provides an indication of current market valuation relative to operating performance. “EV” is the sum of a company's market capitalisation, preferred equity, minority interests, short- and long-term debts less cash and cash equivalents, and represents the actual cost to acquire the entire company. “EBITDA” refers to consolidated earnings before interest, tax, depreciation and amortisation expenses. EBITDA can be used to analyse the profitability between companies as it eliminates the effects of financing and accounting decisions. We have considered the historical EV/EBITDA ratios of the Comparable Companies based on their respective last transacted prices on the Latest Practicable Date, latest available balance-sheet values and T12M EBITDA. For business divisions of the Group for which we have estimated the enterprise value, we have made relevant adjustments to the preferred equity, minority interests and net debt to arrive at an estimate of the equity value. The respective business divisions' debt were carried at their book value as at 30 September 2019 and we have not attempted to revalue it.

6.3.1 Property division

The Property division has an interest in a number of property assets through its subsidiaries and joint ventures, where a significant proportion of the property assets are development projects in the PRC. The Group's property development activities are focused on high quality, high-end residential and commercial projects in Chengdu, Chongqing, Shanghai, Shenyang and Suzhou.

The Property division accounted for approximately 54.6% of the unaudited NAV of the Group as at 30 September 2019. Within the Property division, the property development segment accounted for approximately 97.2% of the unaudited NAV of the Property division (comprising the property development and the property rental & services segments) as at 30 September 2019.

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We have considered the following in arriving at the implied valuation of the Property division:

- (a) in respect of the higher valuation range of the Property division, the Adjusted Property NTA (as defined in section 6.3.1.1 of this letter) of approximately **S\$575.7 million** as at 30 September 2019, and the implied valuation range of approximately **S\$279.2 million to S\$315.7 million** based on the mean and median offer price-to-RNTA ratios of the Selected Property Precedent Transactions (as set out in section 6.3.1.3 of this letter); and
- (b) in respect of the lower valuation range of the Property division, the implied valuation range of approximately **S\$185.0 million to S\$203.2 million** based on the mean and median of price-to-NTA ratios of the Property Comparable Companies (as set out in section 6.3.1.2 of this letter), and the implied valuation range of approximately **S\$239.9 million to S\$252.5 million** based on the mean and median offer price-to-NTA ratios of the Selected Property Precedent Transactions (as set out in section 6.3.1.3 of this letter).

Taking into consideration the above, we have determined that a reasonable implied valuation range of the Property division to be between approximately S\$252.5 million and S\$575.7 million.

6.3.1.1 Adjusted NTA of the Property division

We have relied on the Management's estimate of the NTA attributable to the Property division. As provided by Management, the unaudited NTA of the Property division amounted to S\$377.8 million.

As detailed in section 6.2 of this letter, the Company had commissioned the Independent Valuer to conduct independent valuations on its Appraised Properties. Further details on the valuations of the Appraised Properties are set out in section 6.2 of this letter.

Taking into account the above, we made the following adjustments to the unaudited NTA of the Property division as at 30 September 2019:

	S\$' million
Unaudited NTA of the Property division as at 30 September 2019	377.8
Add: Surplus on revaluation of the Appraised Properties	139.8
Add: Surplus on revaluation of the investment property attributable to the Property division ⁽¹⁾⁽²⁾	8.7
Add: Surplus on revaluation of the properties held under the joint ventures attributable to the Property division ⁽²⁾	49.4
Adjusted NTA of the Property division as at 30 September 2019 (the " Adjusted Property NTA ")	575.7

Notes:

- (1) Refers to the investment property located at No. 86, Shanhao Street, Heping District, Shenyang, Liaoning Province, China.
- (2) Based on the Group's effective shareholding interest in the relevant entities.

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Shareholders should note that the Adjusted Property NTA is not necessarily a realisable value given that the market value of the properties may vary depending on, *inter alia*, the prevailing market and economic conditions.

6.3.1.2 Valuation statistics of the Property Comparable Companies

As an alternative assessment of the valuation of the Property division, we have referred to Comparable Companies which are listed and traded on the SGX-ST, and are engaged in business activities similar to the Property division of the Company (the “**Property Comparable Companies**”). For a more meaningful comparison, we have considered companies with market capitalisation of between S\$50.0 million and S\$1.5 billion. Details of the Property Comparable Companies, including their business descriptions and selected key financials are set out in Annex A to this letter.

The following table sets out the comparative valuation statistics of the Property Comparable Companies:

Company	Market capitalisation as at the Latest Practicable Date (S\$ million)	PER (times)	Price-to-NTA ratio (times)
First Sponsor Group Limited	1,097.6	7.56	0.82
Perennial Real Estate Holdings Limited	880.7	n.m. ⁽¹⁾	0.35
Ying Li International Real Estate Limited	260.8	14.07	0.57
Pan Hong Holdings Group Limited	58.4	1.70	0.41
High		14.07	0.82
Mean		7.77	0.54
Median		7.56	0.49
Low		1.70	0.35

Implied valuation of the Property division based on mean valuation ratio (S\$' million)	66.1⁽²⁾	203.2⁽³⁾
Implied valuation of the Property division based on median valuation ratio (S\$' million)	64.3⁽²⁾	185.0⁽³⁾

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

Notes:

- (1) n.m. denotes not meaningful as Perennial Estate Holdings Limited was loss-making for the T12M financial period ended 30 September 2019.
- (2) Net profit after tax attributable to the Property division for the T12M financial period ended 30 September 2019 as provided by Management, amounted to approximately S\$8.5 million.
- (3) NTA attributable to the Property division, as provided by Management, amounted to approximately S\$377.8 million as at 30 September 2019.

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Given the asset intensive nature of the Property division, we consider the price-to-NTA ratio as being a more pertinent valuation method for assessing the Offer Price as compared to the earnings-based valuation methods such as PER. Property-related companies are often valued using a NTA-based approach as their asset backings are perceived as providing support for the value of their equity. In addition, the annual earnings of property-related companies may vary considerably over time and between companies due to factors such as the timing of project launches and completion, redevelopment of properties and periodic revaluation of properties.

Based on the mean and median price-to-NTA ratios of the Property Comparable Companies, the implied valuation of the Property division ranges from approximately S\$185.0 million to S\$203.2 million.

6.3.1.3 Valuation statistics of the Selected Property Precedent Transactions

We have reviewed selected transactions between 1 January 2017 and the Latest Practicable Date, involving take-over transactions of companies listed and traded on the SGX-ST that are engaged in business activities similar to the Property division of the Company (the “**Selected Property Precedent Transactions**”). We have conducted our analysis on the basis of offer price-to-NTA ratio and the offer price-to-RNTA ratio as the key parameters for the comparison to the ratio implied by the Offer Price.

Company	Offer announcement date	Market capitalisation as implied by their respective offer prices (\$ million)	Offer price-to-NTA ratio (times)	Offer price-to-RNTA ratio (times)
Global Premium Hotels Limited	23 February 2017	384.0	0.53	0.53
United Engineers Limited	13 July 2017	1,657.5	0.86	0.86
CWG International Ltd.	28 December 2017	129.1	0.82 ⁽¹⁾	0.44 ⁽²⁾
Weiyee Holdings Limited	13 March 2018	127.5	0.46	0.30
Wheelock Properties (Singapore) Limited	19 July 2018	2,512.8	0.81	0.84
Ying Li International Real Estate Limited	3 April 2019	358.0	0.33	0.32
High			0.86	0.86
Mean			0.63	0.55
Median			0.67	0.49
Low			0.33	0.30
Implied valuation of the Property division based on mean valuation ratio (\$' million)			239.9⁽³⁾	315.7⁽⁴⁾
Implied valuation of the Property division based on median valuation ratio (\$' million)			252.5⁽³⁾	279.2⁽⁴⁾

Source: Announcements and circulars to shareholders in relation to the respective Selected Property Precedent Transactions and SAC Capital's computations

Notes:

- (1) Based on the lower bound estimate of the unaudited consolidated NAV of CWG International Ltd. and its subsidiaries (the “**CWG Group**”) of S\$157.4 million as at 31 December 2017. We note that the CWG Group does not have any intangible assets as at 31 December 2017.
- (2) Based on the lower bound estimate of the revalued NAV of S\$294.4 million of the CWG Group as at 31 December 2017. We note that the CWG Group does not have any intangible assets as at 31 December 2017.

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- (3) NTA attributable to the Property division, as provided by Management, amounted to approximately S\$377.8 million as at 30 September 2019.
- (4) Based on the Adjusted Property NTA of the Property division which amounted to approximately \$575.7 million as 30 September 2019, as stated in section 6.3.1.1 of this letter.

Based on the mean and median offer price-to-NTA ratios of the Selected Property Precedent Transactions, the implied valuation of the Property division ranges from approximately S\$239.9 million to S\$252.5 million.

Based on the mean and median offer price-to-RNTA ratios of the Selected Property Precedent Transactions, the implied valuation of the Property division ranges from approximately S\$279.2 million to S\$315.7 million.

6.3.2 Manufacturing division

The Group's Manufacturing division provides services in precision engineering and electronics manufacturing. Its precision engineering business specialises in aluminum die-casting and precision machining for the automotive and electronics industries whilst its components business provides global customers with turnkey manufacturing and supply chain solutions for the automotive, computer, consumer and electronics industries.

The Manufacturing division recorded losses in the T12M ended 30 September 2019, and accounted for approximately 7.5% of the unaudited NAV of the Group as at 30 September 2019.

In our assessment of the valuation of the Manufacturing division, we have referred to Comparable Companies which are listed and traded on the SGX-ST, whose businesses are broadly comparable with the Manufacturing division of the Group (the "**Manufacturing Comparable Companies**"). Details of the Manufacturing Comparable Companies, including their business descriptions and selected key financials are set out in Annex A to this letter. The following table sets out the comparative valuation statistics of the Manufacturing Comparable Companies:

Company	PER (times)	EV/EBITDA ratio (times)
Spindex Industries Limited	7.76	2.67
JEP Holdings Ltd. ⁽¹⁾	15.33	8.52
Miyoshi Limited ⁽²⁾	n.m. ⁽³⁾	8.70
AEI Corporation Ltd. ⁽⁴⁾	n.m. ⁽³⁾	n.m. ⁽³⁾
Santak Holdings Limited	n.m. ⁽³⁾	n.m. ⁽³⁾
High	15.33	8.70
Mean	11.55	6.63
Median	11.55	8.52
Low	7.76	2.67
Implied valuation of the Manufacturing division based on mean valuation ratio (S\$' million)⁽⁵⁾	n.m.⁽⁶⁾	34.6
Implied valuation of the Manufacturing division based on median valuation ratio (S\$' million)⁽⁵⁾	n.m.⁽⁶⁾	37.5

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

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Notes:

- (1) On 13 May 2019, Hong Leong Finance Limited ("**Hong Leong Finance**") announced, for and on behalf of UMS Holdings Limited ("**UMS**"), the mandatory conditional cash offer by UMS to acquire all the shares in JEP Holdings Ltd. On 24 June 2019, Hong Leong Finance announced that the offer has not become unconditional as to acceptances as at the final closing date, and accordingly, had lapsed.
- (2) On 7 December 2019, after the Latest Practicable Date, Miyoshi Limited ("**Miyoshi**") announced its annual report for the financial year ended 31 August 2019, together with, *inter alia*, a qualified opinion from its independent auditors BDO LLP, on the financial statements of the group and disclosure of variances of the audited financial statements of the group from the unaudited financial statements of the group as announced on 30 October 2019. As all information for our analysis is extracted as at the Latest Practicable Date, we have not adopted the updated financial information of Miyoshi.
- (3) n.m. denotes not meaningful as these Manufacturing Comparable Companies were loss-making or reported losses before interest, tax, depreciation and amortisation in their respective T12M financial period.
- (4) On 11 November 2019, AEI Corporation Ltd. ("**AEI**") announced that AEI entered into a conditional sale and purchase agreement with 3PLE1 Holdings Pte. Ltd. and Tan Chu En Ian to dispose of AEI's business and liabilities in the manufacture, import, and export of aluminium extrusion sections, metal materials, and other related products. As at the Latest Practicable Date, the disposal has not been effected.
- (5) EBITDA attributable to the Manufacturing division for the T12M financial period ended 30 September 2019 as provided by Management, amounted to approximately S\$1.6 million.
- (6) n.m. denotes not meaningful as the Manufacturing division was loss-making for the T12M financial period ended 30 September 2019.

Based on information provided by the Management, we note that the Manufacturing division recorded losses for the T12M period and hence we believe that the PER ratio is not meaningful. As such, in deriving the implied valuation of the Manufacturing division, we have relied on the mean and median EV/EBITDA ratios only. However, based on the mean and median EV/EBITDA ratios of the Manufacturing Comparable Companies, we note that the implied valuation range of the Manufacturing division is between approximately S\$34.6 million and S\$37.5 million, which is significantly lower than the NTA value attributed to the Manufacturing division of S\$53.5 million as at 30 September 2019. Given that the NTA-based valuation approach provides an estimate of the value of a group or business assuming the hypothetical sale of all its assets in their existing conditions over a reasonable period of time, with the balance to be distributed to its shareholders after the settlement of all the liabilities and obligations, the NTA of a group or business is perceived as providing support for the value of the shareholders' equity. As such, we have instead referred to the NTA of the Manufacturing division as at 30 September 2019 as the more appropriate valuation parameter to determine a reasonable implied valuation for the Manufacturing division.

Accordingly, we have ascribed the implied valuation of the Manufacturing division to be S\$53.5 million.

The Directors have confirmed that, to the best of their knowledge and belief, they are not aware of any material differences between the realisable value of the assets as at the Latest Practicable Date and their respective book values as at 30 September 2019 which would have a material impact on the unaudited NAV and/or NTA of the Manufacturing division.

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6.3.3 Distribution division

The Group's Distribution division comprises the following business activities:

(a) Equipment distribution

The Distribution division distributes specialised equipment for several industries through its following sub-segments:

- (i) Welmate supplies architectural ceiling and partition systems, fire protection systems, and wall panelling and cladding systems for the construction industry;
- (ii) Polytek Engineering engages in the design, supply, installation and maintenance of laundry and boiler equipment; and
- (iii) Far East Motors supplies type approved equipment and original equipment manufacturer (OEM) spare parts for the automotive industry.

(b) Sand mining

The Distribution division engages in sand mining operations through Pacific Silica Pty Ltd, which produces high quality processed silica sands.

The Distribution division recorded S\$3.5 million of the net profits after tax attributable to equity holders in T12M ended 30 September 2019, and accounted for approximately 9.6% of the unaudited NAV of the Group as at 30 September 2019.

Given that the Distribution division is engaged in diverse businesses, we consider it appropriate to value each of the Distribution's businesses separately to arrive at an aggregate valuation of the Distribution division on a sum-of-the-parts basis. We have arrived at a range of valuation for the Distribution division rather than a single estimated value as this will provide a more objective measure of the value of the Distribution division taking into account, *inter alia*, each of the Distribution's unlisted businesses which are sensitive to general market and economic conditions.

As provided by Management, we understand that the businesses of Pacific Silica Pty Ltd, Welmate, and Polytek Engineering represented approximately 103.0% of the T12M net profits after tax and 64.7% of the NAV as at 30 September 2019 of the Distribution division. In view thereof, in our assessment of the valuation of the Distribution division, we have referred to Comparable Companies which are engaged in:

- (a) the distribution of construction materials; or
- (b) the distribution of commercial laundry and boiler equipment, (together, the "**ED Comparable Companies**"); and
- (c) the mining of silica sand (the "**Sand Mining Comparable Companies**" and together with the ED Comparable Companies, the "**Distribution Comparable Companies**").

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While we attempted to confine our search to Distribution Comparable Companies which are listed and traded on the SGX-ST, the specific nature of the products distributed by the Group has led us to broaden the scope to include other jurisdictions. We have, in consultation with the Management, selected the following ED Comparable Companies which are listed and traded on the SGX-ST and the Bursa Malaysia Securities Berhad ("**Bursa**"), whose businesses are, in our opinion, broadly comparable with Welmate and Polytek Engineering, and Sand Mining Comparable Companies which are listed and traded on the NASDAQ Stock Market ("**NASDAQ**") and the New York Stock Exchange ("**NYSE**"), whose businesses are, in our opinion, broadly comparable with Pacific Silica Pty Ltd. Details of the Distribution Comparable Companies, including their business descriptions and selected key financials, are set out in Annex A to this letter.

The following table sets out a summary of the estimated implied valuation of each of the business segments within the Distribution division:

	Lower valuation (S\$' million)	Higher valuation (S\$' million)	Valuation methodology
Equipment distribution	27.1	28.6	Relative valuation based on comparable companies (refer to section 6.3.3.1 of this letter)
Sand mining	33.8	33.8	Relative valuation based on comparable companies and net tangible book value (refer to section 6.3.3.2 of this letter)
Distribution HQ	21.4	21.4	Net tangible book value
Sum-of-the-parts valuation of the Distribution division	82.3	83.8	

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6.3.3.1 Equipment Distribution

The following table sets out the comparative valuation statistics of the ED Comparable Companies:

Company	PER (times)	EV/EBITDA ratio (times)
Hafary Holdings Limited	7.09	9.60
Intraco Limited	27.10	1.05
Chin Hin Group Berhad	16.72	11.09
Sarawak Consolidated Industries Berhad ⁽¹⁾	n.m. ⁽²⁾	52.46
BCM Alliance Berhad	9.49	4.98
High	27.10	52.46
Mean	15.10	6.68⁽³⁾
Median	13.11	7.29⁽³⁾
Low	7.09	1.05

Implied valuation of the Equipment Distribution division based on mean valuation ratio (S\$' million)⁽⁴⁾	28.8	27.1
Implied valuation of the Equipment Distribution division based on median valuation ratio (S\$' million)⁽⁴⁾	24.9	28.6

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

Notes:

- (1) On 15 August 2019, UOB Kay Hian Securities (M) Sdn Bhd had, for and on behalf of Dato' Dr. Ir. Mohd Abdul Karim bin Abdullah, served the board of directors of Sarawak Consolidated Industries Berhad ("SCIB") with the notice of a mandatory take-over offer. The offer closed on 26 September 2019.
- (2) n.m. denotes not meaningful as SCIB was loss-making for the T12M financial period ended 30 September 2019.
- (3) Being a statistical outlier, SCIB has been excluded from the computation of the mean and median EV/EBITDA ratios.
- (4) Net profit after tax and EBITDA attributable to the Equipment Distribution division for T12M financial period ended 30 September 2019 as provided by Management, amounted to approximately S\$1.9 million and S\$2.4 million respectively.

When comparing companies operating in different jurisdictions, we believe the EV/EBITDA ratio to be a more appropriate ratio to use as it avoids the distortionary effects of different depreciation and interest rates and different taxation regimes which are inherent when using PER ratios. As such, in deriving the implied valuation of the Equipment Distribution business, we have relied on the implied valuations based on the mean and median EV/EBITDA ratios only.

Based on the appropriate mean and median EV/EBITDA ratios of the ED Comparable Companies, we have determined that a reasonable implied valuation range of the Equipment Distribution business to be between approximately S\$27.1 million and S\$28.6 million.

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6.3.3.2 Sand Mining

The following table sets out the comparative valuation statistics of the Sand Mining Comparable Companies:

Company	PER (times)	EV/EBITDA ratio (times)
U.S. Silica Holdings, Inc.	n.m. ⁽¹⁾	n.m. ⁽¹⁾
Covia Holdings Corporation	n.m. ⁽¹⁾	6.60
Hi-Crush Inc.	n.m. ⁽¹⁾	n.m. ⁽¹⁾
Smart Sand, Inc.	3.69	2.55
High	3.69	6.60
Mean	3.69	4.57
Median	3.69	4.57
Low	3.69	2.55

Implied valuation of the Sand Mining division based on mean valuation ratio (S\$' million)⁽²⁾	7.0	19.7
Implied valuation of the Sand Mining division based on median valuation ratio (S\$' million)⁽²⁾	7.0	19.7

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

Notes:

- (1) n.m. denotes not meaningful as these Sand Mining Comparable Companies were loss-making or reported losses before interest, tax, depreciation and amortisation in their respective latest T12M financial period.
- (2) Net profit after tax and EBITDA attributable to the Sand Mining division for T12M financial period ended 30 September 2019 as provided by Management, amounted to approximately S\$1.9 million and S\$7.3 million respectively.

Based on the mean and median PER and EV/EBITDA ratios of the Sand Mining Comparable Companies, we note that the implied valuation range of the Sand Mining division is between approximately S\$7.0 million and S\$19.7 million, which is lower than the NTA value attributed to the Sand Mining division of S\$33.8 million as at 30 September 2019. Given that the NTA-based valuation approach provides an estimate of the value of a group or business assuming the hypothetical sale of all its assets in their existing conditions over a reasonable period of time, with the balance to be distributed to its shareholders after the settlement of all the liabilities and obligations, the NTA of a group or business is perceived as providing support for the value of the shareholders' equity. As such, we have instead referred to the NTA of the Sand Mining division as at 30 September 2019 as the more appropriate valuation parameter to determine a reasonable implied valuation for the Sand Mining division.

Accordingly, we have ascribed the implied valuation of the Sand Mining division to be S\$33.8 million.

The Directors have confirmed that, to the best of their knowledge and belief, they are not aware of any material differences between the realisable value of the assets as at the Latest Practicable Date and their respective book values as at 30 September 2019 which would have a material impact on the unaudited NAV and/or NTA of the Sand Mining division.

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6.3.3.3 Distribution HQ

We understand from the Management that NTA of the Distribution division not allocated to the businesses of Pacific Silica Pty Ltd, Welmate, Polytek Engineering and Far East Motors (the “**Distribution HQ**”) comprises mainly cash and cash equivalents. **As such, we have ascribed the implied valuation of the Distribution HQ to be its NTA of S\$21.4 million as at 30 September 2019.**

6.3.4 Engineering division

Through the O'Connor's group of companies, the Engineering division is a systems integrator, offering security and surveillance, communication and technology, as well as healthcare and medical solutions.

Based on the information provided by the Management, we note that the Engineering division recorded losses and negative EBITDA for the T12M financial period ended 30 September 2019. Accordingly, we believe that the PER and EV/EBITDA ratios are not meaningful, for which we have been provided the NTA as the implied valuation of the Engineering division.

The NTA value attributed to the Engineering division is approximately S\$29.7 million as at 30 September 2019. As set out in section 6.2 of this letter, the Management provided reasonable estimates on the value of certain investment properties attributable to the Engineering division and accordingly, we have made the following adjustments to the unaudited NTA of the Engineering division as at 30 September 2019:

	S\$' million
Unaudited NTA of the Engineering division as at 30 September 2019	29.7
Add: surplus on revaluation of the investment properties attributable to the Engineering division ⁽¹⁾	1.2
Adjusted NTA of the Engineering division as at 30 September 2019 (the “ Adjusted Engineering NTA ”)	30.9

Note:

- (1) Attributable to the investment properties located at (a) No 56 & 58 Jalan Dian 8, Taman Munsyi Ibrahim, Jalan Skudai, 81200, Johor Bahru, Johor, Malaysia, and (b) Lots 9-12, Block 31 Phase 2A, Bandar Penampang, Kota Kinabalu, Sabah, Malaysia.

The Directors have confirmed that, to the best of their knowledge and belief, they are not aware of any material differences between the realisable value of the assets as at the Latest Practicable Date and their respective book values as at 30 September 2019 which would have a material impact on the unaudited NAV and/or NTA of the Engineering division.

Taking into consideration the above, we have ascribed the implied valuation of the Engineering division to be S\$30.9 million.

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6.3.5 Corporate Services & Others division

The Corporate Services & Others division comprises a number of dissimilar businesses (including the growing of agricultural seedlings) and other assets (including cash and cash equivalents) and liabilities which cannot be directly attributed to any of the aforementioned four distinct businesses of the Group. Accordingly, any relative statistics valuation based on Comparable Companies may not provide a meaningful basis for comparison. As such, we have ascribed the NTA value attributed to the Corporate Services & Others division of approximately S\$162.3 million as at 30 September 2019, as provided by the Management, to the Corporate Services & Others division.

The Directors have confirmed that, to the best of their knowledge and belief, they are not aware of any material differences between the realisable value of the assets as at the Latest Practicable Date and their respective book values as at 30 September 2019 which would have a material impact on the unaudited NAV and/or NTA of the Corporate Services & Others division.

Taking into consideration the above, we have ascribed the implied valuation of the Corporate Services & Others division to be S\$162.3 million.

6.4 **Comparison with Recent Completed Privatisation of Companies Listed on the SGX-ST**

We note that it is the intention of the Offeror, if and when entitled, to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act to privatise the Company.

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

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

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of competing bids. Conclusions drawn from the comparisons made may not reflect any perceived market valuation of the Company.

Company	Date of offer announcement	Offer price	Offer price-to-NTA ratio (times)	Offer price-to-RNTA ⁽¹⁾ ratio (times)
Cityneon Holdings Limited	29 October 2018	S\$1.300	4.50	4.50 ⁽²⁾
PCI Limited	4 January 2019	S\$1.330	1.97	1.97 ⁽²⁾
DeClout Limited	7 January 2019	S\$0.130	1.60	1.28
Courts Asia Limited	18 January 2019	S\$0.205	0.62	0.64
Kingboard Copper Foil Holdings Limited	4 April 2019	S\$0.600	0.91	0.88
800 Super Holdings Limited	6 May 2019	S\$0.900	1.81	2.06
Memtech International Ltd.	14 May 2019	S\$1.350	1.09	1.09 ⁽²⁾
Boardroom Limited	15 May 2019	S\$0.880	1.93	2.02
HupSteel Limited	28 June 2019	S\$1.200	0.90	0.59
Delong Holdings Limited	29 July 2019 ⁽³⁾	S\$7.000	0.60	0.60 ⁽²⁾
Star Pharmaceutical Limited	5 August 2019	S\$0.450	0.81	0.71
TPV Technology Limited	12 August 2019	HK\$3.860	1.10	1.10 ⁽²⁾
PS Group Holdings Ltd.	20 August 2019	S\$0.118	0.74	0.62
San Teh Ltd ⁽⁴⁾	5 September 2019	S\$0.280	0.56	0.39
Raffles United Holdings Ltd.	25 October 2019 ⁽⁵⁾	S\$0.065	0.28	0.28 ⁽²⁾
		High	4.50	4.50
		Mean ⁽⁶⁾	1.07	1.02
		Median ⁽⁶⁾	0.91	0.79
		Low	0.28	0.28

Company (Implied by the Offer Price)	16 November 2019	S\$2.5947	1.06⁽⁷⁾	0.82⁽⁸⁾
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Source: Announcements and circulars to shareholders in relation to the respective Take-over Transactions and SAC Capital's computations

Notes:

- (1) Based on the RNTA per share/RNAV per share, or the adjusted NTA per share/adjusted NAV per share, where relevant, as extracted from the letter of the independent financial adviser of the respective companies.
- (2) As the RNTA per share/RNAV per share information is not available or applicable, the NTA per share/NAV per share has been included, where relevant, as extracted from the letter of the independent financial adviser of the respective companies.
- (3) Refers to the voluntary conditional cash offer made by Stirling Coleman Capital Limited, for and on behalf of Best Grace Holdings Pte. Ltd. ("**Best Grace**") on 29 July 2019 (the "**Revised Offer**"). Best Grace had made a previous offer on substantively the same terms as the Revised Offer pursuant to an offer announcement on 27 September 2018, which was withdrawn on 11 October 2018. For the purpose of our analysis, we have referred to the terms of the Revised Offer.
- (4) On 12 November 2019, CEL Impetus Corporate Finance Pte. Ltd., for and on behalf of Singapore San Teh Real Estate Pte. Ltd. ("**SSTRE**"), announced, *inter alia*, that SSTRE will exercise its right of compulsory acquisition pursuant to Section 215(1) of the Companies Act to acquire all the offer shares held by dissenting shareholders of San Teh Ltd. on or after 13 December 2019. On 18 November 2019, San Teh Ltd. announced, *inter alia*, that the SGX-ST has no objection to the

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proposed delisting of San Teh Ltd. from the SGX-ST, subject to the completion of the compulsory acquisition by SSTRE.

- (5) Refers to the voluntary unconditional general offer made by GATXH Holdings Pte. Ltd. ("**GATXH**") on 25 October 2019 (the "**GATXH Offer**"). On 15 November 2019, GATXH announced, *inter alia*, that it will exercise its right of compulsory acquisition pursuant to Section 215(1) of the Companies Act to acquire all the offer shares held by dissenting shareholders on or after 16 December 2019. On 27 November 2019, Raffles United Holdings Ltd. ("**Raffles United**") announced, *inter alia*, that the SGX-ST has no objection to the proposed delisting of Raffles United from the SGX-ST, subject to the completion of the compulsory acquisition by GATXH. Earlier on 1 July 2019, Raffles Infinity Holdings Pte. Ltd., ("**Raffles Infinity**") (a concert party of GATXH for the purpose of the GATXH Offer), had made a mandatory unconditional cash offer for all the shares of Raffles United (the "**First RU Offer**"). Following the close of the First RU Offer, as Raffles Infinity had succeeded in owning, controlling or agreeing to acquire more than 90% of the total number of issued shares of Raffles United, the free float requirement under Rule 723 of the Listing Manual was not satisfied and SGX-ST had suspended the trading of the shares on 14 August 2019. For the purpose of our analysis, we have referred to the terms of the GATXH Offer.
- (6) As a statistical outlier, Cityneon Holdings Limited has been excluded from the computation of mean and median offer price-to-NTA and offer price-to-RNTA ratios.
- (7) Based on the NTA per Share of S\$2.45 as at 30 September 2019.
- (8) Based on the Adjusted NTA per Share of S\$3.16 as at 30 September 2019.

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

- (a) the offer price-to-NTA ratio as implied by the Offer Price of 1.06 times is:
 - (i) within the range of offer price-to-NTA ratios of the Take-over Transactions of between 0.28 times and 4.50 times; and
 - (ii) in between the corresponding median and mean offer price-to-NTA ratio of the Take-over Transactions of 0.91 times and 1.07 times respectively.
- (b) the offer price-to-Adjusted NTA ratio as implied by the Offer Price of 0.82 times is:
 - (i) within the range of offer price-to-RNTA ratios of the Take-over Transactions of between 0.28 times and 4.50 times; and
 - (ii) in between the corresponding median and mean offer price-to-RNTA ratios of the Take-over Transactions of 0.79 times and 1.02 times respectively.

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6.5 Historical financial performance and condition of the Group

The salient historical financial information of the Group for the last 3 financial years ended 31 December 2016, 2017 and 2018 (“FY2016”, “FY2017” and “FY2018” respectively), and the 9-month financial periods ended 30 September 2018 and 2019 (“9M2018” and “9M2019” respectively) is set out as follows:

Consolidated Income Statement

(S\$'000)	Audited			Unaudited	
	FY2016	FY2017 ⁽¹⁾	FY2018	9M2018	9M2019
Revenue	297,447	361,465	246,846	184,541	188,392
Gross profit	52,902	63,061	35,760	35,149	41,807
(Loss)/profit before tax from continuing operations	(156)	12,573	(8,324)	3,291	18,073
(Loss)/profit attributable to equity holders of the Company	(4,983)	(772)	(9,828)	(568)	10,390
– continuing operations, net of tax					
Profit attributable to equity holders of the Company	128,247 ⁽²⁾	-	-	-	-
– discontinued operations, net of tax					

Consolidated Balance Sheet

(S\$'000)	Audited			Unaudited
	As at 31 December			As at 30 September
	2016 ⁽¹⁾	2017 ⁽¹⁾	2018	2019
Current assets	793,943	767,804	805,054	821,904
Current liabilities	173,522	175,007	206,588	215,941
Working capital	620,421	592,797	598,466	605,963
Non-current assets	282,993	260,404	252,809	194,071
Non-current liabilities	143,600	96,809	121,645	73,334
Equity attributable to owners of the Company	745,468	741,525	715,081	711,782

Consolidated Statement of Cash Flows

(S\$'000)	Audited			Unaudited	
	FY2016	FY2017 ⁽¹⁾	FY2018	9M2018	9M2019
Net cash from / (used in) operating activities	21,682	45,063	59,684	(5,857)	16,981
Net cash from / (used in) investing activities	239,688 ⁽³⁾	(4,109)	(96,123)	(96,156)	59,358
Net cash (used in) / from financing activities	(524,378) ⁽⁴⁾	20,642	47,880	36,608	(81,450)
Net increase/(decrease) in cash and cash equivalents	(263,008)	61,596	11,441	(65,405)	(5,111)
Cash and cash equivalents at end of financial year/period	85,852	146,765	155,574	80,207	147,690

Source: WBL's audited consolidated financial statements for FY2018 and FY2017, and WBL's unaudited interim condensed consolidated financial statements for 9M2019

Notes:

- (1) Presented as comparative in the consolidated financial statements of the Group for FY2018. The consolidated balance sheet as at 1 January 2017 and the FY2017 comparative figures have been re-presented to take into account the retrospective adjustments arising from the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International).

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- (2) Refers to the discontinued business in relation to Multi-Fineline Electronix, Inc and its subsidiaries.
- (3) The Group generated one-off net cash inflow from investing activities arising from the disposal of subsidiaries in FY2016 of S\$199.3 million.
- (4) Included dividend paid to shareholders of the Company, and net loans repaid/extended to the ultimate holding company.

We note the following:

- (a) the Group's revenue had increased from S\$297.4 million in FY2016 to S\$361.5 million in FY2017, and had decreased from S\$361.5 million in FY2017 to S\$246.8 million in FY2018;

the Group posted a 21.5% increase in revenue for FY2017 compared to FY2016, mainly driven by higher revenue recognition from property development projects in China following their completion;

the Group's revenue for FY2018 had decreased by 31.7% compared to FY2017 mainly due to lower contribution from its property development business following (i) the completion of *Chengdu Orchard Villa* Phase 4, (ii) lower contributions from the sales of completed commercial units at *Shenyang Orchard Summer Palace*, and (iii) the absence of contribution from the divested liquefied petroleum gas business; and

the Group's revenue increased marginally from S\$184.5 million in 9M2018 to S\$188.4 million in 9M2019, mainly due to higher contribution from its property development project in China following the completion and handover of *Chengdu Orchard Villa* Phase 5A in accordance with completed contract method. However, the increase in the Group's revenue in 9M2019 was partially offset by lower revenue contributions from the engineering, distribution and manufacturing businesses.

- (b) the loss attributable to equity holders of the Company (continuing operations) had decreased from S\$5.0 million in FY2016 to S\$0.8 million in FY2017, and had increased from S\$0.8 million in FY2017 to S\$9.8 million in FY2018;

the loss attributable to equity holders of the Company (continuing operations) decreased by 84.5% from S\$5.0 million in FY2016 to S\$0.8 million in FY2017, mainly due to higher profit from its property development business in China, which was offset by higher income tax expense in FY2017 mainly as a result of the absence of write-back of overprovision of prior years' income tax which was recorded in FY2016; and underprovision of prior years' income tax by a Singapore subsidiary upon finalisation of tax assessment with the tax authority;

the loss attributable to equity holders of the Company (continuing operations) increased from S\$0.8 million in FY2017 to S\$9.8 million in FY2018, mainly due to (i) lower gross profit recorded in FY2018 as a result of the lower revenue recorded as explained in sub-paragraph (a) above; (ii) provision for foreseeable losses for certain system integration projects in the engineering business, (iii) inventory write-down in the manufacturing business; and (iv) goodwill impairment loss recognised for a subsidiary in Malaysia; and

the Company had recorded a profit attributable to equity holders (continuing operations) of S\$10.4 million in 9M2019, *vis-à-vis* a loss attributable to equity holders of S\$0.6 million in 9M2018. The increase in profit attributable to equity holders in 9M2019 was mainly due to (i) profit from the completion and handover of *Chengdu Orchard Villa* Phase 5A and (ii) gain from the disposal of an investment property in China.

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- (c) the Group had working capital ranging from S\$592.8 million to S\$620.4 million as at 31 December 2016, 31 December 2017, 31 December 2018 and 30 September 2019. The Group recorded working capital of S\$606.0 million as at 30 September 2019 as compared to S\$598.5 million as at 31 December 2018, mainly due to (i) the increase in trade and other receivable; (ii) the decrease in trade and other payables; and partially offset by (iii) the increase in short-term borrowings mainly due to a reclassification of term loan from non-current liabilities to current liabilities as the loan is due for repayment within the next 12 months as at 30 September 2019;
- (d) the equity attributable to owners of the Company amounted to S\$711.8 million as at 30 September 2019;
- (e) the Group had recorded net cash from operating activities of S\$21.7 million, S\$45.1 million and S\$59.7 million for FY2016, FY2017 and FY2018 respectively. The Group recorded net cash used in operating activities of S\$5.9 million in 9M2018 and net cash from operating activities of S\$17.0 million in 9M2019; and
- (f) as at 30 September 2019, the Group's cash and cash equivalents amounted to S\$147.7 million.

6.6 Other Relevant Considerations in relation to the Offer

6.6.1 Previous take-over offers and historical prices paid for the Shares

The 2013 Offer and 2013 Exit Offer

We note that J.P Morgan (S.E.A.) Limited had on 30 January 2013 announced, for and on behalf of UE Centennial Venture Pte. Ltd. ("**UECV**"), its intentions to make an offer to acquire, *inter alia*, all the Shares at an offer price of S\$4.00 per Share. The offer price was subsequently revised to S\$4.15 per Share as announced on 12 March 2013. On 9 May 2013, J.P Morgan (S.E.A.) Limited announced, for and on behalf of UECV, on the revision of the offer price of S\$4.15 per Share to the final offer price of S\$4.50 per Share (the "**2013 Offer Price**"). The offer was completed on 29 May 2013. On 19 November 2013, WBL and UECV jointly announced the voluntary delisting of WBL from the Official List of the SGX-ST at an exit offer price of S\$4.45⁴ per Share (the "**2013 Exit Offer Price**"). Accordingly, WBL was delisted from the Official List of the SGX-ST on 18 February 2014.

Following the delisting of WBL from the Official List of the SGX-ST on 18 February 2014, we note that it had disposed of its shareholding interests in certain material subsidiaries and businesses including, the automotive business and technology businesses (the "**Business Disposals**"). Accordingly, we have not compared the Offer Price vis-à-vis the 2013 Offer Price and the 2013 Exit Offer Price as it may not be meaningful after taking into consideration the Business Disposals.

The 2017 Acquisition

On 26 September 2016, Oversea-Chinese Banking Corporation Limited ("**OCBC**") and Great Eastern Holdings Limited ("**GEH**") jointly announced that they were reviewing strategic options with respect to their combined stakes in UEL and WBL (the "**2016 Joint Announcement**"). Following the 2016 Joint Announcement, OCBC, certain subsidiaries of GEH and other vendors conducted a comprehensive formal sale process in relation to their combined stakes in UEL and WBL.

⁴ The exit offer price was based on the 2013 Offer Price of S\$4.50 in cash for each Share and after adjusting for the interim tax-exempt (1-tier) dividend of S\$0.05 per Share which was paid by the Company on 1 August 2013.

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In July 2017, we note that the Offeror (the then-shareholders of the Offeror being Yanlord Commercial (49%), Perennial UW Pte. Ltd. (45%) and Heng Yue Holdings Limited (6%)) emerged as the successful bidder and acquired, *inter alia*, 10.0% of the Shares at a price of S\$2.07 per Share (the “**2017 Acquisition Price**”) (the “**2017 Acquisition**”).

The 2017 Offer

On 14 December 2017, Deloitte & Touche Corporate Finance Pte Ltd (“**DTCF**”) announced, for and on behalf of UECV, its intentions to make a pre-conditional voluntary offer to acquire (the “**2017 Offer**”), *inter alia*, all the Shares at an offer price of S\$2.07 per Share (the “**2017 Offer Price**”), subject to approval being obtained from the shareholders of UEL for the 2017 Offer as an interested person transaction. However, we note that on 23 February 2018, DTCF announced that the 2017 Offer lapsed as the resolution relating to the interested person transaction was not approved by shareholders of UEL at the extraordinary general meeting.

Other publicly available historical transactions

We note that the following publicly available data on the historical transactions of the Shares:

- (a) UEL had on 23 May 2018 announced that UECV had acquired 4,349,351 Shares from OCBC and its subsidiaries, and other independent third parties at the consideration of S\$2.07 per Share (the “**2018 Price**”); and
- (b) based on the disclosure in Appendix IV of the Offer Document, during the period commencing six months prior to the Offer Announcement and ending on 26 November 2019, UECV had on 19 August 2019, acquired 15,225 Shares at S\$2.07 per Share (the “**2019 Price**”).

Based on the above, we note that the Offer Price represents a premium of 25.3% over the 2017 Acquisition Price, the 2017 Offer Price, the 2018 Price and the 2019 Price of S\$2.07 per Share.

6.6.2 No increase in the Offer Price

As set out in the Offer Announcement, the Offeror does not intend to revise the Offer Price. Shareholders should note that in accordance with Rule 20.2 of the Code, except in a competitive situation, the Offeror will not be allowed to subsequently amend the terms of the Offer, including the Offer Price in any way.

6.6.3 Historical dividend payout of WBL

The Company had declared and paid the following ordinary dividend in the respective financial years:

(S\$)	FY2016	FY2017	FY2018	9M2019
Total dividend per Share	0.80	-	-	-

Sources: WBL’s audited consolidated financial statements for FY2018 and FY2017 and WBL’s unaudited interim condensed consolidated financial statements for 9M2019

We note that the Company does not have a fixed dividend policy. However, the Company declared and paid a dividend of S\$0.80 per Share in FY2016. No dividends were declared in FY2017, FY2018 and 9M2019.

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

6.6.4 Compulsory acquisition of the Company, and intentions of the Offeror

Compulsory acquisition

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

In addition, on 4 December 2019, DBS issued an announcement, for and on behalf of the Offeror, that as the Offeror had as at 5.00 p.m. on 4 December 2019 received acceptances pursuant to the Offer which, together with the Shares held by it, its related corporations and their respective nominees, comprise more than 90% of all of the Shares, Shareholders who have not accepted the Offer have the right, under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Offer Price. **Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.**

Intentions of the Offeror

As set out in paragraph 7.3 of the Offer Document, the Offeror, if and when entitled, intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act.

In addition, as set out in paragraph 6.3 of the Offer Document, we also note that the Offeror currently intends for the Company to continue its existing business activities and has no current plans to: (a) introduce any major changes to the business of the Group; (b) re-deploy the Group's fixed assets; or (c) discontinue the employment of the existing employees of any member of the Group, in each case, other than in the ordinary and usual course of business. The Offeror however retains the flexibility at any time to consider options or opportunities which may present themselves.

6.6.5 No public trading platform

Shareholders should note that the Company is an unlisted public company and the Shares are not quoted or traded on the SGX-ST or on any other stock exchange. Hence, Shareholders may face difficulties in selling their Shares due to the absence of a public market. The Offer therefore provides Shareholders with an opportunity to exit from their investments in the Company.

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6.6.6 Absence of alternative take-over offers from third parties

As at the Latest Practicable Date, we note that the Offeror and its concert parties own 99.07% of the total number of issued Shares, and therefore, the likelihood of a competing offer for the Shares from any third party is remote.

As at the Latest Practicable Date, other than the Offer, we note that there is no publicly available evidence of an alternative or competing offer for the Shares. In addition, the Directors have confirmed that as at the Latest Practicable Date, apart from the Offer, they are not aware of any alternative take-over offer for the Share from any third party and have not received any other offer from any other party.

7 **OPINION, ADVICE AND RECOMMENDATION**

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

- (a) having regard to the absence of any market quotation for the Shares, any comparison of the Offer Price against the limited publicly available historical trading prices of the Shares would not be meaningful;
- (b) a comparison with the book NAV, NTA and Adjusted NTA of the Group as follows:
 - (i) the Offer Price representing a premium of approximately 2.6% over the unaudited NAV per Share of S\$2.53 as at 30 September 2019;
 - (ii) the Offer Price representing a premium of approximately 5.9% over the unaudited NTA per Share of S\$2.45 as at 30 September 2019. In addition, the offer price-to-NTA ratio of 1.06 times as implied by the Offer Price is higher than the mean and median price-to-NTA ratios of the Property Comparable Companies and the mean and median offer price-to-NTA ratios of the Selected Property Precedent Transactions; and
 - (iii) the Offer Price is at a discount of approximately 17.9% to the Adjusted NTA per Share of S\$3.16 as at 30 September 2019. In addition, the offer price-to-Adjusted NTA ratio of 0.82 times as implied by the Offer Price is higher than the mean and median offer price-to-RNTA ratios of the Selected Property Precedent Transactions.
- (c) the Offer Price falls within the estimated sum-of-the-parts valuation range of S\$2.07 to S\$3.22 per Share as set out in section 6.3 of this letter.

Given that the Group has operations in various disparate industries, we consider it appropriate to value each of the Group's businesses separately to arrive at an aggregate valuation of the Group on a sum-of-the-parts basis. We have arrived at a range of valuation for the Group rather than a single estimated value as this will provide a more objective measure of the value of the Shares taking into account, *inter alia*, the Group's significant property portfolio and other factors which may impact the intrinsic or net realisable values of the businesses and investments held by the Group, which is sensitive to general market and economic conditions.

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We wish to highlight that the valuation range theoretically implied in our sum-of-the-parts valuation analysis is based on several assumptions. Shareholders should note that a discount may be applied to the sum-of-the-parts valuation of a conglomerate such as the Group for various reasons, including but not limited to the ability of investors to achieve a more effective diversification by purchasing a portfolio of stocks of focused firms as compared to purchasing stocks of a conglomerate. In arriving at the sum-of-the-parts valuation of the Group above, we have not applied any conglomerate discount as the quantification of such discount is highly subjective. The conglomerate discount is dependent on, *inter alia*, the size of the conglomerate, the extent of business diversification or synergies (if any) within the conglomerate and the requirement for additional management as compared to standalone businesses. Similarly, we have not taken into account any control premium that may arise from a controlling stake in the businesses of the Group as a result of majority ownership, nor applied a discount for lack of marketability to account for the absence of market quotation for the Shares as the quantification of such premium or discount is highly subjective.

While the sum-of-the-parts valuation is useful as a cross-check and provides an additional dimension to our evaluation of the financial terms of the Offer, Shareholders should note that it would not be appropriate to solely rely on the sum-of-the-parts valuation in assessing the Offer Price in view of its various drawbacks and limitations. Accordingly, the sum-of-the-parts valuation should, therefore, be considered in conjunction with the analyses in the other sections of this letter;

- (d) a comparison with recent completed privatisation of companies listed on the SGX-ST as follows:
 - (i) the offer price-to-NTA ratio as implied by the Offer Price of 1.06 times is (aa) within the range of offer price-to-NTA ratios of the Take-over Transactions of between 0.28 times and 4.50 times, and (bb) in between the corresponding median and mean offer price-to-NTA ratio of the Take-over Transactions of 0.91 times and 1.07 times respectively; and
 - (ii) the offer price-to-Adjusted NTA ratio as implied by the Offer Price of 0.82 times is (aa) within the range of offer price-to-RNTA ratios of the Take-over Transactions of between 0.28 times and 4.50 times, and (bb) in between the corresponding median and mean offer price-to-RNTA ratios of the Take-over Transactions of 0.79 times and 1.02 times respectively;
- (e) the historical financial performance and condition of the Group, as set out in section 6.5 of this letter; and
- (f) other relevant considerations in relation to the Offer as follows:
 - (i) a comparison with previous take-over offers and historical prices paid for the Shares as set out in section 6.6.1 of this letter. In particular, we note that the Offer Price represents a premium of 25.3% over the 2017 Acquisition Price, the 2017 Offer Price, the 2018 Price and the 2019 Price of S\$2.07 per Share;
 - (ii) that the Offeror does not intend to revise the Offer Price as set out in section 6.6.2 of this letter;
 - (iii) that notwithstanding the historical dividend payouts as set out in section 6.6.3 of this letter, there is no assurance that the Company will continue to

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maintain the level of dividends paid in the past financial years after the completion of the Offer;

- (iv) the Offeror's intention in relation to (aa) the exercise of its right of compulsory acquisition under Section 215(1) of the Companies Act, if and when entitled, and (bb) the business operations of the Group, as set out in section 6.6.4 of this letter;
- (v) that Shareholders may face difficulties in selling their Shares due to the absence of a public market. The Offer therefore provides Shareholders with an opportunity to exit from their investments in the Company; and
- (vi) the absence of alternative or competing take-over offers for the Shares from third parties as at the Latest Practicable Date, and the likelihood of an alternative take-over being remote in view that the Offeror and its concert parties own 99.07% of the total number of issued Shares as at the Latest Practicable Date, as set out in section 6.6.6 of this letter.

Based on our analysis set out above and after considering all relevant information available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the financial terms of the Offer are **fair and reasonable**. Accordingly, we advise Shareholders to **accept** the Offer.

Shareholders should also take note of the following:

- (i) the Company is an unlisted public company and the Shares are not quoted or traded on the SGX-ST or on any other stock exchange. Hence, Shareholders may face difficulties in selling their Shares due to the absence of a public market. The Offer therefore provides Shareholders with an opportunity to exit from their investments in the Company; and
- (ii) in the event the Offeror is entitled to exercise its right of compulsory acquisition pursuant to Section 215(1) of the Companies Act, and in the view of the intention of the Offeror to privatise the Company, all remaining Shares which have not been tendered for acceptance will be compulsory acquired by the Offeror. This will eventually lead to the privatisation of the Company.

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

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

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IN RESPECT OF THE OFFER**

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

Yours faithfully
For and on behalf of
SAC CAPITAL PRIVATE LIMITED

Ong Hwee Li
CEO

Tan Kian Tiong
Manager

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Annex A

Property Comparable Companies

Company	Business description (extracted from Bloomberg)	Share price as at Latest Practicable Date (S\$)	Market capitalisation (S\$ million)	Financial year-end	Latest financial year net profit/(loss) after tax attributable to shareholders (million)
First Sponsor Group Limited (SGX-ST)	First Sponsor Group Limited, an investment holding company, is engaged in the property development and investment activities primarily in the People's Republic of China. Its properties include residential and commercial properties.	1.380	1,097.6	31 December	S\$113.0
Perennial Real Estate Holdings Limited (SGX-ST)	Perennial Real Estate Holdings Limited is an integrated real estate and healthcare company headquartered in Singapore. The Company focuses strategically on large-scale mixed-use developments as a real estate owner, developer, and manager. Perennial Real Estate Holdings Limited has presence in China, Singapore, Malaysia, and Ghana.	0.530	880.7	31 December	S\$78.1
Ying Li International Real Estate Limited (SGX-ST)	Ying Li International Real Estate Ltd. develops, owns and manages shopping malls and offices in China. The Company also specializes in urban renewal projects.	0.102	260.8	31 December	RMB250.6
Pan Hong Holdings Group Limited (SGX-ST)	Pan Hong Holdings Group Ltd develops residential and commercial properties in the People's Republic of China.	0.114	58.4	31 March	RMB54.8

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

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Manufacturing Comparable Companies		Annex A			
Company	Business description (extracted from Bloomberg)	Share price as at Latest Practicable Date (S\$)	Market capitalisation (S\$ million)	Financial year-end	Latest financial year net profit/(loss) after tax attributable to shareholders (S\$ million)
Spindex Industries Limited (SGX-ST)	Spindex Industries Limited manufactures, imports, exports, and deals mechanical, electrical, and electronic parts. The Company also manufactures and trades precision machine parts, plastic molds and injections, and other related plastic and engineering materials.	0.970	111.9	30 June	15.3
JEP Holdings Ltd. (SGX-ST)	JEP Holdings Ltd. operates as a holding company. The Company, through its subsidiaries, manufactures machined parts. JEP Holdings produces parts for the aerospace, electronics, and machine tool industries, as well as manufactures aircraft, inconel engine rings and titanium aero structure components. JEP Holdings serves customers in Singapore.	0.225	92.8	31 December	2.2
Miyoshi Limited (SGX-ST)	Miyoshi Limited designs and manufactures mould and precision pressed parts for data storage products. The Company also trades its related products. The Company's business includes metal stamping, fabrication of parts and components of machine tools, electroplating, and surface treatment.	0.034	20.7	31 August	(0.5)
AEI Corporation Ltd. (SGX-ST)	AEI Corporation Ltd. manufactures metal products. The Company produces aluminum extrusion products for electronics, precision engineering and infrastructure building industries. AEI serves customers in Singapore.	0.965	52.8	31 December	(5.9)

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Company	Business description (extracted from Bloomberg)	Share price as at Latest Practicable Date (S\$)	Market capitalisation (S\$ million)	Financial year-end	Latest financial year net profit/(loss) after tax attributable to shareholders (S\$ million)
Santak Holdings Limited (SGX-ST)	Santak Holdings Limited manufactures custom-made precision-machined components for hard disk drives, fiber-optic connectors and communication products. The Company also manufactures coils used as antennas for contactless smartcards, tags and transponders. Santak also trades custom-made electronic components such as heat sinks, printed circuit boards, connectors, LCD modules and solenoids.	0.099	10.7	30 June	(1.6)

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

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Distribution Comparable Companies		Annex A		
Company	Business description (extracted from Bloomberg)	Share price as at Latest Practicable Date ⁽¹⁾	Market capitalisation (million)	Financial year-end
U.S. Silica Holdings, Inc. (NYSE)	U.S. Silica Holdings, Inc. operates as a producer of industrial silica and sand proppants. The Company produces a variety of industrial minerals including sand proppants and clay as well as whole grain and fine ground silica. U.S. Silica Holdings offers its products to the oil and gas, glass, chemical, and building products industries.	US\$4.890	US\$359.7	31 December (US\$200.8)
Covia Holdings Corporation (NYSE)	Covia Holdings Corporation provides metal mining services. The Company produces low-iron nepheline syenite for glass, ceramics, paints, and plastics, as well as offers quartz proppants for oil and natural gas simulation and recovery. Covia Holdings serves agriculture, construction, environment, and sports sectors in the United States.	US\$1.420	US\$187.1	31 December (US\$283.1)
Hi-Crush Inc. (NYSE)	Hi-Crush Inc. provides proppant and logistics services to the North American petroleum industry. The Company owns, operates, and develops sand reserves. Hi-Crush produces monocrySTALLINE sand, a specialized mineral used as a proppant during the well completion process to facilitate oil and natural gas recovery.	US\$0.684	US\$69.1	31 December US\$137.6
Smart Sand, Inc. (NASDAQ)	Smart Sand, Inc. provides industrial sand. The Company offers proppants sand products and renders logistics services. Smart Sand serves customers in North America.	US\$2.280	US\$94.2	31 December US\$18.7

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Company	Business description (extracted from Bloomberg)	Share price as at Latest Practicable Date ⁽¹⁾	Market capitalisation (million)	Financial year-end	Latest financial year net profit/(loss) after tax attributable to shareholders (million)
Hafary Holdings Limited (SGX-ST)	Hafary Holdings Ltd., through its subsidiaries, supplies tiles to customers in the Singapore market. The Company imports wide range of tiles sourced from tile manufacturers located around the world, including porcelain, ceramics and glass, as well as tiles from naturally occurring materials such as marble, granite and sandstone.	S\$0.150	S\$64.6	31 December	S\$10.7
Intraco Limited (SGX-ST)	Intraco Limited operates as an investment management company. The Company focuses on investing in fire protection, colour and modified compounding of resins, telecommunications infrastructure, crane rental, and trading and distribution of plastic resin products. Intraco serves customers worldwide.	S\$0.290	S\$30.0	31 December	S\$2.5
Chin Hin Group Berhad (Bursa)	Chin Hin Group Berhad provides building materials and services. The Company offers steel mesh reinforcement, metal roofing systems, aerated autoclaved cement block, fire-rated doors, pre-cast concrete products, and cement. Chin Hin Group serves construction and building industries in Malaysia.	RM0.760	RM418.1	31 December	RM22.9
Sarawak Consolidated Industries Berhad (Bursa)	Sarawak Consolidated Industries Berhad is an investment holding company. The Company, through its subsidiaries, invests in and develops properties and manufactures and sells concrete products.	RM1.750	RM150.3	31 December	(RM9.8)
BCM Alliance Berhad (Bursa)	BCM Alliance Berhad distributes commercial laundry equipment and medical devices. The Company supplies, installs, tests, and commissions medical diagnostic imaging, laundry, and other related devices. BCM Alliance serves customers in Malaysia.	RM0.130	RM54.8	31 December	RM8.2

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

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Note:

- (1) This refers to 4 December 2019, 5.00pm (Singapore time). Accordingly, the share prices extracted for the Distribution Comparable Companies listed on the NYSE and NASDAQ are based on their respective last closing price on 3 December 2019 (Singapore time).

APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

1. DIRECTORS

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

Name	Address	Description
Mr. Norman Ip Ka Cheung	c/o 12 Ang Mo Kio Street 64 #01-01 UE BizHub CENTRAL Singapore 569088	Non-Independent, Non-Executive Director
Mr. Tan Chee Keong Roy	c/o 12 Ang Mo Kio Street 64 #01-01 UE BizHub CENTRAL Singapore 569088	Non-Independent, Executive Director

2. PRINCIPAL ACTIVITIES

The Company's principal activities include investment holding and provision of management services to related companies. The Group is principally engaged in property development, property investment, engineering, manufacturing and distribution.

3. SHARE CAPITAL

3.1 Issued Shares

The Company only has one (1) class of Shares, being ordinary stock units. As at the Latest Practicable Date, the issued and paid-up stock units in the capital of the Company comprises S\$499,513,782.17 divided into 281,200,630 Shares.

As at the Latest Practicable Date, there has been no issue of new Shares by the Company since 31 December 2018, such date being the end of the previous financial year of the Company. The Shares carry equal ranking rights to dividends, voting at general meetings and return of capital. As at the Latest Practicable Date, the Company has no treasury shares.

3.2 Convertible Securities

As at the Latest Practicable Date, the Company has no outstanding instruments convertible into, rights to subscribe for and options or derivatives in respect of, the Shares or securities carrying voting rights in the Company.

3.3 Rights of Shareholders in respect of capital, dividends and voting rights

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

3.4 Transactions in Shares

Save as disclosed below, the Company is not aware that any Shares were sold during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

Date	No. of Shares Transacted	Total Consideration (S\$)	Price Per Share (S\$)
19 August 2019	15,225	31,515.75	2.07
11 November 2019	500	NIL ⁽¹⁾	NIL ⁽¹⁾

Note:

(1) There was no change in beneficial interest of the relevant Shares in relation to this transfer.

APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

4. DISCLOSURE OF INTERESTS AND DEALINGS

4.1 Interests of the Company in Offeror Securities

As at the Latest Practicable Date, neither the Company nor its subsidiaries has any direct or indirect interest in the Offeror Securities.

4.2 Dealings in Offeror Securities by the Company

Neither the Company nor its subsidiaries has dealt for value in the Offeror Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

4.3 Interests of Directors in Offeror Securities

As at the Latest Practicable Date, based on the information available to the Company, none of the Directors has any direct or indirect interest in the Offeror Securities.

4.4 Dealings in Offeror Securities by Directors

None of the Directors has dealt for value in the Offeror Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

4.5 Interests of Directors in Company Securities

As at the Latest Practicable Date, none of the Directors has any direct or indirect interest in the Company Securities.

4.6 Dealings in Company Securities by Directors

None of the Directors has dealt for value in the Company Securities during the period commencing six (6) months prior to Offer Announcement Date and ending on the Latest Practicable Date.

4.7 Interests of the IFA in Company Securities

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

4.8 Dealings in Company Securities by the IFA

None of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis, has dealt for value in the Company Securities during the period commencing six (6) months prior to Offer Announcement Date and ending on the Latest Practicable Date.

4.9 Directors' intentions in respect of the Offer

As at the Latest Practicable Date, this is not applicable as none of the Directors have any direct or indirect interests in the Shares.

5. ARRANGEMENTS WITH DIRECTORS

5.1 Directors' service contracts

As at the Latest Practicable Date, there are no 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 (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date. In addition, there are no service contracts between any Director or proposed director with the Company or any of its subsidiaries which have more than 12 months to run and which cannot be terminated by the employing company within the next 12 months without paying any compensation.

APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

5.2 Arrangements affecting Directors

As at the Latest Practicable Date:

- (a) there are no payments or other benefits to be made or given to any Director or to any director of any other corporation which is, by virtue of Section 6 of the Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;
- (b) there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- (c) there are no material contracts entered into by the Offeror in which any of the Directors has a material personal interest, whether direct or indirect.

6. MATERIAL CONTRACTS

Neither the Company nor any of its subsidiaries has entered into any material contracts with interested persons⁽¹⁾ (other than those entered into in the ordinary course of business) during the period commencing three (3) years before the Offer Announcement Date and ending on the Latest Practicable Date.

Note:

- (1) As defined in the Note to Rule 24.6 of the Code read with the Note on Rule 23.12 of the Code, an interested person is:
 - (a) a director, chief executive officer, or substantial shareholder of the company;
 - (b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the company;
 - (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary;
 - (d) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more;
 - (e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or
 - (f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more.

7. FINANCIAL INFORMATION

7.1 Consolidated income statement

Set out below is certain financial information extracted from the audited consolidated financial statements of the Group for FY2016, FY2017 and FY2018, and from the 9M2019 Results. The financial information for FY2016, FY2017 and FY2018 should be read in conjunction with the audited consolidated financial statements of the Group and the accompanying notes as set out in the audited consolidated financial statements of the Group for FY2016, FY2017 and FY2018, and the financial information for 9M2019 should be read in conjunction with the 9M2019 Results and the accompanying notes as set out in the financial statements.

APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

	Unaudited 9M2019 S\$'000	Audited FY2018 S\$'000	Audited FY2017 ⁽¹⁾ S\$'000	Audited FY2016 S\$'000
Revenue	188,392	246,846	361,465	297,447
Exceptional items	—	—	—	—
Profit/(loss) before tax from continuing operations	18,073	(8,324)	12,573	(156)
Profit/(loss) from continuing operations, net of tax	11,314	(8,898)	24	(4,600)
Profit from discontinued operation, net of tax	—	—	—	149,800
Profit/(loss) net of tax	11,314	(8,898)	24	145,200
Non-controlling interests	924	930	796	21,936
Profit/(loss) attributable to equity holders of the Company ("Net Earnings")	10,390	(9,828)	(772)	123,264

Note:

(1) As presented in the audited consolidated financial statements of the Group for FY2018.

The following is a summary of the Net Earnings per Share in respect of each of FY2016, FY2017, FY2018 and 9M2019. This information was computed on the basis of dividing the Net Earnings in respect of each of FY2016, FY2017, FY2018 and 9M2019 by the weighted average number of Shares for the relevant periods.

As there were no issuances of Shares during the relevant periods of FY2016, FY2017, FY2018 and 9M2019, the weighted average number of Shares is equivalent to the number of shares as at the end of each of the relevant periods (ie. 281,200,630 Shares).

Net Earnings per Share (Singapore cents)

In respect of 9M2019	3.7
In respect of FY2018	(3.5)
In respect of FY2017	(0.3)
In respect of FY2016	43.8

The following is a summary of the dividend per Share declared in respect of each of FY2016, FY2017 and FY2018. This information was extracted from the audited consolidated financial statements of the Group for FY2016, FY2017 and FY2018.

	Final exempt one-tier dividend per Share (S\$)	Interim exempt one-tier per Share (S\$)
In respect of FY2018	—	—
In respect of FY2017	—	—
In respect of FY2016	—	0.80

There were no dividends declared by the Company in respect of 9M2019.

7.2 Consolidated balance sheet

The audited consolidated balance sheet of the Group for FY2018 is set out below. The summary set out below should be read in conjunction with the audited consolidated financial statements of the Group for FY2018 and the accompanying notes as set out in the audited consolidated financial statements of the Group for FY2018.

APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

	Audited FY2018 S\$'000
EQUITY	
Capital and reserves attributable to the Company's equity holders	
Share capital	499,399
Reserves	215,682
	<u>715,081</u>
Non-controlling interests	14,549
TOTAL EQUITY	<u><u>729,630</u></u>
ASSETS	
Current assets	
Bank balances and deposits	155,574
Trade and other receivables	174,542
Tax recoverable	365
Other current assets	13,389
Inventories	24,215
Properties held for sale	436,949
Derivative financial instruments	20
	<u>805,054</u>
Non-current assets	
Other investments	56,238
Investments in associated companies	22,256
Investments in joint ventures	33,349
Other receivables	2,555
Property, plant and equipment	92,043
Investment properties	2,432
Intangible assets	22,763
Deferred tax assets	21,173
	<u>252,809</u>
Total assets	<u><u>1,057,863</u></u>
LIABILITIES	
Current liabilities	
Trade and other payables	174,040
Current income tax liabilities	23,706
Borrowings	8,821
Derivative financial instruments	21
	<u>206,588</u>
Non-current liabilities	
Borrowings	51,458
Trade and other payables	228
Other long-term liabilities	40,200
Provision	15,000
Deferred tax liabilities	14,759
	<u>121,645</u>
Total liabilities	<u><u>328,233</u></u>
NET ASSETS	<u><u>729,630</u></u>

APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

Copies of the audited consolidated financial statements of the Group for FY2016, FY2017 and FY2018 are available for inspection at the Company's registered office at 12 Ang Mo Kio Street 64, #01-01, UE BizHub CENTRAL, Singapore 569088 during normal business hours from the date of this Circular up to the Closing Date.

7.3 Material changes in financial position

There have been no material changes to the financial position of the Group since 31 December 2018, being the date of the last audited accounts of the Group laid before Shareholders in general meeting.

7.4 Significant accounting policies and changes in accounting policies

The significant accounting policies of the Group which are disclosed in note 2 to the audited consolidated financial statements of the Group for FY2018 are reproduced in **Appendix D** to this Circular.

The changes in the significant accounting policies of the Group are set out in the extract of the significant accounting policies of the Group in **Appendix D** to this Circular and the 9M2019 Results and the accompanying notes as set out in the 9M2019 Results in **Appendix E** to this Circular.

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

8. MATERIAL LITIGATION

As at the Latest Practicable Date:

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

9. VALUATION OF ASSETS

9.1 The Company had commissioned an independent valuation of certain properties held by the Group (the "**Appraised Properties**") and the properties held by Shanghai Olympic Garden Property Development Co., Ltd (the "**Shanghai Olympic Properties**"). The extracts of the Valuation Report prepared by the Independent Valuer dated 4 December 2019 are set out as the Valuation Report Extracts in **Appendix F** to this Circular.

9.2 Under Rule 26.3 of the Code, the Company is required, *inter alia*, to make an assessment of any potential tax liability which would arise if the assets, which are the subject of a valuation given in connection with an offer, were to be sold at the amount of the valuation. Based on information provided in the Valuation Report Extracts, the potential tax liabilities which may be incurred by the Company on the hypothetical disposal of the Appraised Properties and Shanghai Olympic Properties are approximately RMB449.4 million⁽¹⁾ and RMB264.3 million⁽²⁾ respectively. The Appraised Properties are classified by the Company as properties held for sale and the Shanghai Olympic Properties form part of the Group's investment in the joint venture, Shanghai Olympic Garden Property Development Co., Ltd. The aforesaid tax liabilities will only crystallise in full if the Company disposes of all of the Appraised Properties and the Shanghai Olympic Properties.

Notes:

- (1) Based on the Group's 100% effective shareholding interest in the subsidiaries that hold the Appraised Properties.
- (2) Based on the Group's 45.05% effective shareholding interest in Shanghai Olympic Garden Property Development Co., Ltd.

APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

10. COSTS AND EXPENSES

All costs and expenses incurred by the Company in respect of the Offer will be borne by the Company.

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

The rights of Shareholders in respect of capital, dividends and voting rights are contained in the Constitution, the relevant provisions of which are set out below:

Please see the definitions in the Constitution for terms used in the reproduced extracts below.

1. The rights of Shareholders in respect of capital

SHARES

5. *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.*
6. *Save to the extent permitted by the Act, none of the funds of the Company or of any subsidiary thereof shall be directly or indirectly employed in the purchase or subscription of or in loans upon the security of the Company's shares.*
7. *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 48, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise 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 Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, provided always that:-*
 - (i) *(subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Article 48(1) with such adaptations as are necessary shall apply; and*
 - (ii) *any other issue of shares, the aggregate of which would exceed the limits referred to in Article 48(2), shall be subject to the approval of the Company in General Meeting.*
8. *(1) Preference shares may be issued subject to such limitation thereof as may be prescribed by any Stock Exchange upon which shares in the Company may be listed. 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, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears.*

(2) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.
9. *If at any time the share capital is divided into different classes, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, whether or not the Company is being wound up, be varied or abrogated with the sanction of a Special Resolution passed at a separate General Meeting of the holders of shares of the class and to every such Special Resolution the provisions of Section 184 of the Act shall, with such adaptations as are necessary, apply. To every such separate General Meeting the provisions of these Articles relating to the General Meetings shall mutatis mutandis apply; but so that the necessary quorum shall be two persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class and that any holder of shares of the class*

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

present in person or by proxy or by attorney may demand a poll. Provided always that where the necessary majority for such a Special Resolution is not obtained at the Meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two months of the Meeting shall be as valid and effectual as a Special Resolution carried at the Meeting.

- 10. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by these Articles as are in force at the time of such issue, be deemed to be varied by the creation or issue of further shares ranking equally therewith.*
- 11. The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares, or partly in one way and partly in the other.*
- 11A. Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within 10 market days of the closing date (or such other period as may be approved by any Stock Exchange upon which the shares in the Company may be listed) of any such application.*
- 12. If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may, subject to the conditions and restrictions mentioned in the Act, pay interest on so much of the share capital (except treasury shares) as is for the time being paid up and may charge the same to capital as part of the cost of the construction or provision.*
- 13. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these Articles or by law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (as the case may be) person whose name is entered in the Depository Register in respect of that share.*
- 14. (1) The Company shall not be bound to register more than three persons as the registered holder of a share except in the case of executors or administrators of the estate of a deceased member.*
(2) In the case of a share registered jointly in the names of several persons the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the registered joint holders shall be sufficient delivery to all.
- 15. No person shall be recognised by the Company as having title to a fractional part of a share otherwise than as the sole or a registered joint holder of the entirety of such share.*
- 16. If by the conditions of allotment of any shares the whole or any part of the amount of the issue price thereof shall be payable by instalments every such instalment shall, when due, be paid to the Company by the person who for the time being shall be the holder of the share or his personal representatives, but this provision shall not affect the liability of any allottee who may have agreed to pay the same.*
- 17. Every share certificate shall be issued under the Seal and shall specify the number and class of shares to which it relates and the amount paid and amount (if any) unpaid thereon. No certificate shall be issued representing shares of more than one class.*

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

18. (1) Every person whose name is entered as a Member in the Register of Members shall be entitled to receive within 10 market days (or such other period as may be approved by any Stock Exchange upon which the shares in the Company may be listed) of the closing date of any application for shares or, as the case may be, the date of lodgement of a registrable transfer, one certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred. Where such Member transfers part only of the shares comprised in a certificate or where such a Member requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and such Member shall pay a maximum fee of \$2 for each new certificate or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by any Stock Exchange upon which the shares in the Company may be listed.
- (2) Any two or more certificates representing shares of any one class held by any person whose name is entered in the Register of Members may at his request be cancelled and a single new certificate for such shares issued in lieu without charge.
- (3) In the case of shares registered jointly in the names of several persons any such request may be made by any one of the registered joint holders.
19. 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 Stock Exchange upon which the Company is listed or on behalf of its or their client or clients as the Directors of the Company shall require, and (in case of defacement or wearing out) on delivery up to the old certificate and in any case on payment of such sum not exceeding \$2 for each share certificate as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

TRANSFER OF SHARES

20. Subject to these Articles, any Member may transfer the legal title in all or any of his shares but every transfer must be in writing and in the form for the time being approved by any Stock Exchange upon which the Company may be listed or in any other form acceptable to the Directors. Shares of different classes shall not be comprised in the same instrument of transfer.
21. The instrument of transfer of the legal title in any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, provided that an instrument of transfer in respect of which the transferee is the Depository or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the Depository or its nominee (as the case may be). The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.
22. No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.
23. (1) There shall be no restrictions on the transfer of fully paid up shares (except where required by law or the listing rules of, or bye-laws and rules governing, any Stock Exchange upon which the shares of the Company may be listed) but the Directors may in their sole discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve, Provided always that in the event of the Directors refusing to register a transfer of shares, they shall within ten market days beginning with the day on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Act.

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

- (2) *The Directors may decline to register any instrument of transfer unless:-*
- (i) *such fee not exceeding \$2 (or such other maximum amount as may from time to time be prescribed by the Singapore Exchange Securities Trading Limited) as the Directors may from time to time require, is paid to the Company in respect thereof;*
 - (ii) *the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;*
 - (iii) *the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if any), the certificates of the shares to which the transfer relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person to do so; and*
 - (iv) *the instrument of transfer is in respect of only one class of shares.*
24. (1) *All instruments of transfer which are registered may be retained by the Company, but any instrument of transfer which the Directors may decline to register shall (except in the case of fraud) be returned to the person depositing the same.*
- (2) *The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company; Provided always that:-*
- (i) *the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;*
 - (ii) *nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article; and*
 - (iii) *references herein to the destruction of any document include references to the disposal thereof in any manner.*
25. *The Register of Members may be closed at such times and for such period as the Directors may from time to time determine, provided always that such Register shall not be closed for more than thirty days in any year. Provided Always that the Company shall give prior notice of such closure as may be required to any Stock Exchange upon which the Company may be listed, stating the period and purpose or purposes for which the closure is made.*
26. *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.*

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

TRANSMISSION OF SHARES

27. (1) *In the case of the death of a Member whose name is entered in the Register of Members, the survivors or survivor 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 person(s) recognised by the Company as having any title to his interest in the shares.*
- (2) *In the case of the death of a Member who is a Depositor, the survivors or survivor where the deceased is a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased Member, shall be the only person(s) recognised by the Company as having any title in his interest in the shares.*
- (3) *Nothing in this Article shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.*
28. *Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register of Members may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his legal title to the share either be registered himself as holder of the share upon giving to the Company notice in writing of such his desire or transfer such share to some other person. 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 person whose name is entered in the Register of Members had not occurred and the notice or transfer were a transfer executed by such person.*
29. *Save as otherwise provided by or in accordance with these Articles, a person becoming entitled to a share pursuant to Article 27(1) or (2) or Article 28 (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the Member in respect of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by Membership in relation to meetings of the Company until he shall have been registered as a Member in the Register of Members or his name shall have been entered in the Depository Register in respect of the share.*
30. *There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any share, such fee not exceeding \$2 as the Directors may from time to time require or prescribe.*

CALL ON SHARES

31. *The Directors may from time to time make such calls as they think fit upon the Members in respect of any money unpaid on their shares and not by the terms of the issue thereof made payable at fixed times, and each Member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.*
32. *A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.*
33. *If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum due from the day appointed for payment thereof to the time of actual payment at such rate not exceeding ten per cent (10%) per annum as the Directors determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.*

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

34. *Any sum which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all purposes of these Articles be deemed to be a call duly made and payable on the date on which, by the terms of issue, the same becomes payable, and in case of non-payment all the relevant provisions of the Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.*
35. *The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payments.*
36. *The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the money uncalled and unpaid upon the shares held by him and such payments in advance of calls shall extinguish (so far as the same shall extend) the liability upon the shares in respect of which it is made, and upon the money so received or so much thereof as from time to time exceeds the amount of the calls then made upon the shares concerned, the Company may pay interest at such rate not exceeding eight per cent per annum as the Member paying such sum and the Directors agree upon. Capital paid on shares in advance of calls shall not whilst carrying interest confer a right to participate in profits.*

FORFEITURE AND LIEN

37. *If any Member fails to pay in full any call or instalment of a call on the day appointed for payment thereof, the Directors may at any time thereafter serve a notice on such Member requiring payment of so much of the call or instalment as is unpaid together with any interest and expense which may have accrued.*
38. *The notice shall name a further day (not being less than fourteen days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call was made will be liable to be forfeited.*
39. *If the requirements of any such notice as aforesaid are not complied with any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.*
40. *A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person, upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. To give effect to any such sale, the Directors may, if necessary, authorise some person to transfer or effect a transfer of a forfeited or surrendered share to any such person as aforesaid.*
41.
 - (1) *A Member whose shares have been forfeited or surrendered shall cease to be a Member in respect of the shares, but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were payable by him to the Company in respect of the shares with interest thereon at ten per cent (10%) per annum (or such lower rate as the Directors may approve) from the date of forfeiture or surrender until payment, but such liability shall cease if and when the Company receives payment in full of all such money in respect of the shares and the Directors may waive payment of such interest either wholly or in part.*
 - (2) *When any share has been forfeited an entry shall forthwith be made in the Register of Members or (as the case may be) the Depository Register recording the forfeiture and the date thereof, and so soon as the share so forfeited has been sold or otherwise disposed of an entry shall also be made of the manner and date of the sale or disposal thereof.*

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

42. *The Company shall have a first and paramount lien and charge on every share (not being a fully paid share) registered in the name of each Member (whether solely or jointly with others) and on the dividends declared or payable in respect thereof for all calls and instalments due on any such share and interest and expenses thereon but such lien shall only be upon the specific shares in respect of which such calls or instalments are due and unpaid and to such amount as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member.*
43. *The Company may sell in such manner as the Directors think fit any share on which the Company has a lien but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after notice in writing stating and demanding payment of the sum payable and giving notice of intention to sell in default, shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy. To give effect to any such sale, the Directors may authorise some person to transfer the shares sold to the purchaser thereof.*
44. *The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities and any residue shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assigns, as he may direct. For the purpose of giving effect to any such sale the Directors may authorise some person to transfer or effect the transfer of the shares sold to the purchaser.*
45. *A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together (where the same be required) with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, to the Depository) or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the share shall be registered in the name of the person to whom the share is sold, re-allotted or disposed of or, where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.*

ALTERATION OF CAPITAL

46. *Subject to the Act and to these Articles and to any special rights for the time being attached to any existing class of shares, all new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the same shall direct and if no direction be given, as the Directors shall determine 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.*
47. *Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the listing rules of the Singapore Exchange Securities Trading Limited, all new shares shall before issue be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article.*

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

48. *Notwithstanding Article 47, the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:-*

- (i) (a) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or*
- (b) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and*
- (ii) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue share in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,*

provided that:-

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

49. *Except so far as otherwise provided by the conditions of issue or by these Articles, all new shares shall be subject to the provisions of these Articles with reference to allotments, payment of calls, lien, transfer, transmission, forfeiture and otherwise.*

50. *The Company may by Ordinary Resolution:-*

- (i) consolidate and divide all or any of its shares;*
- (ii) subdivide its shares or any of them (subject, nevertheless, to the provisions of the Act), and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to new shares; and*
- (iii) subject to the provisions of these Articles and the Act, convert any class of shares into any other class of shares.*

51. *The Company may by Special Resolution reduce its share capital or any undistributable reserve in any manner and subject to any incident authorised and consent required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these Articles, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.*

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

52. *The Company may, subject to and in accordance with the Act, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share that 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. On the cancellation of a share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with the Act.*

STOCK

53. *The Company may by Ordinary Resolution convert any paid up shares into stock and may from time to time by like resolution reconvert any stock into paid up shares.*
54. (1) *The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Articles as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit but no stock shall be transferable except in such units as the Directors may from time to time determine.*
- (2) *The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except as regards dividend and return of capital and the assets on winding up) shall be conferred by the number of the stock units which would not if existing in shares have conferred that privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.*
55. *All provisions of these Articles applicable to paid up shares shall apply to stock and the words "share" and "shareholder" or similar expression herein shall include "stock" or "stockholder".*

2. The rights of Shareholders in respect of voting

GENERAL MEETINGS

56. (1) *Subject to the provisions of the Act, the Company shall in each year hold a General Meeting in addition to any other meetings in that year to be called Annual General Meeting, and not more than fifteen months shall elapse between the date of one Annual General Meeting of the Company and that of the next. The Annual General Meeting shall be held at such time and place as the Directors shall appoint.*
- (2) *All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.*
57. (1) *The Directors may, whenever they think fit, convene an Extraordinary General Meeting and Extraordinary General Meetings shall also be convened on such requisition or, in default, may be convened by such requisitionists as provided by Section 176 of the Act. If at any time there are not within Singapore sufficient Directors capable of acting to form a quorum at a meeting of Directors, any Director may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.*
- (2) *In the case of an Extraordinary General Meeting called in pursuance of a requisition, unless such Extraordinary General Meeting shall have been called by the Directors, no business other than that stated in the requisition as the objects of the Extraordinary General Meeting shall be transacted.*

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

NOTICE OF GENERAL MEETINGS

58. (1) Subject to the provisions of the Act as to Special Resolutions and special notice, at least fourteen days' notice in writing (exclusive both of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every General Meeting shall be given in the manner hereinafter mentioned to such persons (including the Auditors) as are under these Articles and the Act entitled to receive notice from the Company. Provided that a General Meeting, notwithstanding that it has been called by a shorter notice than that specified above, shall be deemed to have been duly called if it is so agreed:-

- (i) in case of an Annual General Meeting by all the Members entitled to attend and vote thereat; and
- (ii) in the case of an Extraordinary General Meeting by that number or majority in number of the Members having a right to attend and vote thereat as is required by the Act.

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

(2) So long as the shares in the Company are listed on any Stock Exchange, at least fourteen days' notice of such Meeting shall be given by advertisement in the daily press and in writing to any Stock Exchange upon which the Company may be listed.

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

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

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

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

- (i) declaring dividends;
- (ii) reading, considering and adopting the balance sheet, the reports of the Directors and Auditors, and other accounts and documents required to be annexed to the balance sheet;
- (iii) appointing Auditors and fixing the remuneration of Auditors or determining the manner in which such remuneration is to be fixed; and
- (iv) electing Directors in place of those retiring by rotation or otherwise and fixing the remuneration of the Directors.

All other business to be transacted at any General Meeting of the Company shall be deemed to be special business.

61. Any notice of a Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business.

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

PROCEEDINGS AT GENERAL MEETINGS

62. No business shall be transacted at any General Meeting unless a quorum is present. Save as herein otherwise provided, two Members present in person or by proxy shall form a quorum. Provided that (i) a proxy representing more than one Member shall only count as one Member for the purpose of determining the quorum; and (ii) where a Member is represented by more than one proxy such proxies shall count as only one Member for the purpose of determining the quorum.
63. If within half an hour from the time appointed for the Meeting a quorum is not present, the Meeting if convened on the requisition of Members shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday, then to the next business day following that public holiday) at the same time and place, or to such other day and at such other time and place as the Directors may by not less than ten days' notice appoint, and if at such adjourned Meeting a quorum is not present within half an hour from the time appointed for holding the Meeting, the Meeting shall be dissolved.
64. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the Chairman of the Meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.
65. The Chairman of the Directors or, in his absence, the Deputy Chairman (if any) shall preside as Chairman at every General Meeting. If there is no such Chairman or Deputy Chairman or if at any Meeting he is not present within fifteen minutes after the time appointed for holding the Meeting or is unwilling to act, the Members present shall choose some Director to be Chairman of the Meeting or, if no Director is present or if all the Directors present decline to take the Chair, one of their number present to be Chairman.
66. The Chairman may, with the consent of any Meeting at which a quorum is present (and shall if so directed by the Meeting), adjourn the Meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place. Where a Meeting is adjourned sine die, the time and place for the adjourned Meeting shall be fixed by the Directors. When a Meeting is adjourned for thirty days or more or sine die, not less than seven days' notice of the adjourned Meeting shall be given in like manner as in the case of the original Meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned Meeting.
67. At any General Meeting a resolution put to the vote of the Meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:-
- (i) by the Chairman of the Meeting; or
 - (ii) by at least three Members present in person or by proxy and entitled to vote at the Meeting; or
 - (iii) by any Member or Members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the Meeting; or
 - (iv) by a Member or Members present in person or by proxy holding not less than 10 per cent (10%) of the total number of paid-up shares of the Company (excluding treasury shares).

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

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

68. *If a poll is required or duly demanded (and the demand is not withdrawn) it shall be taken in such manner (including the use of ballot or voting papers) as the Chairman may direct and the result of a poll shall be deemed to be the resolution of the Meeting at which the poll was demanded. The Chairman may, and if so directed by the Meeting 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.*
69. *If any votes are counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the voting unless it is pointed out at the same Meeting or at any adjournment thereof and not in any case unless it shall in the opinion of the Chairman be of sufficient magnitude.*
70. *In the case of equality of votes, whether on a show of hands or on a poll, the Chairman of the Meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.*
71. *A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the Meeting) and place as the Chairman may direct. No notice need be given of a poll not taken immediately.*
72. *The demand for a poll shall not prevent the continuance of a Meeting for the transaction of any business, other than the question on which the poll has been demanded.*

VOTES OF MEMBERS

73. *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 and to Article 5, each Member entitled to vote at a General Meeting may vote in person or by proxy. On a show of hands, every Member who is present in person or by proxy shall have one vote (provided that in the case of a Member who is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the Chairman of the Meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands), and on a poll, every Member who is present in person or by proxy shall have one vote for every share which he holds or represents. For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by the Depository to the Company.*
74. *In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or (as the case may be) the Depository Register in respect of the share.*
75. *A Member of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorders may vote whether on a show of hands or on a poll by his committee, curator bonis or such other person as properly has the management of his estate and any such committee, curator bonis or other person may vote by proxy or attorney, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than forty-eight hours before the time appointed for holding the Meeting.*
76. (1) *Subject to the provisions of these Articles, every Member shall be entitled to be present and to vote at any General Meeting either personally or by proxy and to be reckoned in a quorum in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid.*

(2) *No Member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him in respect of the shares held by him in the Company have been paid.*

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

77. *No objection shall be raised to the qualification of any voter except at the Meeting or adjourned Meeting at which the vote objected to is given or tendered and every vote not disallowed at such Meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the Meeting whose decision shall be final and conclusive.*
78. *On a poll votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.*
79. (1) *A Member may appoint not more than two proxies to attend and vote at the same General Meeting provided that if the Member is a Depositor, the Company shall be entitled and bound:-*
- (i) *to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by the Depository to the Company; and*
 - (ii) *to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.*
- (2) *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.*
- (3) *In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.*
80. *A proxy need not be a Member of the Company, and shall be entitled to vote on a show of hands on any question at any General Meeting.*
81. *An instrument appointing a proxy must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the Meeting not less than forty-eight hours before the time appointed for the holding of the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which it is to be used and in default shall not be treated as valid.*
82. *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:-*
- (i) *in the case of an individual shall be signed by the appointor or his attorney; and*
 - (ii) *in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.*

The signature on such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor 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 81 failing which the instrument may be treated as invalid.

- 82A. *An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.*

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

83. *A vote given in accordance with the terms of an instrument of proxy (which for the purposes of these Articles shall also include a power of attorney) shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy, or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) before the commencement of the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used.*
84. *Any corporation which is a Member of the Company 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. The person so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Member of the Company and such corporation shall for the purposes of these Articles (but subject to the Act) be deemed to be present in person at any such meeting if a person so authorised is present thereat.*

3. The rights of Shareholders in respect of dividends

DIVIDENDS

125. *The Directors may with the sanction of the Company by Ordinary Resolution declare dividends but (without prejudice to the powers of the Company to pay interest on share capital as hereinbefore provided) no dividend shall be payable except out of the profits of the Company or in excess of the amount recommended by the Directors.*
126. *Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:-*
- (i) all dividends in respect of shares shall be paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and*
 - (ii) all dividends shall be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.*

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

127. *If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may pay the fixed preferential dividends on any express class of shares carrying a fixed preferential dividend expressed to be payable on fixed date on the half-yearly or other dates (if any) prescribed for the payment thereof by the terms of issue of the shares, and subject thereto may also from time to time pay to the holders of any other class of shares interim dividends thereon of such amounts and on such dates as they may think fit.*
128. *The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the Member (or the person entitled to the share in consequence of the death or bankruptcy of the Member) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.*
129. *No dividend or other moneys payable on or in respect of a share shall bear interest against the Company.*

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

130. *The Directors may deduct from any dividend or other moneys payable to any Member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or in connection therewith.*
131. *The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.*
132. *The Directors may retain dividends payable on shares in respect of which any person is under these Articles as to the transmission of shares entitled to become a Member or which any person under those Articles is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same.*
133. *The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or any such moneys unclaimed after a period of six years from the date they are first payable 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 moneys so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six years has elapsed from the date of the declaration of such dividend or the date on which such other moneys are first payable.*
134. *The Company may, upon the recommendation of the Directors, by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company or in any one or more of such ways, and the Directors shall give effect to such Resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payment shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.*
135. *Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a Member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such Member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. Notwithstanding the foregoing provisions of this Article and the provisions of Article 135B, 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 that payment.*
- 135A. *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 one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.*

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

- 135B. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.
136. A transfer of shares shall not pass the right to any dividend declared on such shares before the registration of the transfer.

RESERVES

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

BONUS ISSUES AND CAPITALISATION OF PROFITS AND RESERVES

138. (1) The Directors may, with the sanction of an Ordinary Resolution of the Company (including any Ordinary Resolution passed pursuant to Article 48):-
- (i) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:-
 - (a) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
 - (b) (in the case of an Ordinary Resolution passed pursuant to Article 48) such other date as may be determined by the Directors,

in proportion to their then holdings of shares; and/or
 - (ii) capitalise any sum standing to the credit of any of the Company's reserve accounts or any undistributable reserve or any sum standing to the credit of the profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:-
 - (a) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
 - (b) (in the case of an Ordinary Resolution passed pursuant to Article 48) on 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 new shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, new 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.

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

- (2) *The Directors may do all acts and things considered necessary or expedient to give effect to any bonus issue and/or capitalisation pursuant to Article 138(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.*
139. *In addition and without prejudice to the powers provided for by Article 138, the Directors shall have power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by the Company in General Meeting, and on such terms as the Directors shall think fit.*
- 139A. *In addition and without prejudice to the powers provided for by Article 138, the Directors shall have power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue, be held by or for the benefit of non-executive Directors as part of their remuneration under Article 88 approved by the Company in General Meeting in such manner and on such terms as the Directors shall think fit. The Directors may do all such acts and things considered necessary or desirable to give effect to the foregoing.*

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidation financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Framework (International) ("SFRS(I)").

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("FRS"). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

2.2 First-time adoption of SFRS(I)

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 January 2017, being the Group's and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 January 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.
- SFRS(I) 1-21 The Effects of Changes in Foreign Exchange Rates has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I). Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.
- Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, 1 January 2017. As a result, an amount of \$29,668,000 was adjusted against the opening retained earnings as at 1 January 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**2.2 First-time adoption of SFRS(I) (continued)****Exemptions applied on adoption of SFRS(I) (continued)**

- The comparative information do not comply with SFRS(I) 9 Financial Instruments or SFRS(I) 7 Financial Instruments: Disclosures to the extent the disclosures relate to items within the scope of SFRS(I) 9.

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 9 Financial Instruments

On 1 January 2018, the Group adopted SFRS(I) 9 Financial instruments, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening retained earnings at the date of initial application, 1 January 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVPL"). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. The Group has a mixed business model. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9. For debt instruments that were measured at FVOCI previously, the Group's business model is to hold the debt instrument to collect contractual cash flows and sell, and accordingly measured at FVOCI when it applies SFRS(I) 9. There is no significant impact arising from measurement of these instruments under SFRS(I) 9.

SFRS(I) 9 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 First-time adoption of SFRS(I) (continued)

SFRS(I) 9 Financial Instruments (continued)

Classification and measurement (continued)

For equity securities, the Group continues to measure its currently held-for-trading equity securities at FVPL. The Group elects to measure its currently held available-for-sale ("AFS") quoted and unquoted equity securities at FVOCI.

For the previously held AFS unquoted equity securities measured at FVOCI, cumulative impairment charge of \$32,059,000 previously recognised in the income statement were reclassified from retained earnings to fair value reserve as at 1 January 2018.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired. There was no significant impact arising from the change upon adoption of SFRS(I) 9.

SFRS(I) 15 Revenue from Contracts with Customers

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

The Group applied SFRS(I) 15 retrospectively and has elected to apply the exemption in SFRS(I) 1 to apply the following practical expedients in accordance with the transition provisions in SFRS(I) 15:

- For completed contracts, the Group has not restated contracts that begin and end within the same year or are completed contracts at 1 January 2017.
- For completed contracts that have variable consideration, the Group has used the transaction price at the date the contract was completed instead of estimating variable consideration amounts in the comparative year ended 31 December 2017.
- The Group has not adjusted the transaction price for the existence of significant financing component when the period between the transfer of control of good or service to a customer and the payment date is one year or less.
- For the comparative year ended 31 December 2017, the Group has not disclosed the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the corresponding revenue is expected to be recognised.

The key impact of adopting SFRS(I) 15 is detailed as follows:

Sale of development properties – Significant financing component

The Group is in the business of developing residential and commercial properties. Revenue is recognised when control over the property has been transferred to the buyer, being when the legal title passes to the buyer or when the equitable interest in the property vests in the buyer upon release of the handover notice of the respective property to the buyer, whichever is the earlier.

Payments received from the buyer prior to this stage are recorded as advances from customers for sales of properties and classified as "Other payables" under current liabilities. The period between the handing over of the unit and payment received from the buyer may exceed one year.

APPENDIX D: SIGNIFICANT ACCOUNTING POLICIES OF THE GROUP FOR FY2018

WBL Corporation Limited and its subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 First-time adoption of SFRS(I) (continued)

SFRS(I) 15 Revenue from Contracts with Customers (continued)

Sale of development properties – Significant financing component (continued)

The Group has determined that an element of significant financing is deemed present on the advances from customers. In determining the transaction price, the Group adjusts the promised consideration for the effects of the significant financing component using a discount rate that would be reflected in a separate financing transaction between the Group and its buyer at contract inception, such that it reflects the credit characteristics of the party receiving the financing in the contract. The deemed interest costs are capitalised as part of the development costs and recognised as cost of sales in the income statement when the units are handed over to the buyers.

The following is the reconciliation of the impact arising from the first-time adoption of SFRS(I) including application of the new accounting standards to the income statement and other comprehensive income for the year ended 31 December 2017.

	GROUP			
	2017 (FRS) \$' 000	SFRS(I) 1 adjustments \$' 000	SFRS(I) 15 adjustments \$' 000	2017 (SFRS(I)) \$' 000
Consolidated income statement				
Revenue	359,577	–	1,888	361,465
Cost of sales	(296,516)	–	(1,888)	(298,404)
	63,061	–	–	63,061
Other gains	1,327	(275)	–	1,052
Other items of income statement	(51,540)	–	–	(51,540)
Profits before tax	12,848	(275)	–	12,573
Income tax expense	(12,549)	–	–	(12,549)
Net profit	299	(275)	–	24
Other comprehensive income				
Items that will not be reclassified to income statement	4,641	–	–	4,641
Items that may be reclassified subsequently to income statement:				
Currency translation differences arising from consolidation				
- reclassification	(269)	275	–	6
Other items	(8,024)	–	–	(8,024)
Other comprehensive income, net of tax	(3,652)	275	–	(3,377)
Total comprehensive income for the year	(3,353)	–	–	(3,353)

APPENDIX D: SIGNIFICANT ACCOUNTING POLICIES OF THE GROUP FOR FY2018

WBL Corporation Limited and its subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 First-time adoption of SFRS(l) (continued)

The following is the reconciliation of the impact arising from the first-time adoption of SFRS(l) including application of the new accounting standards on 1 January 2017 to certain line items on the balance sheet of the Group.

	1 January 2017 (FRS) \$' 000	SFRS(l) 1 adjustments \$' 000	SFRS(l) 15 adjustments \$' 000	1 January 2017 (SFRS(l)) \$' 000
GROUP				
Assets				
Current assets				
Properties held for sale	483,071	–	349	483,420
Liabilities				
Current liabilities				
Trade and other payables	136,751	–	349	137,100
Equity				
Foreign currency translation reserves	(29,668)	29,668	–	–
Retained earnings	246,913	(29,668)	–	217,245

The following is the reconciliation of the impact arising from the first-time adoption of SFRS(l) including application of the new accounting standards on 31 December 2017 and 1 January 2018 to certain line items on the balance sheet of the Group.

	31 December 2017 (FRS) \$' 000	SFRS(l) 1 adjustments \$' 000	31 December 2017 (SFRS(l)) \$' 000	SFRS(l) 9 adjustments \$' 000	1 January 2018 (SFRS(l)) \$' 000
GROUP					
Equity					
Foreign currency translation reserves	(39,662)	29,943	(9,719)	–	(9,719)
Fair value reserves	37,337	–	37,337	(32,059)	5,278
Retained earnings	251,551	(29,943)	221,608	32,059	253,667

The adoption of SFRS(l) does not have any impact to the balance sheet of the Company as at 1 January 2017 and 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**2.3 Group accounting****(a) Subsidiaries****(i) Consolidation**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

Refer to Note 2.4 for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the identifiable net assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in the income statement as a gain from bargain purchase.

Refer to Note 2.10(a) for the subsequent accounting policy on goodwill on acquisitions of subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(iii) Disposals

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to the income statement or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is re-measured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in the income statement.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

(c) Associated companies and joint ventures

Associated companies are entities 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.

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.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associated company or joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**2.3 Group accounting (continued)****(c) Associated companies and joint ventures (continued)****(ii) Equity method of accounting**

In applying the equity method of accounting, the Group's share of its associated companies' or joint ventures' post-acquisition profits or losses are recognised in the income statement and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. Dividend received or receivable from the associated companies or joint ventures are recognised as a reduction of the carrying amounts of the investments. When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

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 associated companies or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associated company 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 associated company or joint venture and its carrying value and recognises the amount in the income statement.

Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies or joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in the income statement.

Refer to Note 2.4 for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

2.4 Investments in subsidiaries, joint ventures and associated companies

Investments in subsidiaries, joint ventures and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. Upon disposal, the difference between net disposal proceeds and the carrying amounts of the investments are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Property, plant and equipment

Property, plant and equipment are carried at cost or valuation less accumulated depreciation and impairment losses.

The cost of property, plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration are also included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset for purposes other than to produce inventories.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in the income statement within "Other gains/(losses)". Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

2.6 Depreciation of property, plant and equipment

No depreciation is provided on freehold land and property, plant and equipment in the course of construction. Depreciation of other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Buildings on freehold land	-	50 years
Long-term leasehold land (50 years or more) and buildings	-	50 years
Short-term leasehold land (less than 50 years) and buildings	-	20 to 49 years
Plant, machinery and equipment	-	3 to 15 years
Others	-	3 to 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed and adjusted prospectively at each balance sheet date, if appropriate. The effects of any revision of the residual values and useful lives are included in the income statement of the financial year in which the changes arise.

2.7 Investment properties

Investment properties include those portions of office buildings that are held for long-term rental yields and/or for capital appreciation and land under operating leases that is held for long-term capital appreciation or for a currently indeterminate use.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of investment properties includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of investment properties if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

WBL Corporation Limited and its subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Investment properties (continued)

Interest costs on borrowings to finance the construction of investment properties are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

Subsequent expenditure relating to investment properties that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

On disposal of an investment property, the difference between the net disposal proceeds and its carrying amount is recognised in the income statement within "Other gains/(losses)". Any amount in revaluation reserve relating to that asset is transferred to retained earnings.

2.8 Depreciation of investment properties

Depreciation of investment properties is calculated using the straight-line method to allocate the depreciable amounts of the properties over their estimated useful lives as follows:

Buildings on freehold land	-	50 years
Long-term leasehold land (50 years or more) and buildings	-	50 years
Short-term leasehold land (less than 50 years) and buildings	-	20 to 49 years

No depreciation is provided on freehold land.

The residual values, estimated useful lives and depreciation method of investment properties are reviewed and adjusted at each balance sheet date.

2.9 Leases

(a) When the Group is the lessee

The Group leases land, motor vehicles and certain plant and machinery under finance leases and land, office space, showrooms, plant and equipment under operating leases from non-related parties.

(i) Lessee - Finance leases

Leases of assets in which the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases. The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings respectively, at the inception of the lease based on the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in the income statement on a basis that reflects a constant periodic rate of interest on the finance lease liability.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Leases (continued)

(a) When the Group is the lessee (continued)

(ii) Lessee - Operating leases

Leases of assets in which a significant portion of the risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(b) When the Group is the lessor

The Group leases investment properties under operating leases to non-related parties.

(i) Lessor - Operating leases

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in the income statement on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in the income statement over the lease term on the same basis as the lease income.

2.10 Intangible assets

Intangible assets comprise primarily goodwill, customer relationships, development costs and technical know-how.

(a) Goodwill

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of (i) the sum of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisition of joint ventures and associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold.

(b) Customer relationships

Customer relationships acquired in business combinations are carried at fair values at the date of acquisition, and amortised over a straight-line basis over the period of the expected benefits, which is estimated at 5 to 9 years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Intangible assets (continued)

(c) Development costs and technical know-how

Research and development costs are recognised in the income statement as and when incurred except for development costs which will probably generate future economic benefits. Such development costs are recognised as intangible assets. These are stated at cost less accumulated amortisation and accumulated impairment losses (Note 2.11(b)). These are amortised to the income statement on a straight-line basis over a period of 5 to 10 years or their estimated useful lives whichever is shorter.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in the income statement when the changes arise.

2.11 Impairment of non-financial assets

(a) Goodwill

Goodwill is tested for impairment annually, and whenever there is indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in associated company is tested for impairment as part of the investment, rather than separately.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") or group of CGU expected to benefit from synergies of the business combination.

An impairment loss is recognised in the income statement when the carrying amount of a CGU (or group of CGU), including the goodwill, exceeds the recoverable amount of the CGU (or group of CGU). The recoverable amount of the CGU (or group of CGU) is the higher of the fair value less cost to sell and value-in-use of the CGU (or group of CGU).

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU (or group of CGU) and then to the other assets of the CGU (or group of CGU) pro-rata on the basis of the carrying amount of each asset in the CGU (or group of CGU).

An impairment loss on goodwill is recognised in the income statement and is not reversed in a subsequent period.

(b) Customer relationships Development costs and technical know-how Property, plant and equipment Investment properties Investments in subsidiaries, joint ventures and associated companies

Customer relationships, development costs and technical know-how, property, plant and equipment, investment properties and investments in subsidiaries, joint ventures and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, the recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Impairment of non-financial assets (continued)

- (b) Customer relationships**
- Development costs and technical know-how**
- Property, plant and equipment**
- Investment properties**
- Investments in subsidiaries, joint ventures and associated companies (continued)**

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the income statement, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. In cases where impairment loss is treated as revaluation decrease, it is only limited to the revaluation gain that has been recognised in the revaluation reserves previously. Any excess of the impairment over the revaluation gain will be recognised in the income statement.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment is also recognised in the income statement.

2.12 Properties held for sale

Properties held for sale refer to properties under development for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation. They include completed properties and properties in the course of development.

Cost includes cost of land, development costs, other related expenditure and borrowing costs incurred during the period of construction and up to the completion of construction. When losses are expected, full allowance is made in the financial statements after adequate allowance has been made for estimated costs to completion.

Unsold properties held for sale are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less cost to complete the development and selling expenses.

2.13 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in first-out, weighted average or specific identification methods whichever is the industry norm for each business activity. The cost of finished goods and work-in-progress includes raw materials, direct cost of production and an appropriate proportion of overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**2.14 Cash and cash equivalents**

For the purposes of presentation in the consolidated cash flow statement, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

2.15 Provisions

Provisions for warranty, restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

The Group recognises the estimated liability to repair or replace products still under warranty at the balance sheet date. This provision is calculated based on historical experience of the level of repairs and replacements.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the income statement as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the income statement when the changes arise.

2.16 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Employee leave entitlement

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

(b) Defined contribution plans

The Group makes contributions to pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies make contributions to the Central Provident Fund in Singapore, a defined contribution pension scheme. The Group has no further payment obligations once the contributions have been paid. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(c) Defined benefit plans

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Employee compensation (continued)

(c) Defined benefit plans (continued)

The net defined benefit liability or asset recognised in the balance sheet in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise.

Service costs and net interest on the net defined benefit liability or asset are recognised immediately in the income statement.

2.17 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of goods

Revenue from sale of goods is recognised when the goods are delivered to the customers and all criteria for acceptance have been satisfied. The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates its assessment of the estimated transaction price, including its assessment whether an estimated variable consideration is constraint. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes.

(b) Sale of development properties held for sale

The Group develops and sells residential and commercial properties. Revenue is recognised at a point in time when control over the property has been transferred to the customer.

Where the period between the satisfaction of a performance obligation and payment by the customer exceeds a year, the Group adjusts the transaction price with its customer and recognises a financing component. In adjusting for the financing component, the Group uses a discount rate that would reflect that of a separate financing transaction between the Group and its customer at contract inception. The Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component when the period between the transfer of control of the property and the payment date is one year or less.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**2.17 Revenue recognition (continued)****(b) Sale of development properties held for sale (continued)**

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in the income statement to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

The Group has elected to apply the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred where the amortisation period of the asset that would otherwise be recognised is one year or less.

(c) Construction revenue

The Group provides the design, supply, installation and commissioning of equipment and turnkey solution for customers through fixed-price contracts. Revenue is recognised when the control over the equipment and/or solution has been transferred to the customer, either over time or at a point in time, depending on the contractual terms.

The equipment and/or solution have no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the project. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the income statement in the period in which the circumstances that give rise to the revision become known by management.

The customer is invoiced on a milestone payment schedule. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

(d) Rendering of services

Revenue from services rendered is recognised upon services performed.

(e) Rental income

Rental income from operating leases on investment properties and property, plant and equipment is recognised on a straight-line basis over the lease term. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Revenue recognition (continued)

(f) Dividend income

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

(g) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(h) Compensation and insurance claims

Compensation and insurance claims are recognised when the right to receive payment is established.

2.18 Income taxes

(a) Current income tax

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

(b) Deferred tax

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

Deferred tax liabilities are recognised for all temporary differences, 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, associated companies 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, 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, joint ventures and associated companies, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**2.18 Income taxes (continued)****(b) Deferred tax (continued)**

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

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

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

(c) Goods and services tax/sales tax

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

- Where the goods and services tax/sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax/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 goods and services tax/sales tax included.

The net amount of goods and services tax/sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables on the balance sheet.

2.19 Currency translation**(a) Functional and presentation currency**

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements and balance sheet of the Company are presented in Singapore Dollars, which is the functional and presentation currency of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Currency translation (continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the income statement, unless they arise from net investment in foreign operations. Those currency transaction differences are recognised in the foreign currency translation reserve and transferred to the income statement as part of the gain or loss on disposal of the foreign operation.

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 values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency of the Company are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the date of the balance sheet;
- (ii) Income and expenses are translated at average exchange rate (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting currency translation differences are recognised in other comprehensive income and taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the date of the balance sheet.

On disposal of a foreign operation, accumulated translation differences are recognised in the income statement as part of the gain or loss on disposal.

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**2.21 Dividends to the Company's shareholders**

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

2.22 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares (treasury shares), the consideration paid, including any directly attributable incremental costs, net of income taxes, is presented as a component within equity attributable to the Company's equity holders until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company, if the shares are purchased out of retained earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the equity-settled share-based compensation plans, the cost of the treasury shares is reversed from the treasury shares account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in equity of the Company.

2.23 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

2.24 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially measured at fair value, and subsequently carried at amortised cost, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the income statement.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the income statement when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI 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 for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to income statement as a reclassification adjustment when the financial asset is derecognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the income statement in the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**2.25 Financial instruments (continued)****(a) Financial assets (continued)****Subsequent measurement (continued)**Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in the income statement when the Group's right to receive payments is established. For investments in equity instruments (not held for trading) which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in the income statement.

Derivatives

The Group uses derivative financial instruments such as interest rate swaps and foreign currency forward contracts to hedge its risks associated primarily with interest rate and foreign currency fluctuations. It is the Group's policy not to trade in derivative financial instruments.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from changes in fair value on derivative financial instruments is taken to the income statement for the year.

The fair value of foreign currency forward contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

Details of the Group's financial risk management objectives and policies are set out in Note 33.

Derecognition

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

(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

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 the income statement when the liabilities are derecognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Financial instruments (continued)

(b) Financial liabilities (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in the income statement.

(c) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liabilities simultaneously.

2.26 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a "12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a "lifetime ECL").

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.27 Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are determined 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 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**2.28 Financial guarantees**

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 measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.26 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.29 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are offset against the related expenses.

2.30 Contingencies

A contingent liability is:

- (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.

**APPENDIX E: UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS OF THE GROUP FOR 9M2019 (AND THE REPORTS FROM THE
AUDITOR AND THE IFA IN RESPECT OF THE 9M2019 RESULTS)**

WBL CORPORATION LIMITED

(Incorporated in Singapore. Registration Number: 191200028Z)

AND ITS SUBSIDIARIES

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

For the nine months ended 30 September 2019

**APPENDIX E: UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS OF THE GROUP FOR 9M2019 (AND THE REPORTS FROM THE
AUDITOR AND THE IFA IN RESPECT OF THE 9M2019 RESULTS)**

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For the nine months ended 30 September 2019

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APPENDIX E: UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR 9M2019 (AND THE REPORTS FROM THE AUDITOR AND THE IFA IN RESPECT OF THE 9M2019 RESULTS)

WBL Corporation Limited and its subsidiaries

Independent Auditor's Review Report on Unaudited Interim Condensed Financial Statements of WBL Corporation Limited and its Subsidiaries for the nine months ended 30 September 2019

To the Members of the WBL Corporation Limited

Report on the review of interim financial information

Introduction

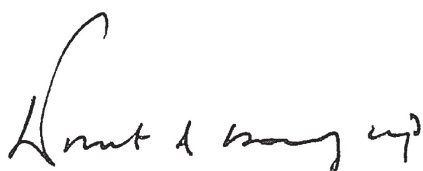
We have reviewed the accompanying interim condensed consolidated balance sheet of WBL Corporation Limited as at 30 September 2019 and the related interim condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the nine month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with Singapore Financial Reporting Standards (International) SFRS(I) 1-34 *Interim Financial Reporting* (SFRS(I) 1-34). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standards on Review Engagement 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with SFRS(I) 1-34.



ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants
Singapore

4 December 2019

**APPENDIX E: UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS OF THE GROUP FOR 9M2019 (AND THE REPORTS FROM THE
AUDITOR AND THE IFA IN RESPECT OF THE 9M2019 RESULTS)**

WBL Corporation Limited and its subsidiaries

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the nine months ended 30 September 2019

	Note	GROUP	
		9 months ended	
		30.09.2019 (unaudited) \$' 000	30.09.2018 (unaudited) \$' 000
Revenue		188,392	184,541
Cost of sales		(146,585)	(149,392)
Gross profit		41,807	35,149
Other items of income			
Other income		7,124	5,088
Other gains	5	7,441	1,039
Other items of expenses			
Other losses		(437)	(254)
Distribution costs		(13,230)	(13,315)
General and administrative expenses		(18,216)	(18,659)
Other operating expenses		(3,187)	(3,313)
Finance expenses		(3,191)	(2,798)
Share of (loss)/profit of joint ventures		(413)	10
Share of profit of associated companies		375	344
Profit before tax	5	18,073	3,291
Income tax expense		(6,759)	(3,271)
Net profit		11,314	20
Attributable to:			
Equity holders of the Company		10,390	(568)
Non-controlling interests		924	588
		11,314	20
Earnings per share			
- Basic		3.7 cents	(0.2) cents
- Diluted		3.7 cents	(0.2) cents

The notes on page 9 to 17 form an integral part of these unaudited interim condensed consolidated financial statements.

**APPENDIX E: UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL
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WBL Corporation Limited and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2019

	GROUP	
	9 months ended	
	30.09.2019	30.09.2018
	(unaudited)	(unaudited)
	\$' 000	\$' 000
Net profit	11,314	20
Other comprehensive income:		
Items that will not be reclassified to income statement:		
Net fair value gain on equity instruments at fair value through other comprehensive income ("FVOCI")	380	917
Items that may be reclassified subsequently to income statement:		
Currency translation differences arising from consolidation		
- Losses	(14,538)	(15,887)
- Reclassification	-	(1)
Other comprehensive income, net of tax	(14,158)	(14,971)
Total comprehensive income for the period	(2,844)	(14,951)
Attributable to:		
Equity holders of the Company	(3,247)	(14,756)
Non-controlling interests	403	(195)
	(2,844)	(14,951)

The notes on page 9 to 17 form an integral part of these unaudited interim condensed consolidated financial statements.

**APPENDIX E: UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL
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WBL Corporation Limited and its subsidiaries

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2019

		GROUP	
	Note	As at 30.09.2019 (unaudited) \$' 000	As at 31.12.2018 (audited) \$' 000
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		499,399	499,399
Reserves		212,383	215,682
		711,782	715,081
Non-controlling interests		14,918	14,549
TOTAL EQUITY		726,700	729,630
ASSETS			
Current assets			
Bank balances and deposits		159,872	155,574
Trade and other receivables		199,270	174,542
Tax recoverable		497	365
Other current assets		13,556	13,389
Inventories		21,817	24,215
Properties held for sale	6	426,881	436,949
Derivative financial instruments		11	20
		821,904	805,054
Non-current assets			
Other investments		822	56,238
Investments in associated companies		23,041	22,256
Investments in joint ventures		32,115	33,349
Other receivables		2,176	2,555
Property, plant and equipment	7	94,607	92,043
Investment properties	8	852	2,432
Intangible assets		22,763	22,763
Deferred tax assets		17,695	21,173
		194,071	252,809
Total assets		1,015,975	1,057,863
LIABILITIES			
Current liabilities			
Trade and other payables		146,106	174,040
Current income tax liabilities		23,862	23,706
Borrowings	9	45,923	8,821
Derivative financial instruments		50	21
		215,941	206,588
Non-current liabilities			
Borrowings	9	2,667	51,458
Trade and other payables		401	228
Other long-term liabilities		40,200	40,200
Provision		15,000	15,000
Deferred tax liabilities		15,066	14,759
		73,334	121,645
Total liabilities		289,275	328,233
NET ASSETS		726,700	729,630

The notes on page 9 to 17 form an integral part of these unaudited interim condensed consolidated financial statements.

WBL Corporation Limited and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2019

The notes on page 9 to 17 form an integral part of these unaudited interim condensed consolidated financial statements.

APPENDIX E: UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR 9M2019 (AND THE REPORTS FROM THE AUDITOR AND THE IFA IN RESPECT OF THE 9M2019 RESULTS)

WBL Corporation Limited and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2019

	Attributable to equity holders of the Company							
	Share capital	Asset revaluation reserve	Share option reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Other	Total
	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
Balance at 1 January 2018								
(FRS framework)								
Cumulative effects of adopting SFRS(I)	499,399	616	1,174	37,337	(39,662)	251,551	(8,890)	741,525
Balance at 1 January 2018	-	-	-	(32,059)	29,943	2,116	-	-
(SFRS(I) framework)								
499,399	616	1,174	5,278	(9,719)	253,667	(8,890)	14,867	756,392
Total comprehensive income for the period	-	-	-	917	(15,105)	(568)	-	(14,756)
							(195)	(14,951)
Contributions by and distributions to owners								
Dividend to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	(132)
Others								
Share of share option reserve from equity accounted associated company	-	-	42	-	-	-	-	42
Transfer of fair value reserve of equity instruments at FVOCI to retained earnings upon derecognition	-	-	-	(47)	-	47	-	-
Balance at 30 September 2018 (unaudited)	499,399	616	1,216	6,148	(24,824)	253,146	(8,890)	726,811
							14,540	741,351

The notes on page 9 to 17 form an integral part of these unaudited interim condensed consolidated financial statements.

**APPENDIX E: UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL
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WBL Corporation Limited and its subsidiaries

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the nine months ended 30 September 2019

	GROUP	
	9 months ended	
	30.09.2019	30.09.2018
	(unaudited)	(unaudited)
	\$' 000	\$' 000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	18,073	3,291
Adjustments for:		
Share of loss/(profit) from equity accounted joint ventures and associated companies	38	(354)
Depreciation of property, plant and equipment	8,110	7,815
Depreciation of investment properties	101	198
Gain on liquidation of a joint venture	-	(1)
Gain on deemed acquisition of an associated company	(30)	-
Gain on final settlement of business sale transaction in prior year with the buyer	-	(974)
Gain on disposal of property, plant and equipment	(1,758)	(40)
Gain on disposal of investment property	(5,652)	-
Interest income	(4,500)	(2,155)
Interest expense	3,191	2,798
Inventories written-back	(10)	(16)
Dividend income from financial assets at FVOCI	(1,489)	(959)
Impairment loss on amount due from an associated company	214	236
Property, plant and equipment written off	28	84
Others	288	315
Operating cash flows before changes in working capital	16,604	10,238
Changes in working capital:		
Inventories	1,940	185
Trade and other receivables	13,064	961
Other current assets	(1,776)	(1,138)
Properties held for sale	10,607	(812)
Trade and other payables	(20,157)	(12,257)
Cash generated from operations	20,282	(2,823)
Income taxes paid	(3,301)	(3,034)
Net cash from/(used in) operating activities	16,981	(5,857)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of a financial asset at FVOCI	55,543	103
Proceeds from sale of property, plant and equipment	2,117	374
Proceeds from sale of investment property	7,111	-
Loans repaid by/(to) a related corporation	1,649	(97,541)
Loan to a joint venture	(2,619)	(894)
Dividend received from a joint venture	-	2,104
Dividends received from financial assets at FVOCI	1,489	959
Interest received	4,431	1,773
Net cash arising from liquidation of a joint venture	-	21
Net cash from settlement of outstanding consideration	-	5,533
Purchase of property, plant and equipment	(10,363)	(8,588)
Net cash from/(used in) investing activities	59,358	(96,156)

**APPENDIX E: UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS OF THE GROUP FOR 9M2019 (AND THE REPORTS FROM THE
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WBL Corporation Limited and its subsidiaries

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the nine months ended 30 September 2019

	GROUP	
	9 months ended	
	30.09.2019	30.09.2018
	(unaudited)	(unaudited)
	\$' 000	\$' 000
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term loans obtained	3,604	275
Long-term loans repaid	(26,487)	-
Lease liabilities repaid	(1,184)	(1,565)
Purchase of additional interest in a subsidiary	(59)	-
Payment of dividends to non-controlling interests of a subsidiary	-	(132)
Net short-term loans obtained/(repaid)	661	(3,193)
Interest paid	(3,985)	(2,869)
Net loans (to)/repaid by ultimate holding company	(54,000)	44,092
Net cash (used in)/from financing activities	(81,450)	36,608
Net change in cash and cash equivalents	(5,111)	(65,405)
Cash and cash equivalents at beginning of period	155,574	146,765
Effect of currency translation on cash and cash equivalents	(2,773)	(1,153)
Cash and cash equivalents at end of period	147,690	80,207
Cash and cash equivalent at end of period consist of:		
Bank balances and deposits	159,872	93,085
Bank overdraft (unsecured)	(12,182)	(12,878)
Cash and cash equivalents at end of period	147,690	80,207

The notes on page 9 to 17 form an integral part of these unaudited interim condensed consolidated financial statements.

APPENDIX E: UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR 9M2019 (AND THE REPORTS FROM THE AUDITOR AND THE IFA IN RESPECT OF THE 9M2019 RESULTS)

WBL Corporation Limited and its subsidiaries

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months ended 30 September 2019

1. GENERAL INFORMATION

WBL Corporation Limited (the “Company”) is incorporated and domiciled in Singapore with its registered office at 12 Ang Mo Kio Street 64, #01-01 UE BizHub CENTRAL, Singapore 569088. The Company’s immediate holding company is UE Centennial Venture Pte. Ltd. and its ultimate holding company is United Engineers Limited, both incorporated in Singapore.

The interim condensed consolidated financial statements of WBL Corporation and its subsidiaries (collectively, the “Group”) were approved for issue in accordance with a resolution of the Directors on 4 December 2019. These interim condensed consolidated financial statements have been reviewed, not audited.

2. BASIS OF PREPARATION

These interim condensed financial statements for the 9 months ended 30 September 2019 have been prepared in accordance with SFRS(I) 1-34, ‘Interim financial reporting’. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2018, which have been prepared in accordance with Singapore Financial Reporting Standards International (SFRS(I)).

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the following new or revised standards effective as of 1 January 2019:

- SFRS(I) 16 Leases
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments
- Amendments to SFRS(I) 9 Prepayment Features with Negative Compensation
- Amendments to SFRS(I) 1-28 Long-term Interests in Associates and Joint Venture
- Annual improvements to SFRS(I)s 2015-2017 Cycle

SFRS(I) 16

The Group has adopted SFRS(I) 16 with effect from 1 January 2019, using the modified retrospective approach. The cumulative effect of adopting SFRS(I) 16 is recognised as an adjustment to decrease the opening retained earnings and non-controlling interest of \$60,000 and \$2,000 respectively as at 1 January 2019, with no restatement of comparative information. The Group has also recorded an adjustment to increase the right-of-use assets and corresponding adjustment to lease liabilities of \$1,279,000 and \$1,341,000 respectively as at 1 January 2019.

The adoption of the other new or revised standards did not result in any substantial change to the Group’s accounting policies or any significant impact on the financial statements.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2018.

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WBL Corporation Limited and its subsidiaries

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS *(continued)*

For the nine months ended 30 September 2019

5. PROFIT BEFORE TAX

	GROUP	
	9 months ended	
	30.09.2019	30.09.2018
	(unaudited)	(unaudited)
	\$' 000	\$' 000
Profit before tax is stated after including the following (expenses)/incomes:		
Depreciation of investment properties	(101)	(198)
Depreciation of property, plant and equipment	(8,110)	(7,815)
Foreign exchange loss	(184)	(18)
Gain on disposal of property, plant and equipment **	1,758	40
Gain on disposal of investment property **	5,652	-
Gain on final settlement of business sale transaction in prior year with the buyer	-	974
Impairment loss on amount due from an associated company	(214)	(236)
Impairment loss on receivables	(235)	(547)
Inventories written-back	10	16
Property, plant and equipment written off	(28)	(84)

** Included in "Other gains"

6. PROPERTIES HELD FOR SALE

	GROUP	
	30.09.2019	31.12.2018
	(unaudited)	(audited)
	\$' 000	\$' 000
Completed properties	256,736	272,971
Properties under development	170,145	163,978
	426,881	436,949
Completed properties, at cost		
Leasehold land	31,612	33,085
Development costs	225,124	239,886
	256,736	272,971
Properties under development		
Leasehold land	54,478	57,982
Development costs	115,667	105,996
	170,145	163,978
	426,881	436,949

Interest capitalised during the financial period was \$3,755,000 for the nine months ended 30 September 2019 (31 December 2018: \$1,531,000) at rates ranging from 4% to 6% (31 December 2018: 4% to 6%) per annum.

Properties held for sale amounting to approximately \$338,957,000 (31 December 2018: \$348,056,000) have been pledged as collateral for banking facilities.

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WBL Corporation Limited and its subsidiaries

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS *(continued)*

For the nine months ended 30 September 2019

7. PROPERTY, PLANT AND EQUIPMENT

During the nine months ended 30 September 2019, the Group acquired assets with a cost of \$11,698,000 (the nine months ended 30 September 2018: \$7,865,000).

Assets with a net book value of \$359,000 were disposed of by the Group during the nine months ended 30 September 2019 (31 December 2018: \$332,000), resulting in a net gain on disposal of \$1,758,000 (31 December 2018: \$43,000).

8. INVESTMENT PROPERTIES

During the nine months ended 30 September 2019, the Group disposed an investment property with a net book value of \$1,459,000, resulting in a net gain on disposal of \$5,652,000.

9. BORROWINGS

	GROUP	
	30.09.2019 (unaudited) \$' 000	31.12.2018 (audited) \$' 000
Current	45,923	8,821
Non-current	2,667	51,458
	48,590	60,279

Movement in borrowings are analysed as follows:

	9 months ended 30.09.2019 (unaudited) \$' 000
At 1 January *	60,279
Additions	17,038
Repayments *	(27,734)
Currency realignment	(993)
At 30 September	48,590

* Included finance lease liabilities of \$656,000, which was fully repaid during the nine months ended 30 September 2019.

Certain borrowings are generally secured on their respective properties held for sale (Note 6), and/or fixed/floating charges over certain assets.

10. FUTURE CAPITAL COMMITMENTS

	GROUP	
	30.09.2019 (unaudited) \$' 000	31.12.2018 (audited) \$' 000
Capital commitments contracted for but not recognised in the financial statements	3,785	9,008

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WBL Corporation Limited and its subsidiaries

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS *(continued)* For the nine months ended 30 September 2019

11. RELATED PARTY TRANSACTIONS

(A) Key management's remuneration

The key management personnel of the Group comprise the Directors of the Company and the heads of main businesses of the Group. The Directors have employment relationship with the ultimate holding company and have received remuneration in those capacities.

	GROUP	
	9 months ended	
	30.09.2019	30.09.2018
	(unaudited)	(unaudited)
	\$' 000	\$' 000
Salaries and other short-term employee benefits	1,124	1,348
Employer's contribution to Central Provident Fund	20	18
	1,144	1,366
Comprise amounts paid to:		
Directors of the Company	-	-
Other key management personnel	1,144	1,366
	1,144	1,366

(B) Other related party transactions

Transactions with related parties, other than those as disclosed elsewhere in the financial statements, are as follows:

	GROUP	
	9 months ended	
	30.09.2019	30.09.2018
	(unaudited)	(unaudited)
	\$' 000	\$' 000
Interest income received from:		
- Related corporations	1,585	1,073
Interest expense paid to:		
- Ultimate holding company	1,106	1,106
Management fees paid to:		
- Related corporations	558	579
- Ultimate holding company	605	690
Expenses paid on behalf by:		
- A related corporation	390	417

The above related party transactions are entered into in the normal course of business based on terms agreed between the parties.

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WBL Corporation Limited and its subsidiaries

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS *(continued)*

For the nine months ended 30 September 2019

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivative financial instruments, comprise bank loans, cash and term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

The interim condensed consolidated financial statements do not include all the financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2018. There have been no changes in the risk management policies since the year end.

13. FAIR VALUE OF ASSETS AND LIABILITIES

(A) Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities, that the Group can access at the measurement date;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

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WBL Corporation Limited and its subsidiaries

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS *(continued)*

For the nine months ended 30 September 2019

13. FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*

(B) Assets and liabilities measured at fair value

The following table shows an analysis of assets and liabilities carried at fair value by level of fair value hierarchy:

	GROUP			
	30 September 2019 (unaudited)			
	Level 1 \$' 000	Level 2 \$' 000	Level 3 \$' 000	Total \$' 000
Fair value measurement				
Financial assets:				
Derivatives used for hedging	-	11	-	11
Equity securities at FVOCI				
- Unquoted equity	-	-	822	822
Financial assets as at 30 September 2019	-	11	822	833
Non-financial assets:				
Investment properties	-	-	12,929	12,929
Non-financial assets as at 30 September 2019	-	-	12,929	12,929
Financial liabilities:				
Derivatives used for hedging	-	50	-	50
Financial liabilities as at 30 September 2019	-	50	-	50

	GROUP			
	31 December 2018 (audited)			
	Level 1 \$' 000	Level 2 \$' 000	Level 3 \$' 000	Total \$' 000
Fair value measurement				
Financial assets:				
Derivatives used for hedging	-	20	-	20
Equity securities at FVOCI				
- Quoted equity	54,931	-	-	54,931
- Unquoted equity	-	-	1,307	1,307
Financial assets as at 31 December 2018	54,931	20	1,307	56,258
Non-financial assets:				
Investment properties	-	-	21,039	21,039
Non-financial assets as at 31 December 2018	-	-	21,039	21,039
Financial liabilities:				
Derivatives used for hedging	-	21	-	21
Financial liabilities as at 31 December 2018	-	21	-	21

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WBL Corporation Limited and its subsidiaries

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS *(continued)*

For the nine months ended 30 September 2019

13. FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*

(C) Level 3 fair value measurement

- (i) Information about significant unobservable inputs used in Level 3 fair value measurements:

Description	GROUP		Valuation techniques	Unobservable inputs	Range (weighted average)
	Fair value at 30 September 2019	Fair value at 31 December 2018			
	(unaudited)	(audited)			
	\$' 000	\$' 000			
Recurring fair value measurement					
Financial assets at FVOCI	822	1,307	Fair value of underlying assets of investment	Statement of financial position	n.a.
- Equity instruments (unquoted)					

Level 3 fair values of the Group's investment properties have been generally derived using the market comparable approach adjusted for significant unobservable inputs such as yield adjustments relating to nature, location and condition of the specific property.

The following table shows the impact on the Level 3 fair value measurement of assets and liabilities that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

	GROUP		
	30 September 2019 (unaudited)		
	Effect of reasonably possible alternative assumptions		
	Carrying amount \$' 000	Income statement \$' 000	Other comprehensive income \$' 000
Recurring fair value measurement			
Financial assets at FVOCI			
- Equity instruments (unquoted)	822	-	41

In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the following key observable inputs used in the fair value measurement:

For equity instruments (unquoted), the Group adjusted the discount for lack of marketability by increasing and decreasing the assumptions by 5% depending on the individual characteristics of the instrument.

APPENDIX E: UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR 9M2019 (AND THE REPORTS FROM THE AUDITOR AND THE IFA IN RESPECT OF THE 9M2019 RESULTS)

WBL Corporation Limited and its subsidiaries

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS *(continued)*

For the nine months ended 30 September 2019

13. FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*

(C) Level 3 fair value measurement *(continued)*

(ii) Movement in Level 3 instruments:

	GROUP
	9 months ended
	30 September
	2019
	(unaudited)
	\$' 000
Recurring fair value measurement	
<u>Financial assets at FVOCI (unquoted equity)</u>	
Opening balance	1,307
Fair value losses recognised in other comprehensive income	(485)
Closing balance	<u>822</u>

There has been no transfer from Level 1 and Level 2 to Level 3 during the financial period ended 30 September 2019.

(iii) 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 to perform the valuation. The management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 fair value measurement guidance.

For valuations performed by external valuation experts, the management reviews the appropriateness of the valuation methodologies and assumptions adopted. The management also evaluates 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 unobservable 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 period to period are evaluated by the management 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 assets and liabilities by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Management has determined that the carrying amounts of cash and short-term deposits, trade and other receivables, trade and other payables, floating rate borrowings and amounts receivable from/payable to subsidiaries, associates and joint ventures, based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or that they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

APPENDIX E: UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR 9M2019 (AND THE REPORTS FROM THE AUDITOR AND THE IFA IN RESPECT OF THE 9M2019 RESULTS)

WBL Corporation Limited and its subsidiaries

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS *(continued)*

For the nine months ended 30 September 2019

14. CONTINGENT LIABILITIES

As at 30 September 2019, there was no material contingent liabilities.

15. SUBSEQUENT EVENTS

On 16 November 2019, DBS Bank Ltd ("DBS"), for and on behalf of Yanlord Investment (Singapore) Pte. Ltd. ("YIS"), announced a mandatory unconditional cash offer to acquire all the issued and paid-up ordinary stock units in the capital of the Company, other than those already owned, controlled or agreed to be acquired by YIS and parties acting in concert with it, at S\$2.5947 in cash per ordinary stock unit (the "Offer"). DBS despatched the offer document dated 2 December 2019 to the shareholders of the Company in connection with the Offer. The Offer will close at 5.30 p.m. on 30 December 2019.

APPENDIX E: UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR 9M2019 (AND THE REPORTS FROM THE AUDITOR AND THE IFA IN RESPECT OF THE 9M2019 RESULTS)



SAC Capital Private Limited

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Business Registration No.: 200401542N

16 December 2019

The Board of Directors
WBL Corporation Limited
12 Ang Mo Kio Street 64
#01-01 UE BizHub CENTRAL
Singapore 569088

Dear Sirs

MANDATORY UNCONDITIONAL CASH OFFER BY DBS BANK LTD., FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES (AS DEFINED BELOW)

On 25 October 2019 (the "**UEL Offer Announcement Date**"), DBS Bank Ltd. ("**DBS**") announced, for and on behalf of Yanlord Investment (Singapore) Pte. Ltd. (formerly known as Yanlord Perennial Investment (Singapore) Pte. Ltd.) (the "**Offeror**"), that the Offeror would make:

- (i) a mandatory conditional cash offer for all the issued and paid-up ordinary stock units in the capital of United Engineers Limited ("**UEL**") other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror in accordance with Rule 14 of the Singapore Code on Take-over and Mergers (the "**Code**") (the "**UEL Ordinary Share Offer**"); and
- (ii) a comparable offer for all the issued and paid-up preference shares in the capital of UEL other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror in accordance with Rule 18 of the Code.

Further to the UEL Offer Announcement, on 16 November 2019, DBS announced (the "**Offer Announcement**"), for and on behalf of the Offeror, that, *inter alia*:

- (a) the UEL Ordinary Share Offer had become unconditional as to acceptances and has been declared unconditional in all respects on 15 November 2019; and
- (b) the Offeror is required, pursuant to the chain principle in Note 7 on Rule 14.1 of the Code, to make a mandatory unconditional cash offer (the "**Offer**") for all the issued and paid-up ordinary stock units in the capital of the Company (the "**Shares**"), other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror as at the date of the Offer (the "**Offer Shares**").

We have examined the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the 9 months ended 30 September 2019 (the "**9M2019 Results**") and have discussed the same with the management of the Company who are responsible for its preparation. We have also considered the independent auditors' review report dated 4 December 2019 prepared by Ernst & Young LLP, the auditors of the Company, to the board of directors of the Company (the "**Directors**") on the 9M2019 Results.

We have relied on the accuracy and completeness of all financial and other information provided to us by the Company and have assumed such accuracy and completeness for the purposes of providing this report. Save as provided in this report, we do not express any other opinion on the 9M2019 Results.

Based on the above, we are of the opinion that the 9M2019 Results (for which the Directors of the Company are solely responsible) have been prepared and made after due and careful enquiry.

**APPENDIX E: UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS OF THE GROUP FOR 9M2019 (AND THE REPORTS FROM THE
AUDITOR AND THE IFA IN RESPECT OF THE 9M2019 RESULTS)**

We have provided this report solely to the Directors of the Company in compliance with Rule 25 of the Code and for no other purposes. We do not accept responsibility to any other person(s), other than the Directors of the Company, in respect of, arising out of, or in connection with this report.

Yours faithfully
For and on behalf of
SAC CAPITAL PRIVATE LIMITED



Ong Hwee Li
CEO

APPENDIX F: VALUATION REPORT EXTRACTS

Extracts of the Valuation Report from Orient Appraisal Co., Ltd dated 4 December 2019 in relation to the Appraised Properties and Shanghai Olympic Properties, and English translations of such extracts, are set out below:



東洲諮詢集團
Orient Consulting Group

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Tel:86-21-52402166 Fax:86-21-62252086

维信有限公司

拟了解沈阳夏宫房地产开发有限公司、成都华新国际实业有限公司、上海奥林匹克置业投资有限公司存货价值咨询报告

东洲咨报字【2019】第 1579 号

(摘要)

上海东洲资产评估有限公司接受委托，根据中国政府相关法律规定，坚持独立、客观和公正的原则，采用合适的咨询方法，对经济行为所对应的咨询对象进行了分析、估算。咨询情况摘要如下：

委托人：维信有限公司

被咨询单位：沈阳夏宫房地产开发有限公司、成都华新国际实业有限公司、上海奥林匹克置业投资有限公司

咨询目的：拟股权转让所涉及的了解存货价值

咨询对象和咨询范围：本次咨询对象为沈阳夏宫房地产开发有限公司、成都华新国际实业有限公司、上海奥林匹克置业投资有限公司的存货，咨询范围包括存货一开发产品、开发成本。

价值类型：市场价值。

咨询基准日：2019年09月30日

咨询方法：市场法、假设开发法。

咨询结论：在报告假设前提成立的条件下，沈阳夏宫房地产开发有限公司存货价值为人民币2,138,722,331.00元，大写：人民币贰拾壹亿叁仟捌佰柒拾贰万贰仟叁佰叁拾壹元。成都华新国际实业有限公司存货价值为人民币728,180,400.00元，大写：人民币柒亿贰仟捌佰壹拾捌万零肆佰元。上海奥林匹克置业投资有限公司存货价值为人民币992,070,177.90元，大写：人民币玖亿玖仟贰佰零柒万零壹佰柒拾柒元玖角。

咨询结论使用有效期：为咨询基准日起壹年，即有效期截止 2020 年 09 月 29 日。

本报告仅限于约定的咨询目的和报告使用者使用，详见报告书正文记载的内容。

APPENDIX F: VALUATION REPORT EXTRACTS



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特别事项：1、截至咨询基准日，沈阳夏宫房地产开发有限公司位于沈阳市沈河区青年大街 209-1 号等均已抵押给大华银行（中国）有限公司沈阳分行，抵押面积为 133,009.68 平方米的房屋及其所占有的土地，抵押期限至 2023 年 12 月 31 日止，被担保债权数额为柒亿陆仟万元。

2、截至咨询基准日，沈阳夏宫房地产开发有限公司 4-8 号住宅楼的地上工程尚未取得建设工程规划许可证。

3、沈阳夏宫房地产开发有限公司委估未开发地块评估是根据产权持有单位提供的最新扩初方案，本次咨询按照该方案作为咨询依据，若最终审批结果发生变化将会影响本次估值结论，提请报告使用者特别注意。

4、截至咨询基准日，根据上海奥林匹克置业投资有限公司提供的资料，开发项目预计含税总成本为 96,558.26 万元，若今后开发项目实际总成本与企业提供的开发总成本概算不同，本次咨询价值应作相应调整。

5、由于上海奥林匹克花园三期 3.2 标项目待开发土地目前尚未取得《建筑工程规划许可证》，本次根据企业提供的规划设计文件记载的项目总建筑面积、地上总建筑面积、计容建筑面积以及可出售车位数量作为假设开发法的估值基础，若今后开发项目实际开发建筑面积与本次假设的依据不同，本次咨询价值应作相应调整。

6、上海奥林匹克置业投资有限公司委估开发项目中 8#系回迁楼，根据企业提供的相关规划设计文件记载，该回迁楼总建筑面积为 5,999.66m²，而根据企业另行提供的已签约回迁楼补偿协议明细表，回迁楼合计面积为 6,020.00m²，考虑到本次对于回迁楼含税销售收入，系根据已签约的合计金额 270,900,000.00 元来确定，因此本次不考虑相关规划设计文件记载的回迁楼建筑面积与回迁楼补偿协议明细表记载的合计面积有所差异，而对于咨询价值的影响。

7、由于本次咨询目的是因股权转让了解存货的价值，对于存货需考虑相关税费对股权价值的影响，该等税费包括：契税、土地增值税、所得税等，提请报告使用者注意。

以上特别事项可能对本次估值结论产生影响，提请报告使用人在实施本次经济行为时予以充分关注；此外，报告使用人还应关注报告正文中所载明的咨询假设、限制条件以及期后重大事项对本次估值结论的影响，并恰当使用本次咨询报告。

APPENDIX F: VALUATION REPORT EXTRACTS



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除法律、法规以及另有规定外，未征得本评估机构和签字资产评估师书面同意，
本摘要内容不得被摘抄、引用或披露于公开媒体。

上海东洲资产评估有限公司

2019年12月4日





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**Consultation Report for WBL Corporation Limited Intending to Know the
Inventory Value of Shenyang Summer Palace Property Development Co., Ltd.,
Chengdu Huaxin International Realty Co., Ltd. and Shanghai Olympic Garden
Property Development Co., Ltd.**

ORIENT APPRAISAL Consultation Report 【2019】 No.1579

(Abstract)

ORIENT APPRAISAL CO., LTD is entrusted to analyze and estimate the corresponding consultation objects for economic activities by adopting the right approaches in accordance with the principles of independence, objectivity and impartiality and the relevant laws of the Chinese government. A summary of the consultation is as follows:

Client: WBL CORPORATION LIMITED

Consultation Units: Shenyang Summer Palace Property Development Co., Ltd., Chengdu Huaxin International Realty Co Ltd, Shanghai Olympic Garden Property Development Co., Ltd

Consultation Purposes: knowing the value of inventory involved in the proposed equity transfer

Consultation Objects and Scope: The objects are the inventories of Shenyang Summer Palace Property Development Co., Ltd., Chengdu Huaxin International Realty Co Ltd, Shanghai Olympic Garden Property Development Co., Ltd. The scope includes inventory --- development properties and development costs.

Value Type: Market Value

Benchmark Date: September 30, 2019

Approaches: Market Method, Assumption Development Method

Conclusion: Subject to the assumption of the report, Shenyang Summer Palace Property Development Co., Ltd. has an inventory value of RMB2,138,722,331.00, i.e. two billion and one hundred and thirty eight million and seven hundred and twenty two thousand and three hundred and thirty one Yuan, Chengdu Huaxin International Realty Co., Ltd, an inventory value of RMB728,180,400.00, i.e. seven hundred and twenty eight million and one hundred and eighty thousand and four hundred Yuan, Shanghai Olympic Garden Property Development Co., Ltd, an inventory value of RMB992,070,177.90, i.e. nine hundred and ninety two million and seventy thousand and one hundred and seventy seven and zero point nine Yuan.

The validity period of the consultation conclusion is one year starting from the benchmark date, i.e. the validity period is until 29th September 2020.

The present report is limited to the agreed consultation purposes and users of the report, as

APPENDIX F: VALUATION REPORT EXTRACTS



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detailed in the body of the report.

Special items:

1. As of the benchmark date, Shenyang Summer Palace Property Co., Ltd., located on the Qingnian Street 209-1 etc. of Shenhe District in Shenyang, has been mortgaged to Shenyang branch of UOB (China) Co., Ltd. with a term until December 31, 2023. The amount of the secured claim is seven hundred and sixty million Yuan.
2. As of the consultation benchmark date, the on-the-ground work of No.4-8 residential building of Shenyang Summer Palace Property Development Co., Ltd. has not yet obtained a *Construction Planning Permit*.
3. Shenyang Summer Palace Property Development Co., Ltd. estimates the assessment of undeveloped plots based on the latest expansion program. Any change in the final approval result will affect the conclusion of this valuation consultation and shall be drawn special attention of the report users.
4. As of the benchmark date, the total estimated cost of development project is RMB 965,582,600 including the tax, according to the materials provided by Shanghai Olympic Garden Property Development Co., Ltd. Suppose that the actual total cost in the future development project is different from the total estimated cost provided by the enterprise, the consultation value shall be adjusted accordingly.
5. As the land to be developed in phase 3.2 project of Shanghai Olympic Garden has not yet obtained the *Construction Planning Permit*, the total construction area, the total construction area on the ground, the capacity construction area as well as the number of available parking spaces of this project, in accordance with other relevant planning and design documents provided by the enterprise, is regarded as the valuation basis of the assumption development method. Supposing that in the future development project, actual development building area is different from the basis of this assumption, the consultation value shall be adjusted accordingly.
6. Shanghai Olympic Garden Property Development Co., Ltd estimates that the total construction area of the series of 8# relocation buildings in this project is 5,999.66 m² according to the relevant planning and design documents provided by the enterprise. Nevertheless, according to the contracted compensation agreement list for relocation building provided by enterprise separately, the total area of the relocation buildings shall be 6,020.00 m². Taking the fact into account that the total tax-including sale revenue for the relocation building is determined according to the contracted total amount of RMB 270, 900,000. Therefore, the effect caused by the discrepancy on the consultation value will not be taken into consideration.

APPENDIX F: VALUATION REPORT EXTRACTS



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7. As the purpose of this assessment is to provide a reference to the value of some assets due to the transfer of equity, after estimating the market value of real estate, the effect of the relevant taxes on equity value should be taken into consideration. Such taxes include deed tax, land value-added tax, income tax etc. and shall be drawn the attention of the reporting users.

Report users shall pay full attention in the implementation of economic activities that these special items may have an impact on the conclusions of this valuation. Moreover, the reporting users should also pay attention to the consultation assumptions, restrictions and the impact of significant post-period matters on the conclusions of this valuation contained in the body of the report, and make appropriate use of the consultation report.

Subject to laws, regulations and other provisions, the contents of this summary shall not be extracted, quoted or disclosed in the public media without the written consent of this assessment body and the signed asset appraiser.

ORIENT APPRAISAL CO., LTD
December 4, 2019