EXIT OFFER LETTER DATED 10 JUNE 2020

THIS EXIT OFFER LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

PLEASE READ IT CAREFULLY.

If you are in any doubt in relation to any aspect of this Exit Offer Letter or as to the course of action that you should take, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Lafe Corporation Limited held through CDP (as defined herein), you need not forward the Hardcopy Notification (as defined herein) and the accompanying FAA (as defined herein) to the purchaser or transferee, as arrangements will be made by CDP for a separate Hardcopy Notification and FAA to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of Lafe Corporation Limited represented by physical share certificate(s), you should immediately forward the Hardcopy Notification and the accompanying FAT (as defined herein) to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The views of the Independent Directors (as defined herein) and the IFA (as defined herein) on the Exit Offer (as defined herein) are set out in the Company's Letter to Shareholders (as defined herein) in **Appendix V** *(Company's Letter to Shareholders)* to this Exit Offer Letter. You may wish to consider their views before taking any decision on the Exit Offer. Please also refer to paragraph 11 *(Implications of Delisting for Shareholders)* of this Exit Offer Letter on the implications of holding on to shares in an unlisted public company.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Exit Offer Letter.

EXIT OFFER

in connection with

THE DIRECTED DELISTING OF LAFE CORPORATION LIMITED FROM THE OFFICIAL LIST OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

by

SANSUI ELECTRIC (CHINA) COMPANY LIMITED

(Incorporated in British Virgin Islands)
(Company Registration No.: 1837323)

to acquire all the issued and paid-up ordinary shares in the capital of

LAFE CORPORATION LIMITED

(Incorporated in Bermuda)
(Company Registration No.: 26304)

at an

EXIT OFFER PRICE OF S$0.60 IN CASH FOR EACH OFFER SHARE (AS DEFINED HEREIN)

THE EXIT OFFER WILL CLOSE AT 5.30 P.M. (SINGAPORE TIME) ON 8 JULY 2020. THE OFFEROR WILL NOT EXTEND THE EXIT OFFER BEYOND 5.30 P.M. (SINGAPORE TIME) ON 8 JULY 2020. THE OFFEROR WILL NOT BE INCREASING THE EXIT OFFER PRICE.

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In this Exit Offer Letter, the following definitions shall apply throughout unless the context otherwise requires:

"Acceptance Forms"	:	The FAA and the FAT collectively or any one of them, as the case may be
"Acquisition Notice"	:	Notice given by an offeror under Section 102(1) of the Bermuda Companies Act to any dissenting shareholder that the offeror wishes to acquire his shares
"Bermuda Companies Act"	:	The Companies Act of Bermuda 1981, as amended, supplemented or modified from time to time
"BMA"	:	Bermuda Monetary Authority
"Business Day"	:	A day (other than Saturday, Sunday or a public holiday) on which commercial banks are open for business in Singapore
"CDP"	:	The Central Depository (Pte) Limited
"Closing Date"	:	**5.30 p.m. (Singapore time) on 8 July 2020**, being the last day for the lodgement of acceptances of the Exit Offer
"Code"	:	The Singapore Code on Take-overs and Mergers, as amended, supplemented or modified from time to time
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as amended, supplemented or modified from time to time
"Company"	:	Lafe Corporation Limited
"Company Directors"	:	Directors of the Company as at the Latest Practicable Date
"Company Securities"	:	(a) Shares; (b) securities which carry voting rights in the Company; and (c) convertible securities, warrants, options (including any options granted under any employee share scheme of the Company) or derivatives in respect of Shares or securities which carry voting rights in the Company
"Company's Letter to Shareholders"	:	The letter dated 10 June 2020 from the Company to the Shareholders in relation to the Exit Offer as set out in **Appendix V** to this Exit Offer Letter
"Concert Parties"	:	Parties acting or presumed to be acting in concert with the Offeror in connection with the Exit Offer
"Court"	:	The Supreme Court of Bermuda
"Date of Receipt"	:	The date of receipt of the relevant Acceptance Form by CDP or the Share Transfer Agent (as the case may be) on behalf of the Offeror (provided always that the Date of Receipt falls on or before the Closing Date)
"Delisting"	:	The delisting of the Company from the Official List of the SGX-ST

"Delisting Documents"	:	This Exit Offer Letter, the Acceptance Forms and any other formal documentation relating to the Exit Offer
"Delisting Notification"	:	The notification of delisting dated 4 June 2019 from the SGX-ST to the Company
"Delisting Proposal"	:	The formal proposal presented by the Offeror to the Company Directors to make the Exit Offer to Shareholders pursuant to Rules 1306 and 1309 of the Listing Manual in connection with the directed Delisting of the Company
"Distributions"	:	Any dividends, rights, other distributions and return of capital which may be announced, declared, paid or made by the Company in respect of Shares
"Electronic Despatch Date"	:	10 June 2020, being the date of despatch of this Exit Offer Letter electronically to Shareholders through its publication on the website of the SGX-ST at https://www.sgx.com and on the website of the Company at www.lafecorporation.com
"Electronic Acceptance"	:	The SGX-SFG service provided by CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents
"Encumbrances"	:	Any claims, charges, liens, mortgages, encumbrances, hypothecations, retention of title, power of sale, equity, options, rights of pre-emption, rights of first refusal or other third party rights or interests of any nature whatsoever
"Exit Offer"	:	The conditional cash exit offer by the Offeror, to acquire the Offer Shares, on the terms and subject to the conditions set out in this Exit Offer Letter, the FAA and the FAT
"Exit Offer Letter"	:	This letter dated 10 June 2020 and any other document(s) which may be issued by the Offeror to amend, revise, supplement or update this letter from time to time
"Exit Offer Price"	:	S$0.60 in cash for each Offer Share
"FAA"	:	Form of Acceptance and Authorisation for Offer Shares, which forms part of this Exit Offer Letter and which is issued to Shareholders whose Offer Shares are deposited with CDP
"FAT"	:	Form of Acceptance and Transfer for Offer Shares, which forms part of this Exit Offer Letter and which is issued to Shareholders whose Offer Shares are not deposited with CDP
"Group"	:	The Company and its subsidiaries
"Hardcopy Notification"	:	The hardcopy notification containing instructions on how to access the electronic copy of the Exit Offer Letter on the website of the SGX-ST at https://www.sgx.com and on the website of the Company at www.lafecorporation.com
"IFA"	:	ZICO Capital Pte. Ltd., the independent financial adviser to the Independent Directors for the purposes of the Exit Offer

"Independent Directors"	:	The Company Directors who are considered independent for the purposes of providing a recommendation on the Exit Offer to the Shareholders, namely Mr. Will, Eduard William Rudolf Helmuth, Mr. Kenny Suen Wai Cheung, Mr. Paul Law Kwok Fai, Mr. Ricky Sim Eng Huat, Mr. Kin Yuen and Mr. Paul Francis Gregory Binney
"Irrevocable Undertaking"	:	The irrevocable undertaking given by SCRL to the Offeror, as further detailed in paragraph 9.1 *(Irrevocable Undertaking)* of this Exit Offer Letter
"Joint Announcement"	:	The announcement made in connection with the Exit Offer released jointly by the Company and the Offeror on the Joint Announcement Date
"Joint Announcement Date"	:	27 May 2020, being the date of the Joint Announcement
"Last Trading Day"	:	3 July 2019, being the last Market Day on which the Shares were traded prior to the Joint Announcement Date
"Latest Practicable Date"	:	3 June 2020, being the latest practicable date prior to the printing of the Hardcopy Notification
"Listing Manual"	:	The listing manual of the SGX-ST
"Market Day"	:	A day on which the SGX-ST is open for trading of securities
"Minimum Acceptance Condition"	:	The condition that the Offeror receives, by the close of the Exit Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and the parties acting in concert with it, will result in the Offeror and the parties acting in concert with it holding such number of Shares carrying at least 50% of the voting rights attributable to the issued Shares (excluding any Shares held in treasury) as at the close of the Exit Offer
"Offer Period"	:	The period commencing from the Joint Announcement Date until the date the Exit Offer is declared to have closed or lapsed
"Offer Shares"	:	All the issued Shares to which the Exit Offer relates, being all the Shares other than those Shares already owned, controlled or agreed to be acquired by the Offeror as at the date of the Exit Offer
"Offeror"	:	Sansui Electric (China) Company Limited
"Overseas Shareholder"	:	A Shareholder whose address is outside Singapore as shown in the Register or in the Depository Register (as the case may be)
"Phillip Securities"	:	Phillip Securities Pte Ltd, being the financial adviser to the Offeror in connection with the Exit Offer
"Promissory Note"	:	The interest-free promissory notes with an aggregate principal amount of S$11,558,737 issued by the Offeror to SCRL in satisfaction of payment for the Undertaking Shares

"Record Date"	:	In relation to any Distributions, the date on which Shareholders must be registered with the Company or with the CDP (as the case may be) in order to participate in such Distributions
"Reference Period"	:	The period commencing three (3) months immediately prior to the Joint Announcement Date and ending on the Latest Practicable Date
"Register"	:	The register of holders of the Shares, as maintained by the Share Transfer Agent
"Relevant Day"	:	Shall have the meaning ascribed to it in paragraph 3.1 of **Appendix I** to this Exit Offer Letter
"Relevant Persons"	:	The Offeror and the parties acting in concert with the Offeror
"Restricted Jurisdiction"	:	Any jurisdiction where the making of or the acceptance of the Exit Offer would violate the applicable law of that jurisdiction
"SCRL"	:	Sino Capital Resources Limited
"Securities Account"	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
"Settled Shares"	:	Shall have the meaning ascribed to it in paragraph 1.1 of **Appendix II** to this Exit Offer Letter
"SFA"	:	Securities and Futures Act, Chapter 289 of Singapore, as amended, modified and supplemented from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Share Transfer Agent"	:	M & C Services Private Limited, in its capacity as the Singapore share transfer agent of the Company
"Shareholders"	:	Holders of Shares, including persons whose Shares are deposited with CDP or who have purchased Shares on the SGX-ST
"Shares"	:	Ordinary shares in the capital of the Company
"SIC"	:	Securities Industry Council of Singapore
"Specified Persons"	:	the Offeror, CDP, M & C Services Private Limited, the Company and the SGX-ST collectively or any one of them, as the case may be
"SRS"	:	The Supplementary Retirement Scheme
"SRS Agent Banks"	:	Agent banks included under the SRS
"SRS Investors"	:	Investors who have purchased Shares pursuant to the SRS
"Suspension Day"	:	4 July 2019, being the date on which trading of the Shares on the SGX-ST had been suspended
"Undertaking Shares"	:	The 19,264,561 Shares held by SCRL, representing approximately 76.04% of the total number of issued Shares

"Unsettled Buy Position"	:	Shall have the meaning ascribed to it in paragraph 1.1 of **Appendix II** to this Exit Offer Letter
"Watch-List"	:	The watch-list of the SGX-ST
"$" or "S$" and "cents"	:	Singapore dollars and cents, respectively

Acting in concert. The term "**acting in concert**" shall have the meaning ascribed to it in the Code.

Announcements and Notices. References to the making of an announcement or the giving of notice by the Offeror shall include the release of an announcement by the Offeror, 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 simultaneously to the SGX-ST.

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

Derivatives. All references to "**derivative**" include any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security or securities.

Exit Offer Letter. References to "**Exit Offer Letter**" shall include the Acceptance Forms, unless the context otherwise requires.

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

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

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

Shareholders. References to "**you**", "**your**" and "**yours**" in this Exit Offer Letter are, as the context so determines, to Shareholders.

Statutes. Any reference in this Exit Offer Letter to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Bermuda Companies Act, the Companies Act, the Code, the Listing Manual or the SFA or any modification thereof and used in this Exit Offer Letter shall, where applicable, have the meaning assigned to it under the Bermuda Companies Act, the Companies Act, the Code, the Listing Manual or the SFA or any modification thereof, as the case may be, unless the context otherwise requires.

Time and Date. Any reference to a time of the day and date in this Exit Offer Letter shall be a reference to Singapore time and date, respectively, unless otherwise stated.

Total number of issued Shares. Unless otherwise stated, references in this Exit Offer Letter to the total number of issued Shares are based on 25,333,333 Shares in issue as at the Latest Practicable Date, unless otherwise stated.

SANSUI ELECTRIC (CHINA) COMPANY LIMITED

(Incorporated in British Virgin Islands)
(Company Registration No.: 1837323)

10 June 2020

To: The Shareholders of Lafe Corporation Limited

Dear Sir/Madam

DIRECTED DELISTING OF LAFE CORPORATION LIMITED PURSUANT TO RULE 1315 OF THE LISTING MANUAL AND EXIT OFFER BY SANSUI ELECTRIC (CHINA) COMPANY LIMITED PURSUANT TO RULES 1306 AND 1309 OF THE LISTING MANUAL – EXIT OFFER LETTER

1. INTRODUCTION

1.1 Watch-List Status and Delisting Notification

On 3 June 2016, Lafe Corporation Limited ("**Company**") was placed on the financial Watch-List by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") pursuant to Rule 1311 of the Listing Manual of the SGX-ST ("**Listing Manual**"). The Company would have to meet the requirements of Rule 1314 of the Listing Manual within 36 months from 3 June 2016, i.e. by 3 June 2019, failing which the SGX-ST may either delist the Company or suspend trading of the issued and paid-up ordinary shares in the capital of the Company ("**Shares**") with a view to delisting the Company. As announced by the Company on 5 June 2019, the Company received a notification of delisting dated 4 June 2019 from the SGX-ST ("**Delisting Notification**"), informing the Company that the SGX-ST will delist the Company from the Official List of the SGX-ST pursuant to Rule 1315 of the Listing Manual as the Company has not met the requirements under Rule 1314 of the Listing Manual for its removal from the Watch-List.

In the Delisting Notification, the SGX-ST also directed, *inter alia*, that:

(a) pursuant to Rule 1306 of the Listing Manual, the Company or its controlling shareholder(s) must comply with Rule 1309 of the Listing Manual which requires the Company or its controlling shareholder(s) to provide a reasonable exit offer to the shareholders of the Company ("**Shareholders**"); and

(b) trading in the Company's securities will continue until 5.16 p.m. on 3 July 2019 and the trading will remain suspended from 9.00 a.m. on 4 July 2019 until completion of the exit offer.

Trading in the Company's securities has been suspended from 9:00 a.m. on 4 July 2019, and will remain suspended until completion of an exit offer.

1.2 Joint Announcement

On 27 May 2020 ("**Joint Announcement Date**"), the Company and Sansui Electric (China) Company Limited ("**Offeror**") jointly announced that the Offeror had presented to the directors of the Company ("**Company Directors**") a formal proposal to make an exit offer to Shareholders pursuant to Rules 1306 and 1309 of the Listing Manual ("**Delisting Proposal**") in connection with the directed delisting of the Company ("**Delisting**") by the SGX-ST in accordance with Rule 1315 of the Listing Manual and the Delisting Notification ("**Joint Announcement**").

Under the Delisting Proposal, the Offeror will make a conditional exit cash offer ("**Exit Offer**") for all the Shares other than those Shares already owned, controlled or agreed to be acquired by the Offeror as at the date of the Exit Offer ("**Offer Shares**") in accordance with the Singapore Code on Take-overs and Mergers ("**Code**").

1.3 Exit Offer Letter

This Exit Offer Letter contains the terms of the Exit Offer made by the Offeror to acquire all the Offer Shares.

Shareholders should note that no extraordinary general meeting of the Shareholders will be convened for the purpose of the Delisting and Shareholders' approval is not required for the Delisting.

Pursuant to the Securities Industry Council's ("**SIC**") Public Statement on Despatch of Take-Over Documents under the Code issued on 6 May 2020, the Offeror and the Company have opted to electronically despatch this Exit Offer Letter. An electronic copy of the Exit Offer Letter is published on the website of the SGX-ST at https://www.sgx.com and on the website of the Company at www.lafecorporation.com.

In connection with the electronic despatch of the Exit Offer Letter, Shareholders should receive a hardcopy notification containing instructions on how to access the electronic copy of the Exit Offer Letter ("**Hardcopy Notification**"), together with the hardcopy Form of Acceptance and Authorisation for Offer Shares ("**FAA**") and/or hardcopy Form of Acceptance and Transfer for Offer Shares ("**FAT**"), as the case may be (collectively, "**Acceptance Forms**").

Shareholders who wish to receive a hardcopy of the Exit Offer Letter should contact the Company's Share Transfer Agent, M & C Services Private Limited, at the address 112 Robinson Road #05-01 Singapore 068902 or the telephone number +65 6227 6660, which will arrange to forward a hardcopy of the Exit Offer Letter to such Shareholders by ordinary post and at such Shareholders' risk to such address in Singapore as shown on the Register of the Company or, as the case may be, in the records of CDP.

The Exit Offer Letter and the Acceptance Forms shall not be construed as, may not be used for the purpose of, and do not constitute, a notice or proposal or advertisement or an offer or invitation or solicitation in any jurisdiction or in any circumstances in which such notice or proposal or advertisement or an offer or invitation or solicitation is unlawful or unauthorised, or to any person to whom it is unlawful to make such a notice or proposal or advertisement or an offer or invitation or solicitation.

1.4 Company's Letter to Shareholders

The letter issued by the Company to the Shareholders in relation to the Exit Offer ("**Company's Letter to Shareholders**") which forms part of this Exit Offer Letter is set out in **Appendix V** to this Exit Offer Letter.

1.5 Cautionary Statement

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Exit Offer Letter. If you are in any doubt about the Delisting, the Exit Offer or matters contained in this Exit Offer Letter or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser immediately.

Please read this Exit Offer Letter and the Acceptance Forms, including the Company's Letter to Shareholders (which sets out, *inter alia*, (i) the advice of ZICO Capital Pte. Ltd., the independent financial adviser ("**IFA**") to the Independent Directors for the purposes of providing a recommendation on the Exit Offer to the Shareholders, in compliance with Rule 1309 of the Listing Manual in force at the time of the Delisting Notification and Rule 24.1 of the Code, and (ii) the recommendation of the Independent Directors to the Shareholders in relation to the Exit Offer) as set out in **Appendix V** to this Exit Offer Letter, carefully and in their respective entirety.

2. LISTING MANUAL PROVISIONS PERTAINING TO THE DELISTING

Under Rule 1306 of the Listing Manual, if the SGX-ST exercises its power to remove an issuer from the Official List of the SGX-ST, the issuer or its controlling shareholder(s) must comply with the requirements of Rule 1309 of the Listing Manual. As mentioned in paragraph 1.1 above, on 4 June 2019, the Company received the Delisting Notification from the SGX-ST directing the delisting of the Company from the Official List of the SGX-ST pursuant to Rule 1315 of the Listing Manual.

While Rule 1309 of the Listing Manual was amended following the receipt by the Company of the Delisting Notification to require an exit offer to be fair and reasonable, the SGX-ST has confirmed that the Company will be subject to Rule 1309 of the Listing Manual which was in force at the time of the Delisting Notification instead of Rule 1309 of the Listing Manual currently in force. Under Rule 1309 of the Listing Manual which was in force at the time of the Delisting Notification, if an issuer is seeking to delist from the Official List of the SGX-ST:

(a) a reasonable exit alternative, which should normally be in cash, should be offered to the Shareholders and holders of any other classes of listed securities to be delisted; and

(b) the issuer should normally appoint an independent financial adviser to advise on the Exit Offer.

3. TERMS OF THE EXIT OFFER

The Offeror hereby makes the offer to acquire all the Offer Shares on the terms and subject to the conditions set out in this Exit Offer Letter (including the Acceptance Forms), and on the following basis:

3.1 Consideration

Under the terms of the Exit Offer, the Offeror will make the Exit Offer at the exit offer price of **S$0.60 in cash** for each Offer Share ("**Exit Offer Price**").

The Exit Offer is extended to all Offer Shares and the Exit Offer Price is applicable to all Offer Shares tendered in acceptance of the Exit Offer. Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of Offer Shares.

The Offeror does not intend to revise or increase the Exit Offer Price. Accordingly, the Exit Offer Price will not be revised or increased under any circumstances save as hereinafter provided.

The Offer Shares are to be acquired:

(a) fully-paid;

(b) free from all claims, charges, liens, mortgages, encumbrances, hypothecations, retention of title, power of sale, equity, options, rights of pre-emption, rights of first refusal or other third party rights or interests of any nature whatsoever (each, an "**Encumbrance**"), and

(c) together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date, and hereafter attaching thereto, including the right to receive and retain all dividends, rights, other distributions and return of capital (collectively, "**Distributions**") (if any), which may be announced, declared, paid or made by the Company, the Record Date for which falls on or after the Joint Announcement Date. For the purpose of this Exit Offer Letter, "**Record Date**" means, in relation to any Distributions, the date on which Shareholders must be registered with the Company or with The Central Depository (Pte) Limited ("**CDP**"), as the case may be, in order to participate in such Distributions.

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

3.2 Minimum Acceptance Condition

The Exit Offer will be conditional upon the Offeror having received, by the close of the Exit Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and the parties acting in concert with it, will result in the Offeror and the parties acting in concert with it holding such number of Shares carrying at least 50% of the voting rights attributable to the issued Shares (excluding any Shares held in treasury) as at the close of the Exit Offer ("**Minimum Acceptance Condition**"). The Minimum Acceptance Condition is expected to be met when Sino Capital Resources Limited ("**SCRL**") accepts the Exit Offer in accordance with the Irrevocable Undertaking.

Save for the Minimum Acceptance Condition, the Exit Offer is unconditional in all other respects.

3.3 Warranty

Acceptance of the Exit Offer by a Shareholder will be deemed to constitute an unconditional and irrevocable warranty by that Shareholder that each Offer Share in respect of which the Exit Offer is accepted is sold by him as, or on behalf of, the beneficial owner(s) thereof, fully paid and free from all Encumbrances, and together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights and other distributions, if any, declared, paid or made by the Company on or after the Joint Announcement Date).

3.4 Further Details of the Exit Offer

Appendix I to this Exit Offer Letter sets out further details on (a) the duration of the Exit Offer, (b) the settlement of the consideration for the Exit Offer, (c) the requirements relating to the announcement(s) of the level of acceptances of the Exit Offer and (d) the right of withdrawal of acceptances of the Exit Offer.

3.5 Procedures for Acceptance

Appendix II to this Exit Offer Letter sets out the procedures for the acceptance of the Exit Offer.

4. FINANCIAL ASPECTS OF THE EXIT OFFER

4.1 Closing Prices

Pursuant to the Delisting Notification, the trading of the Shares on the SGX-ST has been suspended from 9.00 a.m. on 4 July 2019 ("**Suspension Day**").

For reference, the last closing prices of the Shares on the SGX-ST (reported by Bloomberg L.P.) on (a) on a monthly basis commencing from January 2019, being six (6) calendar months prior to the Suspension Day; (b) 3 July 2019, being the date on which the Shares were last traded on the SGX-ST ("**Last Trading Day**"); and (c) the Latest Practicable Date are set out below:

Date	Last Closing Price (S$)
January 2019	0.415
February 2019	0.415
March 2019	0.300
April 2019	0.220
May 2019	0.230
June 2019	0.480
3 July 2019, being the Last Trading Day	0.650
3 June 2020, being the Latest Practicable Date	–[(1)]

Note:

(1) Trading of the Shares on the SGX-ST has been suspended from 9.00 a.m. on 4 July 2019.

4.2 Highest and Lowest Prices

For reference, the highest and lowest closing price of the Shares on the SGX-ST (as reported by Bloomberg L.P.) during the period commencing six (6) months prior to the Suspension Day are as follows:

	Closing Price (S$)	Date(s) transacted
Highest closing price	0.650	3 July 2019
Lowest closing price	0.210	17 April 2019

5. REGULATORY APPROVALS

5.1 Rulings from the Securities Industry Council

An application was made to the SIC to seek clarification regarding the extent to which the provisions of the Code applied to the Exit Offer. The SIC has given rulings that:

(a) the issuance of the Promissory Note to SCRL as settlement of the Exit Offer does not constitute a special deal under Rule 10 of the Code;

(b) the confirmation to be given by the financial adviser that sufficient resources are available to the Offeror to satisfy full acceptance of the Exit Offer may exclude the amounts under the Promissory Note;

(c) Mr. Christopher Ho Wing-On is exempted from the requirement to make a recommendation to the Shareholders on the Exit Offer. He must, nonetheless, still assume responsibility for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by or on behalf of the Company in connection with the Exit Offer; and

(d) it has no objections to limiting the disclosure of holdings in the Joint Announcement, subject to the following:

(i) subsequent to the making of the Joint Announcement, the Offeror promptly making enquiries of all other parties acting or presumed to be acting in concert with the Offeror in connection with the Exit Offer on the number of Company Securities which they own, control or have agreed to acquire as at the Joint Announcement Date and their dealings (if any) in the three (3) months prior to the Joint Announcement Date and making the relevant disclosures in this Exit Offer Letter; and

(ii) if the aggregate number of Company Securities owned, controlled or agreed to be acquired by such other parties acting or presumed to be acting in concert with the Offeror referred to in paragraph 5.1(d)(i) of this Exit Offer Letter represents 0.5% or more of the total issued capital of the Company, the Offeror must promptly announce such holdings to the public.

5.2 Independent Directors

Mr. Will, Eduard William Rudolf Helmuth, Mr. Kenny Suen Wai Cheung, Mr. Paul Law Kwok Fai, Mr. Ricky Sim Eng Huat, Mr. Kin Yuen and Mr. Paul Francis Gregory Binney, being the other Company Directors (collectively, "**Independent Directors**"), will be considered independent for the purposes of providing a recommendation on the Exit Offer to the Shareholders.

6. INFORMATION ON THE OFFEROR AND THE PARTIES ACTING IN CONCERT WITH IT

The Offeror is a company incorporated in the British Virgin Islands on 15 August 2014. The Offeror has been inactive since its incorporation. The Offeror has an issued and paid-up share capital of US$100 comprising 100 shares with a par value of US$1.00 per share.

As at the Latest Practicable Date:

(a) Mr. Christopher Ho Wing-On is the sole shareholder and sole director of the Offeror; and

(b) the Offeror does not own or control any Shares.

As at the Latest Practicable Date, SCRL, a controlling shareholder of the Company, owns 19,264,561 Shares, representing approximately 76.04% of the total number of issued Shares. Mr. Christopher Ho Wing-On is deemed to have interests in the Shares owned by SCRL as he is the sole shareholder of SCRL.

Appendix III to this Exit Offer Letter sets out additional information on the Offeror and the parties acting in concert with it.

7. INFORMATION ON THE COMPANY

The Company is a company incorporated in Bermuda on 8 April 1999 and was listed on the Main Board of the SGX-ST on 7 April 2000. The Company is an investment holding company. The principal activities of the Company and its subsidiaries (the "**Group**") are in property agency, appraisal and consultancy services in Singapore, the Hong Kong Special Administrative Region of the People's Republic of China and the People's Republic of China. The Group also provides property management services, building consultancy services, property appraisal services on the internet, as well as security guard and close protection services.

As at the Latest Practicable Date, save as disclosed in this Exit Offer Letter and save for the information on the Group which is publicly available (including, but not limited to, the information disclosed in the announcements released by the Company on the SGX-ST, as at the Latest Practicable Date), there has not been, within the knowledge of the Offeror, any material change in the financial position or prospects in the Company since 31 December 2018, being the date of the last audited balance sheet of the Company laid before the Shareholders in general meeting.

8. THE OFFEROR'S INTENTIONS FOR THE COMPANY

Given the Company's loss-making position and requirement for SCRL to continue providing financial support to the Group as and when deemed necessary to meet its general working requirements, following the close of the Exit Offer, the Offeror intends to conduct a comprehensive review of the operations, management and financial position of the Company, including to evaluate various strategic options. This may include (a) the making of material changes to the existing business, (b) the redeployment of fixed assets and other assets of the Company, and (c) reviewing the employment of the employees of the Company and its subsidiaries having regard to the outcome of the comprehensive review and evaluation of strategic options. The Offeror retains the flexibility at any time to consider options or opportunities which may present themselves, and which it regards to be in the interests of the Offeror and/or the Company.

9. IRREVOCABLE UNDERTAKING

9.1 Irrevocable Undertaking

SCRL owns 19,264,561 Shares (the "**Undertaking Shares**"), representing approximately 76.04% of the total number of issued Shares.

SCRL has given an irrevocable undertaking to the Offeror (the "**Irrevocable Undertaking**") whereby SCRL has undertaken, *inter alia*, to:

(a) accept the Exit Offer in respect of all (and not some only) of the Undertaking Shares and all such other Shares which it may acquire between the Joint Announcement Date and the close of the Exit Offer and not withdraw such acceptance once it has been given;

(b) waive its rights under Rule 30 of the Code to receive payment for all of the Undertaking Shares to be tendered in acceptance of the Exit Offer in cash within the time period prescribed under Rule 30 of the Code;

(c) exercise all voting rights attached to the Undertaking Shares in such manner as to oppose the taking of any action which may preclude, delay, frustrate, restrict or otherwise prejudice the Exit Offer; and

(d) not transfer or otherwise dispose of any of the Undertaking Shares during the period commencing from the date of the Irrevocable Undertaking and ending on the closing date of the Exit Offer or the date on which the Irrevocable Undertaking is terminated or cease to be binding, whichever is the earlier.

9.2 Consideration

Further to the waiver of its rights to receive cash consideration within the stipulated timeframe under Rule 30 of the Code, SCRL has agreed that payment for the Undertaking Shares shall be satisfied in full by the issue by the Offeror of interest-free promissory notes with an aggregate principal amount of S$11,558,737 ("**Promissory Note**").

9.3 Termination of Irrevocable Undertaking

The Irrevocable Undertaking shall lapse if the Exit Offer lapses or is withdrawn or fails to become or be declared unconditional within six (6) months from the date of the Irrevocable Undertaking for any reason other than a breach of SCRL under the Irrevocable Undertaking.

10. COMPULSORY ACQUISITION

Under Section 102 of the Companies Act of Bermuda 1981 (the "**Bermuda Companies Act**"), an offeror who has, within four (4) months after the making of an offer under a scheme or contract:

(a) obtained acceptances from shareholders holding not less than 90% in value of the shares in a Bermuda company whose transfer is involved (other than shares already held at the date of the offer by the offeror, the offeror's subsidiaries, or nominees of the offeror or its subsidiaries); and

(b) where at the date of the offer shares in the Bermuda company whose transfer is involved are already held by the offeror, the offeror's subsidiaries, or nominees of the offeror or its subsidiaries to a value greater than 10% of the total issued shares of the Bermuda company, such accepting shareholders also represent not less than 75% in number of the holders of shares in the Bermuda company whose transfer is involved (other than shares already held at the date of the offer by the offeror, the offeror's subsidiaries, or nominees of the offeror or its subsidiaries), and further provided that the offeror must have made the offer on the same terms to all holders of the shares whose transfer is involved (other than those already held as aforesaid),

may, at any time within two (2) months beginning from the date on which such threshold is achieved, give notice under Section 102(1) of the Bermuda Companies Act to any dissenting shareholder that the offeror wishes to acquire his shares (the "**Acquisition Notice**"). When such Acquisition Notice is given, upon the expiry of one (1) month from the date on which the notice was given, the offeror will be entitled and bound to acquire those shares on the same terms as the offer, unless an application is made by the dissenting shareholder(s) to the Supreme Court of Bermuda (the "**Court**") within the aforesaid one (1) month and the Court thinks fit to order otherwise.

Section 102(2) of the Bermuda Companies Act provides that where, pursuant to such a scheme or contract, shares in a Bermuda company are transferred to an offeror or its nominee, and those shares together with any other shares in the Bermuda company held by, or by a nominee for, the offeror or its subsidiary comprise or include 90% in value of the shares in the Bermuda company, the offeror must within one (1) month from the date of the transfer give notice of that fact to the dissenting shareholder(s) and any such shareholder may within three (3) months from the giving of the notice to him give notice requiring the offeror to acquire its shares. Where a dissenting shareholder gives notice as aforesaid, the offeror will be entitled and bound to acquire the shares on the same terms as the offer, or on such other terms as may be agreed or as the Court (on the application of either the offeror or the dissenting shareholder) thinks fit to order.

Accordingly, if the Exit Offer is accepted by the holders of not less than 90% in value of the Offer Shares within 4 months of the making of the Exit Offer, the Offeror will be entitled to compulsorily acquire the Shares of the dissenting shareholders. Shares already owned by the Offeror or its subsidiaries or their nominees at the date of the Exit Offer do not count in calculating the 90% acceptances.

If entitled, the Offeror intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Exit Offer.

Shareholders who are in doubt of their position under the Bermuda Companies Act are advised to seek their own independent legal advice.

11. IMPLICATIONS OF DELISTING FOR SHAREHOLDERS

SHAREHOLDERS SHOULD NOTE THAT THE COMPANY SHALL BE MANDATORILY DELISTED FROM THE OFFICIAL LIST OF THE SGX-ST PURSUANT TO RULE 1315 OF THE LISTING MANUAL AND WILL BECOME AN UNLISTED COMPANY SUBSEQUENT TO THE CLOSE OF THE EXIT OFFER.

If (a) the Offeror is not entitled to compulsorily acquire, pursuant to Section 102 of the Bermuda Companies Act, all the Shares of the Shareholders who have not accepted the Exit Offer at the Exit Offer Price, and/or (b) such Shareholders are not entitled, or are entitled but do not exercise the right, pursuant to Section 102(2) of the Bermuda Companies Act, to require the Offeror to acquire their Shares at the Exit Offer Price, following the Delisting, Shareholders who do not accept the Exit Offer will continue to hold Shares in the Company, which will then be an unlisted public company.

Shares of unlisted or delisted public companies are generally valued at a discount to the shares of comparable listed companies due to their lack of marketability. Following the Delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares, as there is no arrangement for such Shareholders to exit. Even if such Shareholders are able to sell their Shares, they will likely receive a lower price as compared with the Exit Offer Price or the market prices of the shares of comparable listed companies. Where such transfer or sale of Shares involves a change in the beneficial ownership of those Shares, the Company will have to seek the prior written consent of the Bermuda Monetary Authority (the "**BMA**"). The prior written consent of the BMA will be required if, as a result of the transfer, a transferee would hold 10% or more of the Shares (or, in the case where a transferee previously held 10% or more of the Shares, 50% or more of the Shares).

Following the Delisting, the Company will no longer be obliged to comply with the listing requirements of the SGX-ST. Nonetheless, as a company incorporated in Bermuda, the Company will still need to comply with the Bermuda Companies Act and its Bye-laws and the interests of Shareholders who do not accept the Exit Offer will be protected to the extent provided for by the Bermuda Companies Act.

When the Company is delisted from the Official List of the SGX-ST, each Shareholder who holds Shares that are deposited with CDP and does not accept the Exit Offer will be entitled to one share certificate representing his unquoted Shares. The Company's Share Transfer Agent, M & C Services Private Limited, will arrange to forward the share certificates to such Shareholders by ordinary post and at the Shareholders' own risk, to their respective addresses as such addresses appear in the records of CDP for their physical safekeeping. If a Shareholder wishes to split his share certificate into other denominations, he will be required to pay for each share certificate so required, a fee of S$2.00 (excluding goods and services tax).

Shareholders who are in doubt about their position should seek independent legal advice.

12. CONFIRMATION OF FINANCIAL RESOURCES

Phillip Securities Pte Ltd ("**Phillip Securities**"), being the financial adviser to the Offeror in connection with the Exit Offer, has confirmed that the Offeror has sufficient financial resources to satisfy full acceptances of the Exit Offer by the holders of the Offer Shares at the Exit Offer Price (excluding the amounts under the Promissory Note).

13. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS

13.1 Shareholdings and Dealings in Company Securities

Appendix III to this Exit Offer Letter sets out (i) the number of Company Securities (as defined in paragraph 13.2 of this Exit Offer Letter) owned, controlled or agreed to be acquired by the Offeror and the parties acting in concert with the Offeror as at the Latest Practicable Date, and (ii) the dealings in the Company Securities during the three-month period immediately preceding the Joint Announcement Date and up to the Latest Practicable Date ("**Reference Period**") by:

(a) the Offeror;

(b) the sole director and shareholder of the Offeror;

(c) SCRL; and

(d) Phillip Securities (as financial adviser to the Offeror in connection with the Exit Offer).

13.2 No Other Holdings and Dealings

Save as disclosed in **Appendix III** to this Exit Offer Letter, as at the Latest Practicable Date and based on the latest information available to the Offeror, none of the Offeror and the parties acting in concert with the Offeror (collectively, "**Relevant Persons**"):

(a) owns, controls, or has agreed to acquire any (i) Shares, (ii) securities which carry voting rights in the Company, or (iii) convertible securities, warrants, options or derivatives in respect of the Shares or securities which carry voting rights in the Company (collectively, "**Company Securities**"); or

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

13.3 Other Arrangements

Save for the Irrevocable Undertaking from SCRL, as at the Latest Practicable Date, none of the Relevant Persons has:

(a) entered into any arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company which might be material to the Exit Offer;

(b) granted any security interest relating to any Company Securities to another person, whether through a charge, pledge or otherwise;

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

(d) lent any Company Securities to another person.

13.4 Irrevocable Undertakings

Save for the Irrevocable Undertaking from SCRL, neither the Offeror nor any of the Relevant Persons has received any irrevocable commitment or undertaking from any person to accept or reject the Exit Offer.

14. ACCEPTANCE AND PROCEDURES FOR ACCEPTANCE

Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of the Offer Shares.

If you hold Offer Shares that are deposited with CDP, you should receive a FAA together with the Hardcopy Notification. If you have not received the FAA, please contact CDP's Customer Service Hotline +65 6535 7511 during their operating hours or email CDP at asksgx@sgx.com for assistance.

If you hold Offer Shares that are represented by share certificate(s) and are not deposited with CDP, you should receive a FAT together with the Hardcopy Notification. If you have not received the FAT, you may obtain a copy of the FAT from the office of the Company's Share Transfer Agent, M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902, upon production of satisfactory evidence that you are a Shareholder, or you may contact M & C Services Private Limited at the telephone number +65 6227 6660 for assistance.

The Exit Offer may only be accepted by the relevant Shareholder to whom the Hardcopy Notification and relevant Acceptance Form are addressed.

If you wish to accept the Exit Offer, you should complete, sign and return the relevant Acceptance Form in accordance with the provisions and instructions on that Acceptance Form and in this Exit Offer Letter during the period commencing from the Electronic Despatch Date and ending at 5.30 p.m. (Singapore time) on the Closing Date.

If you hold share certificate(s) of the Offer Shares beneficially owned by you and wish to accept the Exit Offer in respect of such Offer Shares, you **SHOULD NOT** deposit the share certificate(s) with CDP during the period commencing on the date of this Exit Offer Letter and ending on the Closing Date (both dates inclusive) as the "Free Balance" of your securities account (not including a securities sub-account) maintained with CDP ("**Securities Account**") may not be credited with the relevant number of Offer Shares in time for you to accept the Exit Offer.

If you decide not to accept the Exit Offer, you do not have to take any action. In the event that the Minimum Acceptance Condition in respect of the Exit Offer is satisfied, you will continue to hold unquoted Shares in the Company as an unlisted public company. If you hold Shares that are deposited with CDP, a share certificate in respect of your Shares that are deposited with CDP will be sent, by ordinary post and at your own risk, to your address as it appears in the records of CDP, after the Company has been delisted from the Official List of the SGX-ST.

The detailed procedures for acceptance of the Exit Offer are set out in **Appendix II** to this Exit Offer Letter.

15. OVERSEAS SHAREHOLDERS

15.1 Overseas Shareholders

The availability of the Exit Offer to the Shareholders whose addresses are outside Singapore, as shown on the Register of the Company or, as the case may be, in the records of CDP (each, an "**Overseas Shareholder**") may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about and observe any applicable legal requirements in their own jurisdictions, and exercise caution in relation to the Exit Offer, as this Exit Offer Letter, the Acceptance Forms and any other formal documentation relating to the Exit Offer ("**Delisting Documents**") have not been reviewed by any regulatory authority in any overseas jurisdiction. **Where there are potential restrictions on sending the Delisting Documents to any overseas jurisdiction, the Offeror, CDP and the Company each reserves the right not to send such documents to such overseas jurisdictions.** For the avoidance of doubt, the Exit Offer is open to all the Shareholders holding Offer Shares, including those to

whom the Delisting Documents have not been, or may not be, sent, provided that the Delisting Documents shall not be construed as, may not be used for the purpose of, and do not constitute a notice or proposal or advertisement or an offer or invitation or solicitation in any jurisdiction or in any circumstances in which such notice or proposal or advertisement or an offer or invitation or solicitation is unlawful or unauthorised, or to any person to whom it is unlawful to make such a notice of proposal or advertisement or an offer or invitation or solicitation.

15.2 Restricted Jurisdictions

Copies of the Delisting Documents 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 Exit Offer would violate the applicable law of that jurisdiction ("**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 Exit 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 Exit Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

15.3 Copies of the Hardcopy Notification and the Acceptance Forms

Overseas Shareholders may, nonetheless, obtain copies of the Hardcopy Notification and the Acceptance Forms during normal business hours, from the date of this Exit Offer Letter and up to the Closing Date, from the office of the Company's Share Transfer Agent, M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902. Alternatively, an Overseas Shareholder may write in to the Company's Share Transfer Agent, M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902 to request for the Hardcopy Notification and the Acceptance Forms to be sent to an address in Singapore by ordinary post at the Overseas Shareholder's own risk (last day for despatch in respect of such request shall be a date falling five (5) market days prior to the Closing Date).

15.4 Responsibility of Overseas Shareholders

It is the responsibility of any Overseas Shareholder who wishes to (a) request for the Hardcopy Notification and the Acceptance Forms, and/or (b) accept the Exit 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, CDP, the Company and/or any person acting on its behalf shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments as the Offeror, CDP, the Company and/or any person acting on its behalf may be required to pay. In (i) requesting for the Hardcopy Notification and the Acceptance Forms, and/or (ii) accepting the Exit Offer, the Overseas Shareholder represents and warrants to the Offeror, CDP and 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.

Any Overseas Shareholder who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.

15.5 Notice

The Offeror reserves the right to (a) reject any acceptance of the Exit Offer where it believes, or has reason to believe, that such acceptance may violate the applicable laws of any jurisdiction, and (b) notify any matter, including the despatch (whether by post or electronically) of the Delisting Documents, and the fact that the Exit Offer has been made, to any or all of the Shareholders (including the Overseas Shareholders) by announcement to the SGX-ST and if necessary, paid advertisement in a newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement or advertisement.

16. SRS INVESTORS

SRS Investors will receive further information on how to accept the Exit Offer from their respective agent banks included under SRS ("**SRS Agent Banks**") directly. SRS Investors are advised to consult their respective SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, SRS Investors should seek independent professional advice.

SRS Investors who wish to accept the Exit Offer are to reply to their respective SRS Agent Banks accordingly by the deadline stated in the letter from their respective SRS Agent Banks. Subject to the Exit Offer becoming or being declared unconditional in all respects in accordance with its terms, SRS Investors who validly accept the Exit Offer will receive the payment in respect of their Offer Shares, in their SRS investment accounts.

17. GENERAL

17.1 Valid Acceptances

The Offeror reserves the right to treat acceptances of the Exit Offer as valid if received by or on behalf of it at any place or places determined by it otherwise than as stated herein or in the relevant Acceptance Forms, or if made otherwise than in accordance with the provisions herein and instructions printed on the relevant Acceptance Forms.

17.2 Governing Law and Jurisdiction

The Exit Offer, this Exit Offer Letter, the Acceptance Forms, all acceptances of the Exit Offer and all contracts made pursuant thereto and actions taken or made or deemed to be taken or made thereunder shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Offeror and each accepting Shareholder agree to submit to the non-exclusive jurisdiction of the Singapore courts.

17.3 No Third Party Rights

Unless expressly provided to the contrary in this Exit Offer Letter and the relevant Acceptance Forms, a person who is not a party to any contracts made pursuant to the Exit Offer, this Exit Offer Letter, and the relevant Acceptance Forms has no rights under the Contracts (Rights of Third Parties) Act (Cap. 53B) of Singapore to enforce any term of such contracts. Notwithstanding any term herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.

17.4 Accidental Omission

Accidental omission to despatch (whether by post or electronically) the Delisting Documents or any notice or announcement required to be given under the terms of the Exit Offer or any failure to receive the same by any person to whom the Exit Offer is made or should be made shall not invalidate the Exit Offer in any way.

17.5 Independent Advice

The advice of the IFA to the Independent Directors in relation to the financial terms of the Exit Offer and the recommendation of the Independent Directors on the Exit Offer are contained in the Company's Letter to Shareholders set out in **Appendix V** to this Exit Offer Letter. Shareholders may wish to consider their advice before taking any action in relation to the Exit Offer.

17.6 General Information

Appendix IV to this Exit Offer Letter sets out additional general information relating to the Exit Offer.

17.7 Consents

M & C Services Private Limited, in its capacity as the Company's Share Transfer Agent and the Offeror's receiving agent, has given and has not withdrawn its written consent to the issue of this Exit Offer Letter with the inclusion of its name and all references to its name in the form and context in which they appear in this Exit Offer Letter.

The financial adviser to the Offeror, Phillip Securities, has given and has not withdrawn its written consent to the issue of this Exit Offer Letter with the inclusion of its name and all references to its name in the form and context in which they appear in this Exit Offer Letter.

18. DOCUMENTS FOR INSPECTION

Subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, copies of the following documents may be inspected at the registered office of the Company's Share Transfer Agent, M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902, during normal business hours for the period for which the Exit Offer remains open for acceptance:

(a) the letters of consent of the Company's Share Transfer Agent and Phillip Securities;

(b) the memorandum and articles of association of the Offeror;

(c) the Joint Announcement; and

(d) the Irrevocable Undertaking.

19. RESPONSIBILITY STATEMENT

The sole director of the Offeror (including where he has delegated detailed supervision of this Exit Offer Letter) has taken all reasonable care to ensure that the facts stated and all opinions expressed in this Exit Offer Letter (other than those relating to the Group and any opinion expressed by the Group) are fair and accurate and that no material facts have been omitted from this Exit Offer Letter, the omission of which would make any statement in this Exit Offer Letter misleading. Where any information in this Exit Offer Letter has been extracted or reproduced from published or publicly available sources or obtained from the Company, the sole responsibility of the sole director of the Offeror has been to ensure, through reasonable enquiries, that such information is accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Exit Offer Letter. The sole director of the Offeror accepts responsibility accordingly.

If you are in doubt as to any of the matters referred to in this Exit Offer Letter and/or the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

BY ORDER OF THE BOARD

SANSUI ELECTRIC (CHINA) COMPANY LIMITED
Christopher Ho Wing-On
Director

10 June 2020

APPENDIX I
DETAILS OF THE EXIT OFFER

1. DURATION OF THE EXIT OFFER

Closing Date. The Exit Offer is open for acceptance by Shareholders for at least 28 days from the Electronic Despatch Date, unless the Exit Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder. Accordingly, the Exit Offer will close at 5.30 p.m. (Singapore time) on 8 July 2020 ("**Closing Date**"). **Notice is hereby given that the Exit Offer will not be revised or be open for acceptance beyond 5.30 p.m. (Singapore time) on 8 July 2020, save that such notice shall not be capable of being enforced in a competitive situation.**

For these purposes, a "competitive situation" shall be deemed to arise when either: (a) a firm intention to make a competing offer for the Company is announced, whether or not subject to any pre-conditions; or (b) the SIC determines that a competitive situation has arisen.

2. SETTLEMENT FOR THE EXIT OFFER

Subject to the Exit Offer becoming or being declared unconditional in all respects and the receipt by the Offeror from accepting Shareholders of valid acceptances and all relevant documents required by the Offeror which are complete and valid in all respects and in accordance with the requirements set out in this Exit Offer Letter and the FAA and/or FAT (as the case may be), and in the case of Depositors, the receipt by the Offeror of confirmations satisfactory to it that the number of Offer Shares tendered by the accepting Shareholders in acceptance of the Exit Offer are standing to the credit of the "Free Balance" of their respective Securities Accounts at the relevant time, remittances for the appropriate amounts will be despatched, pursuant to Rule 30 of the Code, to accepting Shareholders (or, in the case of Shareholders holding share certificate(s) which are not deposited with CDP, their designated agents, as they may direct) by means of a Singapore Dollar crossed cheque drawn on a bank in Singapore and sent by ordinary post to their respective addresses as they appear in the records of CDP, or in the case of scrip holders, the address stated in the respective FATs or, if none is set out, to the respective addresses maintained in the Register (as the case may be), at the risk of the accepting Shareholders (or in such other manner as the accepting Shareholders may have agreed with CDP for the payment of any cash distributions in the case of Depositors) as soon as practicable and in any case:

(a) in respect of acceptances of the Exit Offer which are complete and valid in all respects and are received **on or before** the date on which the Exit Offer becomes or is declared to be unconditional in all respects, within seven (7) business days of that date; or

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

3. ANNOUNCEMENTS

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

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

(b) held by the Offeror and any of its Concert Parties before the Offer Period; and

(c) acquired or agreed to be acquired by the Offeror and any of its Concert Parties during the Offer Period,

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

3.2 **Suspension.** Under Rule 28.2 of the Code, if the Offeror is unable, within the time limit, to comply with any of the requirements of paragraph 3.1 *(Timing and Contents)* of this **Appendix I**, the SIC will consider requesting the SGX-ST to suspend dealings in the Shares until the relevant information is given.

3.3 **Valid Acceptances.** Subject to paragraph 17.1 *(Valid Acceptances)* of this Exit Offer Letter, in computing the number of Offer Shares represented by acceptances received by the Offeror, the Offeror will, at the time of making an announcement, take into account acceptances which are valid in all respects.

Acceptances of the Exit Offer will only be treated as valid for the purposes of the Minimum Acceptance Condition if the relevant requirements of Note 2 on Rule 28.1 of the Code are met.

4. RIGHT OF WITHDRAWAL IN RELATION TO THE EXIT OFFER

4.1 **Acceptances Irrevocable.** Except as expressly provided in this Exit Offer Letter and the Code, acceptances of the Exit Offer shall be irrevocable.

4.2 **Right of Withdrawal of Shareholders.** A Shareholder who has accepted the Exit Offer may:

(a) withdraw his acceptance immediately if the Exit Offer has become or been declared to be unconditional but the Offeror fails to comply with any of the requirements set out in paragraph 3.1 *(Timing and Contents)* of this **Appendix I** by 3.30 p.m. (Singapore time) on the Relevant Day. The Offeror may terminate this right of withdrawal not less than eight (8) days after the Relevant Day by confirming (if that be the case) that the Exit Offer is still unconditional as to acceptances and by complying with Rule 28.1 of the Code and the requirements set out in paragraph 3.1 *(Timing and Contents*) of this **Appendix I**;

(b) withdraw his acceptance after 14 days from the Closing Date, if the Exit Offer has not by then become or been declared unconditional as to acceptances. Such entitlement to withdraw may be exercisable until such time as the Exit Offer becomes or is declared unconditional; and

(c) withdraw his acceptance immediately if a competing offer becomes or is declared unconditional as to acceptances. This right of withdrawal also applies in the converse situation i.e. if the Exit Offer becomes or is declared unconditional, a Shareholder who has accepted a competing offer may likewise withdraw his acceptance for such competing offer immediately.

4.3 **Method of Withdrawal.** To withdraw his acceptance, a Shareholder who has accepted the Exit Offer must give written notice to the Offeror:

(a) Sansui Electric (China) Company Limited c/o The Central Depository (Pte) Limited, at Robinson Road Post Office P.O. Box 1984 Singapore 903934, where the Offer Shares are deposited with the CDP; or

(b) Sansui Electric (China) Company Limited c/o M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902, where the Offer Shares are not deposited with the CDP.

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

APPENDIX II
PROCEDURES FOR ACCEPTANCE OF THE EXIT OFFER

1. PROCEDURES FOR ACCEPTANCE OF THE EXIT OFFER BY DEPOSITORS WHOSE SECURITIES ACCOUNTS ARE AND/OR WILL BE CREDITED WITH OFFER SHARES

1.1 Depositors whose Securities Accounts are credited with Offer Shares

If you have Offer Shares standing to the credit of the "Free Balance" of your Securities Account, you are entitled to receive the Hardcopy Notification together with the FAA.

If you wish to accept the Exit Offer, you should complete and sign the accompanying FAA in accordance with the provisions and instructions in this Exit Offer Letter, and the provisions and instructions printed on the FAA (which provisions and instructions shall be deemed to form part of the terms of the Exit Offer) and submit the duly completed and signed FAA, subject to prevailing COVID-19 Order restrictions, **by post** (in the enclosed pre-addressed envelope) at your own risk, to:

SANSUI ELECTRIC (CHINA) COMPANY LIMITED
c/o The Central Depository (Pte) Limited
Robinson Road Post Office
P.O. Box 1984
Singapore 903934

so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date, being 8 July 2020.

If you have sold or transferred all your Offer Shares, you need not forward the Hardcopy Notification and/or the FAA to the purchaser or the transferee as arrangements will be made by CDP for a separate Hardcopy Notification and FAA to be sent to the purchasers or the transferees. Purchasers or transferees should note that CDP will, for and on behalf of the Offeror, send a copy of the Hardcopy Notification and the FAA by ordinary post at the purchasers' or the transferees' own risk to their respective addresses as maintained in the records of CDP.

If you wish to accept the Exit Offer, you must insert in **Section C on page 1** of the FAA the number of Offer Shares in respect of which the Exit Offer is accepted, which should not exceed the number of Offer Shares standing to the credit of the "Free Balance" of your Securities Account on the date of receipt of the FAA by CDP ("**Date of Receipt**"), or in the case where the Date of Receipt is on the Closing Date, 5.30 p.m. (Singapore time) on the Closing Date, provided always that such Date of Receipt must fall on or before the Closing Date.

If you are a depository agent as defined under Section 81SF of the SFA ("**Depository Agent**"), you may accept the Exit Offer via the SGX-SFG service provided by CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents ("**Electronic Acceptance**"). Such Electronic Acceptances must be submitted **NOT LATER THAN 5.30 P.M. (SINGAPORE TIME) ON THE CLOSING DATE**. CDP has been authorised by the Offeror to receive Electronic Acceptances on its behalf. Such Electronic Acceptances submitted will be deemed irrevocable and subject to each of the terms and conditions contained in the FAA and this Exit Offer Letter as if the FAA had been completed and delivered to CDP.

Subject to the provisions of paragraph 1.2 *(Depositors whose Securities Accounts will be credited with Offer Shares)* below, (a) if the number of Offer Shares inserted in Section C of the FAA or submitted through the Electronic Acceptance exceeds the number of Offer Shares standing to the credit of the "Free Balance" of your Securities Account on the Date of Receipt of the FAA by CDP or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date (provided always that the Date of Receipt is on or before the Closing Date) or, (b) if no such number of Offer Shares is inserted in Section C of the FAA, then **you are deemed to have accepted the Exit Offer in respect of all the Offer Shares already standing to the credit of the "Free Balance" of your Securities Account on the Date of Receipt or as at 5.30 p.m. (Singapore time) on the Closing Date (if the FAA or Electronic Acceptance is received by CDP on the Closing Date)**.

If paragraph (a) of the immediately preceding paragraph applies and at the time of verification by CDP of the FAA on the Date of Receipt, there are outstanding settlement instructions with CDP to receive further Offer Shares into the "Free Balance" of your Securities Account ("**Unsettled Buy Position**"), and the Unsettled Buy Position settles such that the Offer Shares in the Unsettled Buy Position are transferred to the "Free Balance" of your Securities Account at any time during the period the Exit Offer is open, up to 5.30 p.m. (Singapore time) on the Closing Date ("**Settled Shares**"), you shall be deemed to have accepted the Exit Offer in respect of the balance number of Offer Shares inserted in Section C of the FAA which have not yet been accepted pursuant to paragraph (a) of the immediately preceding paragraph, or the number of Settled Shares, whichever is less.

1.2 Depositors whose Securities Accounts will be credited with Offer Shares

If you have purchased Offer Shares on the SGX-ST and such Offer Shares are in the process of being credited to the "Free Balance" of your Securities Account, you should also receive the Hardcopy Notification together with a FAA. You may accept the Exit Offer in respect of such Offer Shares only **after** the "Free Balance" of your Securities Account has been credited with such number of Offer Shares. The provisions and instructions set out in paragraph 1.1 above in this **Appendix II** shall apply in the same way to your acceptance(s) in respect of such Offer Shares. If you do not receive that FAA, please contact CDP's Customer Service Hotline +65 6535 7511 during their operating hours or email CDP at asksgx@sgx.com for assistance.

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

If you purchase Offer Shares on the SGX-ST on a date near to the Closing Date, your acceptance in respect of such Offer Shares will be rejected if the "Free Balance" of your Securities Account is not credited with such Offer Shares on the Date of Receipt or 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date). None of the Offeror or CDP accepts any responsibility or liability for the consequences of such a rejection, save where you had indicated the number of Offer Shares you wish to tender in acceptance of the Exit Offer in **Section C** of the FAA and there is an Unsettled Buy Position on or subsequent to the time of verification by CDP of the FAA on the Date of Receipt which settles on or before 5.30 p.m. (Singapore time) on the Closing Date. If an Unsettled Buy Position does not settle on or before 5.30 p.m. (Singapore time) on the Closing Date, your acceptance in respect of such Offer Shares will be rejected. None of the Offeror or CDP (and, for the avoidance of doubt, any of the Offeror's related corporations) accepts any responsibility or liability for such a rejection, including the consequences of such a rejection.

1.3 Depositors whose Securities Accounts are and will be credited with Offer Shares

If you have Offer Shares credited to the "Free Balance" of your Securities Account, and have purchased additional Offer Shares on the SGX-ST which are in the process of being credited to the "Free Balance" of your Securities Account, you may accept the Exit Offer in respect of the Offer Shares already standing to the credit of the "Free Balance" of your Securities Account and may accept the Exit Offer in respect of the additional Offer Shares purchased which are in the process of being credited to your Securities Account only after the "Free Balance" of your Securities Account has been credited with such number of Offer Shares. The provisions and instructions set out in paragraphs 1.1 and 1.2 above in this **Appendix II** shall apply in the same way to your acceptance(s) in respect of such Offer Shares which are credited and such additional Offer Shares which will be credited to the "Free Balance" of your Securities Account (respectively).

1.4 General

In line with recent government directives to reduce the community spread of COVID-19, CDP Customer Service Centre will be temporarily closed from 18 April 2020 until further notice. All CDP services will be provided through CDP Internet, phone (+65 6535 7511) and email services (asksgx@sgx.com).

No acknowledgment of receipt will be given by CDP for submissions of the FAAs. All communications, notices, documents and payments will be sent by ordinary post at your own risk to your mailing address as it appears in the records of CDP. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares credited to your Securities Account. You can verify the number of Offer Shares credited to your Securities Account through: (a) CDP Online if you have registered for the CDP Internet Access Service, or (b) CDP Phone Service using SMS OTP, under the option "To check your securities balance".

1.5 Blocked Balance

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

1.6 Return of Offer Shares

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

1.7 Notification

If you have accepted the Exit Offer in accordance with the provisions contained in this Exit Offer Letter and the FAA, upon the Exit Offer becoming or being declared to be unconditional in all respects in accordance with its terms, CDP will send you a notification letter stating the number of Offer Shares debited from your Securities Account together with payment of the Offer Price by way of a cheque drawn on a bank in Singapore for the appropriate amount and sent by ordinary mail to your mailing address as recorded with CDP, or in such other manner that you have agreed with CDP for the payment of any cash distribution, at your own risk, as soon as practicable and in any event:

(a) in respect of acceptances of the Exit Offer which are completed and valid in all respects and are received on or before the date on which the Exit Offer becomes or is declared unconditional in all respects in accordance with its terms, within seven (7) business days of that date; or

(b) in respect of acceptances of the Exit Offer which are complete and valid in all respects and are received after the date on which the Exit Offer becomes or is declared unconditional in all respects in accordance with its terms, but before the Exit Offer closes, within seven (7) business days of the date of such receipt.

1.8 No Securities Account

If you do not have any existing Securities Account in your name as at the time and date of acceptance of the Exit Offer, your acceptance as contained in the FAA or Electronic Acceptance will be rejected.

2. PROCEDURES FOR ACCEPTANCE OF THE EXIT OFFER BY SHAREHOLDERS WHO HOLD OFFER SHARES WHICH ARE NOT DEPOSITED WITH CDP

If you hold Offer Shares which are not deposited with CDP, you are entitled to receive the Hardcopy Notification together with the FAT. If you wish to accept the Exit Offer, the FAT must be completed and signed strictly in the manner set out on page 1 of the FAT (which provisions and instructions shall be deemed to form part of the terms of the Exit Offer) and in accordance with the provisions of this Exit Offer Letter and then forwarded with the relevant share certificate(s) and/or other document(s) of title and/or any other relevant document(s) required by the Offeror **by hand** or **by post** (in the enclosed pre-addressed envelope at your own risk) to:

SANSUI ELECTRIC (CHINA) COMPANY LIMITED
c/o M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

as soon as possible but in any event to arrive not later than 5:30 p.m. (Singapore time) on the Closing Date, being 8 July 2020.

If you have sold or transferred all your Shares which are not held through CDP, you should immediately hand the Hardcopy Notification and the accompanying FAT to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale, for onward transmission to the purchaser or transferee.

If your Offer Shares are represented by share certificate(s) which are not registered in your own name, you must send in, at your own risk, the relevant share certificate(s), other document(s) of title and/or any other relevant document(s) required by the Offeror together with a duly completed and signed FAT accompanied by transfer form(s), duly completed and executed by the person registered with the Company as the holder of the Offer Shares and stamped, with the particulars of the transferee left blank (to be completed by the Offeror or a person authorised by it).

If you are recorded in the Register of the Company as holding Shares but do not have the relevant share certificate(s) relating to such Shares, you, at your own risk, are required to procure the Company to issue such share certificate(s) in accordance with the Bye-laws of the Company and then deliver such share certificate(s) in accordance with the procedures and instructions set out in this Exit Offer Letter and the FAT.

If you wish to accept the Exit Offer, you must insert in the FAT the number of Offer Shares in respect of which the Exit Offer is accepted, which should not exceed the number of Offer Shares represented by the share certificate(s) and/or other document(s) of title accompanying the FAT.

If the number of Offer Shares in respect of which the Exit Offer is accepted, as inserted by you in the FAT, exceeds the number of Offer Shares represented by the share certificate(s) and/or other document(s) of title accompanying the FAT, or if no such number of Offer Shares is inserted in the FAT by you, then **you shall be deemed to have accepted the Exit Offer in respect of all the Offer Shares represented by the share certificate(s) and/or other document(s) of title accompanying the FAT**.

No acknowledgement of receipt of any FAT, share certificate(s), other document(s) of title, transfer form(s) and/or any other relevant document(s) required by the Offeror will be given.

The election made or deemed to be made by you in the FAT shall be deemed to be irrevocable and any instructions or FAT received by the Offeror or M & C Services Private Limited after the FAT has been received shall be disregarded.

All communications, certificates, notices, documents and remittances to be delivered or sent to you will be sent to you (or your designated agent or, in the case of joint accepting Shareholders who have not designated any agent, to the one first named in the Register of the Company) by ordinary post to your address as it appears in the Register of the Company at your own risk (or, for the purpose of remittances only, to such different name and address as may appear in the FAT and at your own risk).

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

Acceptances of the Exit Offer shall be irrevocable. If the Exit Offer does not become or is not declared to be unconditional in all respects in accordance with its terms, the FAT and other documents (including share certificate(s)) will be returned at your own risk by ordinary post as soon as possible but, in any event, not later than 14 days from the lapse of the Exit Offer.

3. OTHER RELEVANT INFORMATION IN RESPECT OF THE PROCEDURES FOR ACCEPTANCE

If you hold the share certificate(s) of some of the Offer Shares beneficially owned by you and if you have deposited the rest of the Offer Shares beneficially owned by you with CDP, you are required to complete the FAT in respect of the Offer Shares represented by share certificate(s) and the FAA in respect of the Offer Shares which are deposited with CDP, if you wish to accept the Exit Offer in respect of all such Offer Shares. Both the FAT and the FAA must be completed, signed and accompanied by the relevant documents and sent to the Offeror in accordance with the respective procedures for acceptance set out above in paragraphs 1 and 2 of this **Appendix II**.

If you hold the share certificate(s) of the Offer Shares beneficially owned by you and you wish to accept the Exit Offer in respect of such Offer Shares, you **SHOULD NOT** deposit the share certificate(s) with CDP during the period commencing on the date of this Exit Offer Letter and ending on the Closing Date (both dates inclusive) as the "Free Balance" of your Securities Account may not be credited with the relevant number of Offer Shares in time for you to accept the Exit Offer.

Delivery of the duly completed and signed FAA and/or FAT to the Offeror, CDP and/or M & C Services Private Limited, as the case may be, shall be conclusive evidence in favour of the Offeror, CDP and/or M & C Services Private Limited of the right and title of the person(s) signing it to deal with the same and with the Offer Shares to which it relates.

Acceptances in the form of FAA and/or FAT received by the Offeror, CDP and/or M & C Services Private Limited, on a Saturday, Sunday or public holiday will only be processed and validated on the next business day.

If you wish to accept the Exit Offer, it is your responsibility to ensure that the FAA and/or the FAT is/are accurately completed in all respects, signed and all required documents are provided. The Offeror, CDP and M & C Services Private Limited will be authorised and entitled, at their sole and absolute discretion, to reject any acceptance that does not comply with the provisions and instructions contained in this Exit Offer Letter and in the FAA or the FAT (as the case may be), or which is otherwise incomplete, incorrect, unsigned, illegible or invalid in any respect. Any decision to reject the FAA or the FAT on the grounds that it has been invalidly, incorrectly or incompletely signed, completed or submitted will be final and binding, and none of the Offeror, CDP and/or M & C Services Private Limited accepts any responsibility or liability for the consequences of such a decision.

You irrevocably agree and acknowledge that your acceptance is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God, mistakes, losses, theft and any other events whatsoever (in each case whether or not within the control of the Offeror or CDP) and if, in any such event, the Offeror and CDP do not record or receive the same by the last date and time for acceptance of the Exit Offer in respect of the Offer Shares or such data or tape containing such data is lost, corrupted, destroyed or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed **NOT** to have accepted the Exit Offer in respect of the Offer Shares and you shall have no claim whatsoever against either the Offeror or CDP in respect of any purported acceptance thereof or for any compensation, loss or damages in connection therewith or in relation thereto.

By completing and delivering a FAA and/or FAT, each person (a) consents to the collection, use and disclosure of his personal data by the Offeror, CDP, M & C Services Private Limited, the Company, and the SGX-ST (collectively, the "**Specified Persons**") for the purpose of facilitating his acceptance of the Exit Offer, and in order for the Specified Persons to comply with any applicable laws, listing rules, regulations and/or guidelines, (b) warrants that where he discloses the personal data of another person, such disclosure is in compliance with applicable law, and (c) agrees that he will indemnify the Specified Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his breach of such warranty.

1. SOLE DIRECTOR OF THE OFFEROR

As at the Latest Practicable Date, the sole director of the Offeror is Mr. Christopher Ho Wing-On, who is an Executive Director and the Chief Executive Officer of the Company. Mr. Christopher Ho Wing-On's address is c/o 119 Emerald Hill Road, #12-01 Residences at Emerald Hill, Singapore 229401.

2. PRINCIPAL ACTIVITY AND SHARE CAPITAL

The Offeror is a company incorporated in the British Virgin Islands on 15 August 2014. The Offeror has been inactive since its incorporation. The Offeror has an issued and paid-up share capital of US$100 comprising 100 shares with a par value of US$1.00 per share.

3. FINANCIAL SUMMARY

As the Offeror has been inactive since its incorporation, except to enter into certain arrangements in connection with the Exit Offer, no audited or unaudited financial statements of the Offeror have been prepared since the date of its incorporation as at the Latest Practicable Date.

As no audited financial statements of the Offeror have been prepared as at the Latest Practicable Date, there are no significant accounting policies to be noted.

4. MATERIAL CHANGES IN FINANCIAL POSITION

Save as a result of the financing of the Exit Offer, as at the Latest Practicable Date, there have been no known material changes in the financial position of the Offeror since the date of its incorporation.

5. REGISTERED OFFICE

The registered office of the Offeror is at Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

6. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS

6.1 Interests in Shares of the Relevant Persons

The interests of the Relevant Persons in the Shares as at the Latest Practicable Date are set out below:

	Direct Interests		Indirect Interests		Total Interests	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Offeror	–	–	–	–	–	–
Christopher Ho Wing-On[(1)]	–	–	19,264,561	76.04	19,264,561	76.04
SCRL	19,264,561	76.04	–	–	19,264,561	76.04
Phillip Securities	–	–	–	–	–	–

Note:

(1) Mr. Christopher Ho Wing-On is deemed interested in these Shares as he is the sole shareholder of SCRL that has a direct interest in 19,264,561 Shares.

6.2 Dealings in Shares by the Relevant Persons

The Relevant Persons have not dealt for value in the Shares during the Reference Period.

1. DISCLOSURE OF INTERESTS

1.1 No Indemnity Arrangements

To the knowledge of the sole director of the Offeror as at the Latest Practicable Date, save for the Irrevocable Undertaking from SCRL, neither the Offeror nor any of its Concert Parties has entered into any arrangement with any person of the kind referred to in Note 7 on Rule 12 of the Code, including indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to the Company Securities which may be an inducement to deal or refrain from dealing in the Company Securities.

1.2 No Agreement having any Connection with or Dependence upon the Exit Offer

As at the Latest Practicable Date, save for the Irrevocable Undertaking from SCRL, there is no agreement, arrangement or understanding between (a) the Offeror or any of its Concert Parties and (b) any of the present or recent Company Directors or the present or recent Shareholders having any connection with or dependence upon the Exit Offer.

1.3 Transfer of Offer Shares

As at the Latest Practicable Date, there is no agreement, arrangement or understanding between the Offeror or any person acting in concert with the Offeror whereby any of the Offer Shares acquired pursuant to the Exit Offer will or may be transferred to any other person. However, the Offeror reserves the right to transfer any of the Offer Shares to any of its related corporations or for the purpose of granting security in favour of financial institutions which have extended or shall extend credit facilities to it.

1.4 No Payment or Benefit to Company Directors

As at the Latest Practicable Date, no payment or other benefit will be made or given to any director of the Company or any of its related corporations as compensation for loss of office or otherwise in connection with the Exit Offer.

1.5 No Agreement Conditional upon Outcome of the Exit Offer

As at the Latest Practicable Date, save for the Irrevocable Undertaking from SCRL, there is no agreement, arrangement or understanding between (a) the Offeror and (b) any of the Company Directors or any other person in connection with or conditional upon the outcome of the Exit Offer or otherwise connected with the Exit Offer.

1.6 Transfer Restrictions

There is no restriction in the Bye-laws of the Company on the right to transfer any Offer Shares, which has the effect of requiring the holders of such Offer Shares before transferring them, to offer them for purchase by members of the Company or any other person.

1.7 No Material Change in Information

As far as the Offeror is aware, there has been no material change in any information previously published by or on behalf of the Offeror during the period commencing from the Joint Announcement Date and ending on the Latest Practicable Date.

2. GENERAL

2.1 Costs and Expenses.

All costs and expenses of or incidental to the preparation and circulation of this Exit Offer Letter (other than professional fees and other costs incurred or to be incurred by the Company relating to the Exit Offer) and stamp duty and transfer fees resulting from acceptances of the Exit Offer will be paid by the Offeror.

2.2 Consent

The Company's Share Transfer Agent and Phillip Securities have each given and have not withdrawn their written consent to the issue of this Exit Offer Letter with the inclusion of their names and all references to their names in the form and context in which they appear in this Exit Offer Letter.

LAFE CORPORATION LIMITED

(Company Registration Number: 26304)
(Incorporated in Bermuda)

Directors

Mr. Will, Eduard William Rudolf Helmuth (Chairman and Independent and Non-Executive Director)
Mr. Christopher Ho Wing-On (Executive Director and Chief Executive Officer)
Mr. Kenny Suen Wai Cheung (Executive Director, Operations)
Mr. Paul Law Kwok Fai (Executive Director, Operations)
Mr. Ricky Sim Eng Huat (Independent and Non-Executive Director)
Mr. Kin Yuen (Independent and Non-Executive Director)
Mr. Paul Francis Gregory Binney (Executive Finance Director)

Registered Office

Wessex House
45 Reid Street
Hamilton HM 12
Bermuda

10 June 2020

To: The shareholders of Lafe Corporation Limited ("**Shareholders**")

Dear Sir/Madam

DIRECTED DELISTING OF LAFE CORPORATION LIMITED ("COMPANY") PURSUANT TO RULE 1315 OF THE LISTING MANUAL AND EXIT OFFER BY SANSUI ELECTRIC (CHINA) COMPANY LIMITED ("OFFEROR") PURSUANT TO RULES 1306 AND 1309 OF THE LISTING MANUAL

*Unless otherwise defined herein, all capitalised terms in this letter from the Company to the Shareholders ("**Company's Letter to Shareholders**") shall have the same meanings as attributed to them in the Exit Offer Letter.*

1. INTRODUCTION

1.1 **Watch-List Status.** On 3 June 2016, the Company was placed on the financial watch-list (the "**Watch-List**") by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") pursuant to Rule 1311 of the Listing Manual of the SGX-ST (the "**Listing Manual**") as it had recorded pre-tax losses for three consecutive financial years in respect of the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015 and its average daily market capitalisation was less than S$40 million over the 6 months preceding 3 June 2016. The Company had to meet the requirements of Rule 1314 of the Listing Manual within 36 months from 3 June 2016, i.e. by 3 June 2019, to record consolidated pre-tax profit for the most recently completed financial year (i.e. based on the latest full year consolidated audited accounts for the financial year ended 31 December 2018) and have an average daily market capitalisation of S$40 million or more over the last 6 months of the financial year ended 31 December 2018, failing which the SGX-ST had the option to either delist the Company or suspend trading of the issued and paid-up ordinary shares in the capital of the Company (the "**Shares**") with a view to delisting the Company.

1.2 **Efforts made by the Company for removal from the Watch-List.** Pursuant to Rule 1313(2) of the Listing Manual, the Company had been providing quarterly updates on SGXNET on its efforts and the progress made in meeting the exit criteria of the Watch-List, including where applicable its financial situation, its future direction, or other material development that may have a significant impact on its financial position ("**Quarterly Updates**").

On 8 August 2016, the Company announced in its first Quarterly Update following its inclusion in the Watch-List on 3 June 2016 that the Company and its subsidiaries (the "**Group**") had put in great efforts in controlling and lowering the cost of sales and various operating expenses with a view to improving its financial performance. The Group had made savings in aggregate of US$1.1 million in administrative expenses and net operating costs of its investment properties during the first half of 2016 as a consequence of its disposal of Lafe (Emerald Hill) Development Pte. Ltd. ("**LEHD**").

The Company had announced in subsequent Quarterly Updates that the Group had been continuously looking for suitable development and investment opportunities with a view to improving its financial performance. As announced in the Quarterly Update on 14 August 2018, the Group entered into a sale and purchase agreement for the proposed acquisition of all the strata lots and the common area of Fairhaven at Sophia Road in District 9 on 22 March 2018 with a view to expanding its property development business ("**Proposed Acquisition**"). However, as announced by the Company on 9 October 2018, this Proposed Acquisition was not completed due to the following factors: (a) interest rates were generally forecasted to increase, which would have resulted in an increase in the cost of borrowings of the Company in connection with the Proposed Acquisition; (b) impact on the global economy caused by the uncertainty during the relevant time, in part due to the trade war between the United States of America and the People's Republic of China; and (c) the property cooling measures announced by the Singapore Government in July 2018. The non-completion of the Proposed Acquisition resulted in the write-off of the non-refundable deposits of S$5.7 million (comprising 10% of the total consideration for the Proposed Acquisition, which the Group is of the opinion is in line with market practice) and related transaction expenses of S$1.3 million, leading to a net loss ("**Net Loss**") of approximately US$5.2 million being recorded for the financial year ended 31 December 2018. Out of the Net Loss, only US$0.84 million, represented by the qualifying certificate bond amount paid in connection with the planned redevelopment of the Proposed Acquisition, was subsequently recovered in the financial year ended 31 December 2019.

1.3 **Delisting Notification.** As announced by the Company on 5 June 2019, the Company received a notification of delisting dated 4 June 2019 from the SGX-ST (the "**Delisting Notification**"), informing the Company that the SGX-ST will delist the Company from the Official List of the SGX-ST pursuant to Rule 1315 of the Listing Manual as the Company had not met the requirements under Rule 1314 of the Listing Manual for its removal from the Watch-List, i.e. the Company failed to record consolidated pre-tax profit for the most recently completed financial year (based on the latest full year consolidated audited accounts for the financial year ended 31 December 2018), and the Company did not have an average daily market capitalisation of S$40 million or more over the last six months of the financial year ended 31 December 2018. The market capitalisation of the Company as at the close of trading on 8 May 2019, being the last day the Company's shares were traded prior to the date the Delisting Notification was received, was S$5.8 million.

In the Delisting Notification, the SGX-ST also directed, *inter alia*, that:

(a) pursuant to Rule 1306 of the Listing Manual, the Company or its controlling shareholder(s) must comply with Rule 1309 of the Listing Manual which requires the Company or its controlling shareholder(s) to provide a reasonable exit offer to the Shareholders; and

(b) trading in the Company's securities will continue until 5.16 p.m. on 3 July 2019 and the trading will remain suspended from 9.00 a.m. on 4 July 2019 until completion of the exit offer.

1.4 **Trading Suspended.** Trading in the Company's securities has been suspended from 9.00 a.m. on 4 July 2019.

1.5 **Joint Announcement.** On 27 May 2020, the Company and the Offeror jointly announced that the Offeror had presented to the directors of the Company (the "**Directors**") a formal proposal to make an exit offer to the Shareholders pursuant to Rules 1306 and 1309 of the Listing Manual (the "**Delisting Proposal**") in connection with the directed delisting of the Company (the "**Delisting**") by the SGX-ST in accordance with Rule 1315 of the Listing Manual and the Delisting Notification (the "**Joint Announcement**").

1.6 **Exit Offer and Exit Offer Letter.** Under the Delisting Proposal, the Offeror will make a conditional exit cash offer (the "**Exit Offer**") for all the Shares other than those Shares already owned, controlled or agreed to be acquired by the Offeror as at the date of the Exit Offer (the "**Offer Shares**") in accordance with the Singapore Code on Take-overs and Mergers (the "**Code**"). The Exit Offer Letter contains the terms of the Exit Offer made by the Offeror to acquire all the Offer Shares. **Shareholders are advised to read the terms and conditions of the Exit Offer set out in the Exit Offer Letter carefully and in its entirety.**

1.7 **Reasonable Exit Alternative.** While Rule 1309 of the Listing Manual was amended following the receipt by the Company of the Delisting Notification to require an exit offer to be fair and reasonable, SGX-ST has confirmed that the Company will be subject to Rule 1309 of the Listing Manual which was in force at the time of the Delisting Notification instead of Rule 1309 of the Listing Manual currently in force. Under Rule 1309 of the Listing Manual which was in force at the time of the Delisting Notification, if an issuer is seeking to delist from the Official List of the SGX-ST:

(a) a reasonable exit alternative, which should normally be in cash, should be offered to (i) the issuer's shareholders and (ii) holders of any other classes of listed securities to be delisted; and

(b) the issuer should normally appoint an independent financial adviser to advise on the exit offer.

1.8 **Company's Letter to Shareholders.** This Company's Letter to Shareholders contains, *inter alia*, information on the Company, the extract of the advice of the IFA (as defined in Section 2.1 below) to the Independent Directors (as defined in Section 2.1 below) in relation to the financial terms of the Exit Offer in compliance with Rule 1309 of the Listing Manual in force at the time of the Delisting Notification and Rule 24.1 of the Code, and the recommendation of the Independent Directors to the Shareholders in relation to the Exit Offer.

Please read this Company's Letter to Shareholders including, but not limited to, the IFA Letter (as defined in Section 2.1 below) carefully and in its entirety, and together with the rest of the Exit Offer Letter.

1.9 **No Shareholders' Approval Required. Shareholders should note that NO extraordinary general meeting of the Shareholders will be convened for the purpose of the Delisting and Shareholders' approval is NOT required for the Delisting. In addition, Shareholders' attention is drawn to the paragraphs headed "*COMPULSORY ACQUISITION*" and "*IMPLICATIONS OF DELISTING FOR SHAREHOLDERS*" in paragraphs 10 and 11 of the Exit Offer Letter.**

2. ADVICE OF INDEPENDENT FINANCIAL ADVISER

2.1 **IFA.** ZICO Capital Pte. Ltd. has been appointed by the Company as the independent financial adviser ("**IFA**") to advise Mr. Will, Eduard William Rudolf Helmuth, Mr. Kenny Suen Wai Cheung, Mr. Paul Law Kwok Fai, Mr. Ricky Sim Eng Huat, Mr. Kin Yuen and Mr. Paul Francis Gregory Binney being the Directors who will be considered independent for the purposes of providing a recommendation to the Shareholders in relation to the Exit Offer (collectively, "**Independent Directors**"). The letter from the IFA setting out its advice to the Independent Directors in relation to the financial terms of the Exit Offer is set out in **Annex A** to this Company's Letter to Shareholders ("**IFA Letter**"). **Shareholders are advised to read and consider the IFA Letter in its entirety.**

2.2 **IFA's Advice.** Information relating to the advice of the IFA to the Independent Directors in relation to the financial terms of the Exit Offer and the key factors the IFA has taken into consideration have been extracted from Section 7 of the IFA Letter and reproduced below, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the IFA Letter unless otherwise stated. Shareholders are advised to read the following extract in conjunction with, and in the context of the full text of the IFA Letter:

"7 OUR RECOMMENDATION

In arriving at our opinion in relation to the Exit Offer, we have considered the views and representations made by the Directors, and reviewed and deliberated on the factors which we consider to be relevant and to have a significant bearing on our assessment of the financial terms of the Exit Offer.

We set out below a summary of the key factors we have taken into our consideration:-

(a) the rationale for the Exit Offer;

(b) the consecutive net loss positions of the Group for the last 3 financial years ended 31 December 2019;

(c) the Exit Offer Price represents a discount of approximately 70.7% to the NAV per Share as at 31 December 2019. Such discount is within the range of comparable statistics for the Precedent SGX-ST Directed Delisting Offers, but higher than the mean and median. Approximately 81.5% of the total assets of the Group as at 31 December 2019 consists of the LEHD Receivable of US$44.1 million due from LEHD which is wholly-owned by Madam Lo Si Yu, Rosy (spouse of Mr. Christopher Ho Wing-On). As at the Latest Practicable Date, the Company understands that all the Properties remained unsold and given the current economic uncertainty, arising mainly from the outbreak of the Covid-19 pandemic, the Company further understands that it may be challenging for LEHD to sell any of the Properties in the near future. This may result in uncertainties over the settlement timing of the LEHD Receivable. We note that while the Company does have the benefit of a second-ranking pledge of 100% of the shares in LEHD held by Madam Yu Lo Si, Rosy in favour of the Company, the enforcement of such share pledge in the event that the LEHD Receivable is not received by the Company would result in the Company indirectly holding all the Properties (through its 100% shareholding in LEHD) which will not translate to immediate cash receipts, should such Properties remain unsold in the near future for the aforementioned reasons. Furthermore, upon collection of the LEHD Receivable, there is no assurance that the Company will distribute proceeds from the LEHD Receivable to Shareholders via the declaration of special dividends and/or a capital reduction exercise or otherwise;

(d) the Exit Offer Price represents (i) a premium of 32.2%, 81.4%, 125.0% and 160.9% to the VWAP of the Shares for the 12-month, 6-month, 3-month and 1-month periods prior to the Delisting Announcement Date respectively; (ii) a premium of 160.9% to the VWAP of the Shares on 8 May 2019, being the last traded day for the Shares prior to the Delisting Announcement; (iii) a premium of 3.7% to the VWAP of the Shares for the period from 6 June 2019 (being the first traded day of the Shares after the Delisting Announcement Date) up to the last traded day prior to the Suspension Date; and (iv) a premium of 1.0% to the VWAP of the Shares on last traded day prior to the Suspension Date;

(e) low trading liquidity of the Shares for the Period Under Review;

(f) the Exit Offer Price represents (i) a premium of 125.0% and 160.9% to the VWAP of the Shares for the 3-month and 1-month period prior to and including the Delisting Announcement Date, respectively; and (ii) a premium of 160.9% to the VWAP of the Shares on the last traded day prior to the Delisting Announcement Date. These premia are higher than the range of comparable statistics for the Precedent SGX-ST Directed Delisting Offers. The Exit Offer represents a premium of 1.0% to the VWAP of the Shares on the last traded day prior to the Suspension Date, which is within the range of comparable statistics for the Precedent SGX-ST Directed Delisting Offers, and higher than the mean and median;

(g) there is no alternative offer for the Offer Shares or the Company from any other third party. The possibility of any alternate takeover offer would be unlikely given the certainty of a delisting of the Company's Shares from the Official List of the SGX-ST. In view that the Shares are suspended until completion of the Exit Offer, the Exit Offer is the only exit option for Shareholders as at the Latest Practicable Date in respect of their investment in the Shares;

(h) the Offeror has stated that it has no intention to revise or increase the Exit Offer Price;

(i) SCRL has provided an Irrevocable Undertaking to the Company to accept the Exit Offer. As such, the Minimum Acceptance Condition is expected to be met, and the Exit Offer would then be unconditional in all other respects;

(j) the Offeror has stated that it intends to exercise its right to Compulsory Acquisition;

(k) the Company will be mandatorily delisted from the Official List of the SGX-ST pursuant to Rule 1315 of the Listing Manual, subsequent to the close of the Exit Offer and subsequently, there will be no public trading platform for Shareholders to realise their investment in the Company;

(l) there is no guarantee that Shareholders will be afforded similar rights, protection and avenues of recourse in the event they become shareholders of an unlisted public company following the Delisting, as they currently have as shareholders of a company listed on the SGX-ST; and

(m) other relevant considerations, particularly the implications of a mandatory delisting, as set out in Section 6.7 of this IFA Letter.

We have carefully considered as many factors as we deem essential and balance them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information which we have taken into account, be read in its entirety.

We are of the opinion that the financial terms of the Exit Offer are:

*(i) **not fair** considering in particular, the significant discount of the Exit Offer Price of 70.7% to the NAV per Share of the Group as at 31 December 2019. Approximately 81.5% of the total assets of the Group as at 31 December 2019 consists of the LEHD Receivable of US$44.1 million due from LEHD which is wholly-owned by Madam Lo Si Yu, Rosy (spouse of Mr. Christopher Ho Wing-On); but*

*(ii) **reasonable** when compared against the historical trading performance of the Shares, where in particular, the Exit Offer Price represents a premium of 32.2%, 81.4%, 125.0% and 160.9% to the VWAP of the Shares for the 12-month, 6-month, 3-month and 1-month periods prior to the Delisting Announcement Date respectively. Furthermore, particular consideration is given to (a) the low trading liquidity of the Shares during the Period Under Review; (b) the Exit Offer being the only exit option for Shareholders as at the Latest Practicable Date in respect of their investment in the Shares; (c) there being no guarantee*

that Shareholders will be afforded similar rights, protection and avenues of recourse in the event they become shareholders of an unlisted public company following the Delisting, as they currently have as shareholders of a company listed on the SGX-ST; and (d) the Company's understanding that all the Properties remain unsold as at the Latest Practicable Date and the potential challenges faced by LEHD in selling these Properties, which may result in uncertainties over the settlement timing of the LEHD Receivable.

Having considered carefully the information available to us as at the Latest Practicable Date, and based on our analyses, we are of the opinion that the financial terms of the Exit Offer are on balance, not fair but reasonable.

*Accordingly, we advise the Independent Directors to recommend Shareholders to **ACCEPT** the Exit Offer.*

3. INDEPENDENT DIRECTORS' RECOMMENDATION

3.1 **Independence of the Directors.** Mr. Christopher Ho Wing-On is concurrently an Executive Director and the Chief Executive Officer of the Company and the sole director and sole shareholder of the Offeror. Accordingly, Mr. Christopher Ho Wing-On faces conflicts of interest in relation to the Exit Offer.

The SIC has given a ruling that that Mr. Christopher Ho Wing-On is exempted from the requirement to make a recommendation to the Shareholders on the Exit Offer.

Notwithstanding the above, all the Directors (including, for the avoidance of doubt, Mr Christopher Ho Wing-On) are jointly and severally responsible for the accuracy of facts stated, or opinions expressed in documents and advertisements issued by or on behalf of the Company in connection with the Exit Offer.

3.2 **Independent Directors' Recommendation.** The Independent Directors have reviewed the terms of the Delisting Proposal (including the Exit Offer) and have carefully considered the advice of the IFA in the IFA Letter, in particular Section 7 of the IFA Letter. The Independent Directors **concur** with the advice of the IFA in respect of the Exit Offer, having reference to the pertinent factors considered by the IFA from the perspective of the value of the Shares as set out in Section 7 of the IFA Letter, in particular (a) the lack of an alternative offer and the unlikely possibility of any alternate takeover offer given the certainty of a delisting of the Company from the SGX-ST; and (b) suspension in trading of Shares, which results in the lack of an option for Shareholders to dispose their Shares in the open market for a price potentially higher than the Exit Offer Price. Further, in the event that the Exit Offer lapses, it is unclear when another exit offer will be made to the Shareholders. Accordingly, the Independent Directors recommend that Shareholders **ACCEPT** the Exit Offer.

Shareholders who wish to retain all or part of their investment in the Shares should note that trading in the Company's securities has been suspended since 4 July 2019. They are further advised to take into consideration the general economic outlook and the implications of holding on to shares in an unlisted or delisted company (as set out in paragraph 11 of the Exit Offer Letter).

SHAREHOLDERS ARE ADVISED TO READ THE INDEPENDENT DIRECTORS' RECOMMENDATION SET OUT IN THIS SECTION AND THE IFA LETTER SET OUT IN ANNEX A TO THIS COMPANY'S LETTER TO SHAREHOLDERS CAREFULLY BEFORE DECIDING WHETHER TO ACCEPT OR REJECT THE EXIT OFFER. SHAREHOLDERS SHOULD NOTE THAT THE INDEPENDENT DIRECTORS' RECOMMENDATION AND THE IFA'S ADVICE SHOULD NOT BE RELIED UPON BY ANY SHAREHOLDER AS THE SOLE BASIS FOR DECIDING WHETHER OR NOT TO ACCEPT THE EXIT OFFER. INSTEAD, SHAREHOLDERS SHOULD CONSIDER ALL THE FACTORS SET OUT IN THIS SECTION. SHAREHOLDERS ARE ALSO URGED TO READ THE EXIT OFFER LETTER CAREFULLY.

In rendering the above advice and giving the above recommendation, both the IFA and the Independent Directors have not had regard to the general or specific investment objectives, financial situation, tax status or position, risk profiles or unique needs and constraints or other particular circumstances of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

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 have any direct or indirect interests in the (a) shares of the Offeror, (b) securities which carry voting rights in the Offeror or (c) convertible securities, warrants, options and derivatives in respect of the shares of the Offeror or securities which carry voting rights in the Offeror (collectively, the "**Offeror Securities**").

4.2 **Dealings in Offeror Securities by the Company.** Neither the Company nor its subsidiaries have dealt in the Offeror Securities during the period commencing three (3) months prior to 4 July 2019, being the date of the announcement by the Company that the Company is in discussions with its controlling shareholder regarding the exit offer proposal to be submitted to the SGX-ST, and ending on the Latest Practicable Date ("**Reference Period**").

4.3 **Interests of Directors in Company Securities.**[1] Save as disclosed below, as at the Latest Practicable Date, based on the information in the Company's Register of Directors' Shareholdings, none of the Directors has any direct or indirect interests in the (a) Shares, (b) securities which carry voting rights in the Company, or (c) convertible securities, warrants, options and derivatives in respect of the Shares or securities which carry voting rights in the Company (collectively, the "**Company Securities**").

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Director						
Mr. Christopher Ho Wing-On(1)	–	–	19,264,561	76.04	19,264,561	76.04

Note:

(1) Mr. Christopher Ho Wing-On is deemed interested in these Shares as he is the sole shareholder of Sino Capital Resources Limited ("**SCRL**") that has a direct interest in 19,264,561 Shares.

4.4 **Dealings in Company Securities by Directors.** None of the Directors has dealt for value in the Company Securities during the Reference Period.

4.5 **Interests of Directors in Offeror Securities.**[2] As at the Latest Practicable Date, Mr. Christopher Ho Wing-On, an Executive Director and the Chief Executive Officer of the Company, is the sole shareholder and sole director of the Offeror.

4.6 **Dealings in Offeror Securities by Directors.** None of the Directors has dealt for value in the Offeror Securities during the Reference Period.

[1] References to Directors being 'interested' in Company Securities should be interpreted according to section 164 of the Companies Act.

[2] References to Directors being 'interested' in Offeror Securities should be interpreted according to section 164 of the Companies Act.

4.7 **Interests of IFA in Company Securities.** As at the Latest Practicable Date, none of the IFA, its related corporations nor any of the 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 IFA.** None of the IFA, its related corporations nor any of the 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 Reference Period.

4.9 **Directors' Intentions in respect of the Exit Offer.** Mr. Christopher Ho Wing-On has confirmed that he will be accepting the Exit Offer in respect of the Shares held by SCRL, which he is deemed to be interested in.

4.10 **Director's Service Contracts.** As the Latest Practicable Date:

(a) there are no service contracts between any Director or proposed Director with the Company or any of its subsidiaries with more than 12 months to run and which are not terminable by the employing company within the next 12 months without paying any compensation; and

(b) there are no such contracts entered into or amended during the period commencing six (6) months prior to 4 July 2019, being the date of the announcement by the Company that the Company is in discussions with its controlling shareholder regarding the exit offer proposal to be submitted to the SGX-ST and ending on the Latest Practicable Date.

4.11 **Arrangements Affecting Directors.** As at the Latest Practicable Date, save as disclosed in this Company's Letter to Shareholders and the Exit Offer Letter:

(a) there are no payments or other benefits which will be made or given to any Director or any director of any corporation, which is by virtue of Section 6 of the Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Exit 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 Exit Offer; and

(c) none of the Directors has any material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

5. GENERAL INFORMATION

5.1 **Legal Status and Principal Activities of the Company.** The Company is a company incorporated in Bermuda on 8 April 1999 and was listed on the Main Board of the SGX-ST on 7 April 2000. The Company is an investment holding company. The principal activities of the Company and its subsidiaries (the "**Group**") are in property agency, appraisal and consultancy services in Singapore, the Hong Kong Special Administrative Region of the People's Republic of China and the People's Republic of China. The Group also provides property management services, building consultancy services, property appraisal services on the internet, as well as security guard and close protection services.

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

Name	Address	Designation
Will, Eduard William Rudolf Helmuth	c/o 119 Emerald Hill Road #12-01 Residences at Emerald Hill Singapore 229401	Chairman and Independent and Non-Executive Director
Christopher Ho Wing-On	c/o 119 Emerald Hill Road #12-01 Residences at Emerald Hill Singapore 229401	Executive Director and Chief Executive Officer
Kenny Suen Wai Cheung	c/o 119 Emerald Hill Road #12-01 Residences at Emerald Hill Singapore 229401	Executive Director, Operations
Paul Law Kwok Fai	c/o 119 Emerald Hill Road #12-01 Residences at Emerald Hill Singapore 229401	Executive Director, Operations
Ricky Sim Eng Huat	c/o 119 Emerald Hill Road #12-01 Residences at Emerald Hill Singapore 229401	Independent and Non-Executive Director
Kin Yuen	c/o 119 Emerald Hill Road #12-01 Residences at Emerald Hill Singapore 229401	Independent and Non-Executive Director
Paul Francis Gregory Binney	c/o 119 Emerald Hill Road #12-01 Residences at Emerald Hill Singapore 229401	Executive Finance Director

5.3 **Registered Office of the Company**

The registered office of the Company is at Wessex House, 45 Reid Street, Hamilton HM 12, Bermuda.

6. SHARE CAPITAL OF THE COMPANY

6.1 **Number and Class of Shares.** The Company has only one class of shares, comprising the Shares. The Shares are quoted and listed on the Main Board of the SGX-ST. As at the Latest Practicable Date, the total issued and paid-up share capital of the Company is US$50,666,666 comprising 25,333,333 Shares and there are no treasury shares.

6.2 **Rights of Shareholders in respect of capital, dividends and voting.** The rights of Shareholders in respect of capital, dividends and voting are contained in the Bye-laws of the Company ("**Bye-laws**"). The provisions in the Bye-laws relating to the rights of the Shareholders in respect of capital, dividends and voting are set out in **Annex B** to this Company's Letter to Shareholders.

6.3 **Number of Shares issued since the end of the last financial year.** No new Shares have been issued by the Company since 31 December 2019, such date being the end of the last financial year of the Company, up to the Latest Practicable Date.

6.4 **Convertible Instruments.** As at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, or options (whether pursuant to an employee share option scheme or otherwise) in respect of, Shares or securities which carry voting rights affecting Shares in the Company.

7. SUMMARY OF FINANCIAL INFORMATION

7.1 **Consolidated Statement of Profit or Loss.** Set out below is certain financial information extracted from the annual reports of the Company for (a) the financial year ended 31 December 2016 ("**FY2016**"), (b) the financial year ended 31 December 2017 ("**FY2017**"), and (c) the financial year ended 31 December 2018 ("**FY2018**") and from the unaudited consolidated financial statements of the Group for the financial year ended 30 December 2019 ("**FY2019**").

	Unaudited FY2019 US$'000	**Audited FY2018 US$'000**	**Audited FY2017 US$'000**	**Audited FY2016 US$'000**
Revenue	14,715	14,587	13,054	11,610
Exceptional items	N.A.	N.A.	N.A.	N.A.
Loss before tax	4,914	10,804	447	10,903
Net loss after tax	4,929	10,849	468	9,782
Minority interests	N.A.	N.A.	N.A.	N.A.
Net loss per Share (US cents)	19.46	42.83	1.85	38.61
Net dividends per Share	0	0	0	0

The summary of the financial information for FY2016, FY2017 and FY2018 as set out above should be read in conjunction with the audited consolidated financial statements of the Group and the accompanying notes for FY2016, FY2017 and FY2018 as set out in the relevant annual reports of the Company, and the summary of the financial information for FY2019 as set out above should be read in conjunction with the unaudited consolidated financial statements of the Group for FY2019 ("**FY2019 Unaudited Results**") and the accompanying notes thereto, copies of which are available for inspection at the corporate office of the Company at 119 Emerald Hill Road #12-01 Residences at Emerald Hill, Singapore 229401 during normal business hours for the period for which the Exit Offer remains open for acceptance.

The audited consolidated financial statements of the Group for FY2018 and the FY2019 Unaudited Results, which is the latest announced full year unaudited results of the Company, are set out in **Annex C** and **Annex D** to this Company's Letter to Shareholders, respectively.

7.2 **Consolidated Statement of Financial Position.** The unaudited consolidated statements of financial position of the Group as at 31 December 2019 and the audited consolidated statements of financial position of the Group as at 31 December 2017 and 31 December 2018 are set out below.

	Unaudited as at 31 December 2019 US$'000	Audited as at 31 December 2018 US$'000	Audited as at 31 December 2017 US$'000
Assets			
Non-current assets			
Property, plant and equipment	274	364	369
Trademark	3,667	5,169	5,179
Available-for-sale financial assets	–	–	36
Financial assets at fair value through other comprehensive income	13	15	–
Non-trade receivable from a related party	–	43,509	44,441
Right-of-use assets	1,438	–	–
Other non-current assets	744	386	271
Total non-current assets	**6,136**	**49,443**	**50,296**
Current assets			
Trade and other receivables	2,648	4,503	2,640
Other current assets	235	451	302
Non-trade receivable from a related party	44,072	–	–
Cash and cash equivalents	1,008	1,008	9,621
Total current assets	**47,963**	**5,962**	**12,563**
Total assets	**54,099**	**55,405**	**62,859**
EQUITY AND LIABILITIES			
Equity			
Share capital	50,667	50,667	50,667
Reserves	(12,064)	(7,364)	3,542
Total equity	**38,603**	**43,303**	**54,209**
Non-current liabilities			
Other payables	–	108	–
Provisions	305	1,796	3,731
Lease liabilities	585	–	–
Deferred tax liabilities	806	801	769
Total non-current liabilities	**1,696**	**2,705**	**4,500**
Current liabilities			
Trade and other payables	2,857	2,601	2,045
Provisions	1,417	1,679	2,071
Loans from holding company	8,564	5,096	–
Non-trade payables to related parties	–	–	10
Lease liabilities	929	NA	NA
Tax payable	33	21	24
Total current liabilities	**13,800**	**9,397**	**4,150**
Total liabilities	**15,496**	**12,102**	**8,650**
Total equity and liabilities	**54,099**	**55,405**	**62,859**

The above summary of financial information for FY2017 and FY2018 should be read together with the audited consolidated financial statements of the Group and the accompanying notes for FY2017 and FY2018 as set out in the relevant annual reports of the Company and the above summary of financial information for FY2019 should be read in conjunction with the FY2019 Unaudited Results and the accompanying notes thereto, copies of which are available for inspection at the corporate office of the Company at 119 Emerald Hill Road #12-01 Residences at Emerald Hill, Singapore 229401 during normal business hours for the period for which the Exit Offer remains open for acceptance.

The audited consolidated financial statements of the Group for FY2018 are set out in **Annex C** to this Company's Letter to Shareholders and the FY2019 Unaudited Results, which is the latest announced full year unaudited results of the Company, are set out in **Annex D** to this Company's Letter to Shareholders.

7.3 **LEHD Receivable.** As at the Latest Practicable Date, there is an interest-bearing secured non-trade receivable from LEHD to the Company ("**LEHD Receivable**").[3] The LEHD Receivable bears an interest rate of 3.0% per annum and such interest has been received by the Company in accordance with the terms and conditions of the LEHD Receivable. Additionally, as at the Latest Practicable Date, the Company understands that all the Properties remain unsold and given the current economic uncertainty arising mainly from the outbreak of the Covid-19 pandemic, the Company further understands that it may be challenging for LEHD to sell any of the Properties in the near future. While the Company does have the benefit of a second-ranking pledge of 100% of the shares in LEHD held by Madam Yu Lo Si, Rosy in favour of the Company, the enforcement of such share pledge in the event that the LEHD Receivable is not received by the Company would result in the Company indirectly holding all the Properties (through its 100% shareholding in LEHD) which will not translate to immediate cash receipts, should such Properties remain unsold in the near future for the aforementioned reasons. Furthermore, upon collection of the LEHD Receivable, there is no assurance that the Company will distribute proceeds from the LEHD Receivable to the Shareholders via the declaration of special dividends and/or a capital reduction exercise or otherwise.

As disclosed in the circular to Shareholders dated 4 September 2015, in relation to the Company's obligations to manage the Properties as part of the LEHD Disposal, the Company had undertaken a rental guarantee to make payment of a guaranteed rental sum to LEHD for a term of five (5) years from completion of the LEHD Disposal, up till 27 September 2020 ("**Rental Guarantee**"). The Company has made payment of the guaranteed rental sum in accordance with the terms and conditions of the Rental Guarantee. The outstanding obligations of the Company in respect of the Rental Guarantee to LEHD as at 31 December 2019 for the remaining term of the Rental Guarantee up to 27 September 2020 is US$1.4 million.

7.4 **Material Changes in Financial Position.** As at the Latest Practicable Date, save as disclosed in the FY2019 Unaudited Results, there have been no known material changes in the financial position of the Group since 31 December 2018, being the date to which the Group's last published audited accounts were made up.

[3] As disclosed in the circular to Shareholders dated 4 September 2015, the Company entered into a conditional sale and purchase agreement ("**Sale and Purchase Agreement**") with Madam Yu Lo Si, Rosy (the spouse of Mr. Christopher Ho Wing-On and an interested person of the Company) on 19 June 2015, pursuant to which the Company disposed of 100% of the issued and paid-up share capital of LEHD to Madam Yu Lo Si, Rosy, including 21 units of the residential properties located at 119 Emerald Hill Road in Singapore known as the "Residences at Emerald Hill" ("**Properties**") owned by LEHD ("**LEHD Disposal**"). The Sale and Purchase Agreement was approved by the independent Shareholders at a special general meeting held on 19 September 2015 and completion of the LEHD Disposal took place on 28 September 2015. Under the terms of the Sale and Purchase Agreement, the benefit under an interest-free loan of approximately S$95.87 million outstanding as at 31 July 2015, extended by Markwood Capital Limited ("**Markwood**"), a wholly-owned indirect subsidiary of the Company, to LEHD ("**Markwood Loan**"), was assigned by Markwood to the Company and repayable in two (2) tranches. The first tranche of the Markwood Loan was fully repaid on 25 October 2016. The second tranche of the Markwood Loan, amounting to approximately S$59.42 million ("**Reduced Lo*an***") is to be repaid by LEHD to the Company on 27 September 2020. The outstanding amount of the Reduced Loan is secured by (a) a corporate guarantee provided by The Ho Family Trust Ltd in favour of the Company; and (b) a second-ranking pledge of 100% of the shares in LEHD held by Madam Yu Lo Si, Rosy in favour of the Company with a covenant that LEHD will not distribute any dividends while any amount of the Reduced Loan remains outstanding. As at the Latest Practicable Date, the outstanding amount under the Reduced Loan is US$44.1 million, representing the LEHD Receivable.

7.5 **Significant Accounting Policies.** The significant accounting policies of the Group are set out in Note 4 to the audited consolidated financial statements of the Group for FY2018 and reproduced in **Annex C** to this Company's Letter to Shareholders.

7.6 **Change in Accounting Policy.** As at the Latest Practicable Date, there is no change in the accounting policy of the Company which will cause the figures as disclosed in this Company's Letter to Shareholders not to be comparable to a material extent.

8. MATERIAL CONTRACTS WITH INTERESTED PERSONS

8.1 **Material Contracts with Interested Persons.** Neither the Company nor any of its subsidiaries has entered into material contracts (not being contracts entered into in the ordinary course of business of the Group) with persons who are Interested Persons (as defined below), during the period commencing three (3) years prior to 4 July 2019, being the date of the announcement by the Company that the Company is in discussions with its controlling shareholder regarding the exit offer proposal to be submitted to the SGX-ST, and ending on the Latest Practicable Date.

8.2 **Interested Person.** An "**Interested Person**", as defined in the Note on Rule 24.6 of the Code read with the Note on Rule 23.12 of the Code, 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.

9. THE OFFEROR'S INTENTIONS FOR THE COMPANY

The full text of the Offeror's intentions for the Company has been extracted from paragraph 8 of the Exit Offer Letter and is set out in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Exit Offer Letter.

"*Given the Company's loss-making position and requirement for SCRL to continue providing financial support to the Group as and when deemed necessary to meet its general working requirements, following the close of the Exit Offer, the Offeror intends to conduct a comprehensive review of the operations, management and financial position of the Company, including to evaluate various strategic options. This may include (a) the making of material changes to the existing business, (b) the redeployment of fixed assets and other assets of the Company, and (c) reviewing the employment of the employees of the Company and its subsidiaries having regard to the outcome of the comprehensive review and evaluation of strategic options. The Offeror retains the flexibility at any time to consider options or opportunities which may present themselves, and which it regards to be in the interests of the Offeror and/or the Company.*"

10. MATERIAL LITIGATION

A plaintiff, which is in creditors' voluntary liquidation, issued a writ of summons in the High Court of the Hong Kong Special Administrative Region Court of First Instance against certain subsidiaries of the Vigers Group and others on 3 May 2013 together with a statement of claim (with subsequent amendments made on 21 June 2013 and 7 October 2014 respectively) for breaches of fiduciary duties, preferential payments of approximately US$1.58 million, fraudulent disposition of certain funds of approximately US$1.06 million, disposition of the plaintiff's property of approximately US$1.23 million and failure to put in place proper professional indemnity insurance for the plaintiff. All the transactions in relation to these allegations happened prior to the acquisition of the Vigers Group by the Company. The management of the Company is of the view that no provision is necessary for any of the legal suits described above having considered their respective merits and stages of proceedings.

Save as disclosed above, as at the Latest Practicable Date:

(a) none of the Company or its subsidiaries is engaged in any material litigation or arbitration proceedings, either as plaintiff or defendant, which might materially and adversely affect the financial position of the Company or the Group taken as a whole; and

(b) the Directors are not aware of any litigation, claims or proceedings pending or threatened against the Company or its subsidiaries or any facts likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of the Company or the Group taken as a whole.

11. DIRECTORS' RESPONSIBILITY STATEMENT

11.1 The Directors (including those who may have delegated detailed supervision of this Company's Letter to Shareholders) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Company's Letter to Shareholders (other than those relating to the Offeror and the parties acting in concert with the Offeror, the IFA, the IFA Letter set out in **Annex A** to this Company's Letter to Shareholders and the recommendation of the Independent Directors to Shareholders) are fair and accurate and that no material facts have been omitted therefrom, the omission of which would make any statement in this Company's Letter to Shareholders misleading. Where any information in this Company's Letter to Shareholders has been extracted or reproduced from published or publicly available sources or obtained from the Offeror or parties acting in concert with the Offeror or the IFA, the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Company's Letter to Shareholders. The Directors jointly and severally accept responsibility accordingly.

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

11.3 The recommendation of the Independent Directors to Shareholders set out in Section 3 (*Independent Directors' Recommendation*) of this Company's Letter to Shareholders is the sole responsibility of the Independent Directors.

11.4 **If you are in doubt as to any of the matters referred to in this Company's Letter to Shareholders and/or the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.**

12. CONSENT

The IFA has given and has not withdrawn its written consent to the issue of this Company's Letter to Shareholders with the inclusion of its name in this Company's Letter to Shareholders, the IFA Letter set out in **Annex A** to this Company's Letter to Shareholders and all references thereto in the form and context in which they appear in this Company's Letter to Shareholders.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, copies of the following documents may be inspected at the Company's corporate office at 119 Emerald Hill Road, #12-01 Residences at Emerald Hill, Singapore 229401 during normal business hours for the period for which the Exit Offer remains open for acceptance:

(a) the Joint Announcement;

(b) the IFA Letter as set out in **Annex A** to this Company's Letter to Shareholders;

(c) the Bye-laws as set out in **Annex B** to this Company's Letter to Shareholders;

(d) the annual reports of the Company for FY2016, FY2017 and FY2018;

(e) the audited consolidated financial statements of the Group for FY2018 as set out in **Annex C** to this Company's Letter to Shareholders;

(f) the FY2019 Unaudited Results as set out in **Annex D** to this Company's Letter to Shareholders; and

(g) the letter of consent from the IFA referred to in Section 12 of this Company's Letter to Shareholders.

14. ADDITIONAL INFORMATION

The attention of Shareholders is drawn to the additional information set out in the Annexure which form part of this Company's Letter to Shareholders.

Yours faithfully

For and on behalf of
the Board of
LAFE CORPORATION LIMITED

Mr. Will, Eduard William Rudolf Helmuth
Chairman

Annex A

IFA Letter

10 June 2020

Lafe Corporation Limited
Wessex House
45 Reid Street
Hamilton HM 12
Bermuda

Attention: The Independent Directors

THE DIRECTED DELISTING OF LAFE CORPORATION LIMITED (THE "COMPANY") PURSUANT TO RULE 1315 OF THE LISTING MANUAL AND THE EXIT OFFER BY SANSUI ELECTRIC (CHINA) COMPANY LIMITED ("OFFEROR") PURSUANT TO RULES 1306 AND 1309 OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE "SGX-ST")

*Unless otherwise defined or the context otherwise requires, all capitalised terms used in this letter shall have the same meaning as defined in the letter to shareholders of the Company dated 10 June 2020 (the "**Company's Letter to Shareholders**") and the exit offer letter dated 10 June 2020 (the "**Exit Offer Letter**").*

1. INTRODUCTION

On 3 June 2016, the Company was placed on the financial watch-list (the "**Watch-List**") by the SGX-ST pursuant to Rule 1311 of the Listing Manual of the SGX-ST (the "**Listing Manual**").

On 5 June 2019 (the "**Delisting Announcement Date**"), the Company announced that SGX had notified the Company on 4 June 2019 that the Company will be delisted from the Official List of the SGX-ST pursuant to Rule 1315 of the Listing Manual as it had not met the requirements under Rule 1314 of the Listing Manual (the "**Delisting Notification**"). Trading in the Company's securities has been suspended (the "**Suspension**") from 4 July 2019 (the "**Suspension Date**") until completion of the exit offer.

On 27 May 2020 (the "**Joint Announcement Date**"), the Company and the Offeror jointly announced that a formal exit offer proposal had been presented to the directors of the Company (the "**Directors**") pursuant to Rules 1306 and 1309 of the Listing Manual (the "**Delisting Proposal**") in connection with the directed delisting of the Company by the SGX-ST (the "**Directed Delisting**") (the "**Joint Announcement**"). Under the Delisting Proposal, the Offeror will make a conditional offer (the "**Exit Offer**") to acquire all the issued and paid-up ordinary shares in the capital of the Company (the "**Shares**") (excluding treasury shares), other than those Shares already owned, controlled or agreed to be acquired by the Offeror as at the date of the Exit Offer (the "**Offer Shares**"), for cash. The terms of the Exit Offer are set out in the Exit Offer Letter.

Pursuant to Rule 1309(2) of the Listing Manual, the Company has appointed ZICO Capital Pte. Ltd. ("**ZICO Capital**") as the independent financial adviser (the "**IFA**") to advise the Directors who are deemed to be independent in relation to the financial terms of the Exit Offer ("**Independent Directors**"), for the purpose of making a recommendation on the Exit Offer to shareholders of the Company ("**Shareholders**").

This letter (the "**IFA Letter**") to be included in the Company's Letter to Shareholders sets out, *inter alia*, our views and evaluation of the financial terms of the Exit Offer and our recommendations thereon. This letter has been prepared in compliance with Rule 1309(2), and is for the use by the Independent Directors in connection with their consideration of the Exit Offer in compliance with Rule 1309 of the Listing Manual in force at the time of the Delisting Notification and Rule 24.1 of The Singapore Code on Take-overs and Mergers and their recommendations to the Shareholders arising thereof.

2. TERMS OF REFERENCE

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

We were not involved in or responsible for, any aspect of the negotiations pertaining to the Exit Offer, nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Exit Offer. We were not required, instructed or authorized, to solicit, and we have not solicited, any indications of interest from any third party with respect to any other proposals for transactions similar to or in lieu of the Exit Offer. In this regard, we do not warrant the merits of the Exit Offer as compared to any alternative transaction previously considered by the Company or which otherwise may have been available to the Company currently or in the future. Such comparison and consideration remain the responsibility of the Directors.

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

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

We have not relied upon any financial projections or forecasts in respect of the Company or the Group. We are not required to express, and we do not express, any views on the growth prospects, earnings potential, future financial performance, or future financial position of the Company or the Group, or prices at which the Shares may trade upon completion of the Exit Offer.

Our recommendations are based upon market, economic, industry and other conditions prevailing, as well as information made available to us, as at 3 June 2020 (the "**Latest Practicable Date**"). Such conditions and information may change significantly over a short period of time. We assume no responsibility to update, revise or reaffirm our recommendations in light of any subsequent developments after the Latest Practicable Date that may affect our recommendations contained herein. Shareholders should take note of any announcements relevant to their consideration of the Exit Offer, which may be released after the Latest Practicable Date.

In rendering our advice and providing our recommendation, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Shareholder. We recommend that any Shareholder who may require specific advice in relation to his investment objective(s) or portfolio(s) should consult his legal, financial, tax or other professional advisers immediately.

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

We have prepared this IFA Letter for the use by the Independent Directors in connection with their consideration of the Exit Offer, but any recommendations made by the Independent Directors in respect of the Exit Offer shall remain their sole responsibility. Whilst a copy of this IFA Letter may be reproduced in the Company's Letter to Shareholders, which will be included as Appendix V in the Exit Offer Letter, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purposes at any time and in any manner without the prior written consent of ZICO Capital.

Our opinion in relation to the Exit Offer should be considered in the context of the entirety of this IFA Letter, the Company's Letter to Shareholders and the Exit Offer Letter.

3. THE EXIT OFFER

The Offeror is making an offer to acquire all the Offer Shares. The terms of the Exit Offer are set out in Section 3 of the Exit Offer Letter (including the Acceptance Forms). We recommend that Shareholders read the terms and conditions contained therein carefully.

A summary of the key information of the Exit Offer is set out below for your reference.

3.1 Exit Offer Price

The consideration for each Offer Share shall be S$0.60 ("**Exit Offer Price**"), and shall be satisfied in cash.

The Exit Offer is extended to all Offer Shares and the Exit Offer Price is applicable to any number of Offer Shares tendered in acceptance of the Exit Offer. Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of Offer Shares. Each Shareholder who accepts the Exit Offer will receive S$6.00 for every 10 Offer Shares tendered for acceptance of the Exit Offer.

The Offeror does not intend to revise or increase the Exit Offer Price. The Offeror, however, reserves the right to reduce the Exit Offer Price by the amount of any dividends, rights, other distributions, or return of capital (collectively, "**Distributions**") announced, declared, paid or made by the Company on or after the Joint Announcement Date, and the Offeror is not entitled to receive such Distributions in full in respect of any Offer Share tendered in acceptance of the Exit Offer.

3.2 Irrevocable Undertaking

Sino Capital Resources Limited ("**SCRL**"), which owns 19,264,561 Shares as at the Latest Practicable Date (the "**Undertaking Shares**") representing approximately 76.0% of the total number of issued Shares, has given an irrevocable undertaking to the Offeror (the "**Irrevocable Undertaking**") whereby SCRL has undertaken, *inter alia*, to accept the Exit Offer in respect of all (and not some only) of the Undertaking Shares and all such other Shares which it may acquire between the Joint Announcement Date and the close of the Exit Offer and not withdraw such acceptance once it has been given. Further details on the Irrevocable Undertaking are set out in Section 9 of the Exit Offer Letter.

3.3 Minimum Acceptance Condition

The Exit Offer will be conditional upon the Offeror having received, by the close of the Exit Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and the parties acting in concert with it, will result in the Offeror and the parties acting in concert with it holding such number of Shares carrying at least 50% of the voting rights attributable to the issued Shares (excluding any Shares held in treasury) as at the close of the Exit Offer ("**Minimum Acceptance Condition**").

The Minimum Acceptance Condition is expected to be met when SCRL accepts the Exit Offer, in accordance with the Irrevocable Undertaking.

Save for the Minimum Acceptance Condition, the Exit Offer is unconditional in all other respects.

3.4 Duration of the Exit Offer

The Exit Offer is open for acceptance by Shareholders for a period of 28 days after the date of despatch of the Exit Offer Letter to the Shareholders by the Offeror, unless the Exit Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder. Accordingly, the Exit Offer will close at 5.30 p.m. (Singapore time) on 8 July 2020.

Notice has been given that the Exit Offer will not be revised or be open for acceptance beyond 5.30 p.m. (Singapore time) on 8 July 2020, save that such notice shall not be capable of being enforced in a competitive situation. A "competitive situation" shall be deemed to arise when either: (a) a firm intention to make a competing offer for the Company is announced, whether or not subject to any pre-conditions; or (b) the SIC determines that a competitive situation has arisen.

3.5 Procedures for acceptance

The procedures for acceptance of the Exit Offer are set out in Appendix II of the Exit Offer Letter.

4. INFORMATION ON THE OFFEROR AND THE PARTIES ACTING IN CONCERT WITH IT

The Offeror is a company incorporated in the British Virgin Islands on 15 August 2014. The Company has been inactive since its incorporation.

The parties acting in concert with the Offeror are Mr. Christopher Ho Wing-On and SCRL. Mr. Christopher Ho Wing-On is the sole shareholder and sole director of the Offeror. SCRL is a controlling shareholder of the Company, with approximately 76.0% shareholding interests as at the Latest Practicable Date.

Please refer to Section 6 and Appendix III of the Exit Offer Letter for further information on the Offeror and the parties acting in concert with it.

5. INFORMATION ON THE COMPANY

The Company, an investment holding company, was incorporated in Bermuda on 8 April 1999. It was listed on the Main Board of the SGX-ST on 7 April 2000. The Company and its subsidiaries (the "**Group**") are principally in property agency, appraisal and consultancy services in Singapore, Hong Kong and the People's Republic of China.

Please refer to Section 7 and Appendix V of the Exit Offer Letter for further information on the Company.

6. ASSESSMENT OF THE FINANCIAL TERMS OF THE EXIT OFFER

In our evaluation of the financial terms of the Exit Offer, we have given due consideration to, *inter alia*, the following key factors:

(i) rationale for the Exit Offer;

(ii) historical financial performance of the Group;

(iii) historical financial position of the Group;

(iv) historical share price performance and trading liquidity;

(v) comparison with broadly comparable companies;

(vi) comparison with precedent SGX-ST directed delisting offers; and

(vii) other relevant considerations.

6.1 Rationale for the Exit Offer

The Exit Offer is made in compliance with Rules 1306 and 1309 of the Listing Manual, following the Directed Delisting. The Company will be mandatorily delisted and will become an unlisted public company subsequent to the close of the Exit Offer.

6.2 Historical Financial Performance of the Group

A summary of the financial results of the Group based on the audited consolidated financial statements of the Group for the financial years ("**FY**") ended 31 December 2017 and 2018, and the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2019 is set out below:-

	← Audited →		Unaudited
(US$'000)	**FY2017**	**FY2018**	**FY2019**
Revenue	13,054	14,587	14,715
Gross profit	3,258	3,165	3,392
(Loss) before taxation	(447)	(10,804)	(4,914)
(Loss) for the year attributable to equity holders of the Company	**(468)**	**(10,849)**	**(4,929)**

Source: Company's consolidated statement of profit or loss as set out in the annual reports for FY2017 and FY2018, and the results announcement for FY2019 released on SGXNET.

FY2018 vs FY2017

Revenue increased by approximately US$1.5 million, from US$13.1 million in FY2017 to US$14.6 million in FY2018, mainly due to increase in revenue generated from property agency consultancy services from its Vigers Group's operations.

Gross profit decreased by approximately US$93,000 in FY2018, mainly due to higher contracted manpower costs in the Vigers Group's operations which was partially offset by increase in revenue.

The Group recorded other net loss of US$5.7 million in FY2018 as compared to other net gain of US$4.1 million in FY2017. Other net loss in FY2018 comprised mainly write off of non-refundable deposits of S$5.7 million (comprising 10.0% of the total consideration for the proposed acquisition of Fairhaven at Sophia Road, which the Group is of the opinion that it is in line with market practice) and related transaction expenses of S$1.3 million. Both the non-refundable deposits and related transaction expenses amounted to US$5.2 million. Please refer to section 1.2 of the Company's Letter to Shareholders for further details on the non-completion of the aforementioned proposed acquisition.

Administrative costs increased by US$0.4 million from US$9.0 million in FY2017 to US$9.4 million in FY2018, mainly due to increase in property development and investment service charges of US$0.4 million. Finance costs remained relatively constant at US$0.2 million in FY2018.

Based on the foregoing, the Group recorded a loss for the financial year of US$10.8 million in FY2018, as compared to a loss of US$0.5 million in FY2017.

FY2019 vs FY2018

Revenue increased by approximately US$0.1 million, from US$14.6 million in FY2018 to US$14.7 million in FY2019, mainly due to increase in revenue generated from the Vigers Group's operations.

Gross profit increased by approximately US$0.2 million in FY2019, mainly due to lower contracted manpower costs in the Vigers Group's operations.

The Group recorded other net loss of US$0.5 million in FY2019 as compared to US$5.7 million in FY2018. The decrease in other net loss in FY2019 was mainly due to the absence of the one-off write off of deposits and related transaction expenses of approximately US$5.2 million due to non-completion of the proposed acquisition of Fairhaven at Sophia Road.

Administrative costs decreased by approximately US$0.7 million from US$9.4 million in FY2018 to US$8.7 million in FY2019, mainly due to absence of an one-off legal settlement of US$0.3 million in FY2018 which involved the Company and its former subsidiary, Lafe Technology (Hong Kong) Limited. Finance costs increased by approximately US$0.2 million from US$0.2 million in FY2018 to US$0.4 million in FY2019, mainly due to increase in interest expense on advances of US$0.1 million from the holding company, SCRL, and increase in interest expense of US$0.1 million on lease liabilities following the adoption of IFRS16.

Based on the foregoing, the Group recorded a loss for the financial period of US$4.9 million in FY2019, as compared to a loss of US$10.8 million in FY2018.

In view of the loss position of the Group for the trailing 12-month period, an evaluation of the valuation of the Company (as implied by the Exit Offer Price) based on a historical earnings approach would not be meaningful.

6.3 Historical Financial Position of the Group

A summary of the consolidated financial positions of the Group as at 31 December 2018 and 31 December 2019 is set out below:-

(US$'000)	As at 31 December 2018 (Audited)	As at 31 December 2019 (Unaudited)
Non-current assets	49,443	6,136
Current assets	5,962	47,963
Total assets	**55,405**	**54,099**
Non-current liabilities	2,705	1,696
Current liabilities	9,397	13,800
Total liabilities	**12,102**	**15,496**
Net assets	**43,303**	**38,603**

Source: Company's consolidated statement of financial position set out in the annual report for FY2018, and the results announcement for FY2019 released on SGXNET.

As at 31 December 2019, the Group had total assets of US$54.1 million comprising of non-current assets amounting to US$6.1 million (11.3% of total assets) and current assets amounting to US$48.0 million (88.7% of total assets).

Non-current assets as at 31 December 2019 consist mainly (i) trademark of approximately US$3.7 million which decreased by approximately US$1.5 million from 31 December 2018 due to changes in key assumptions on the computation of value in use as a result of the recent Covid-19 pandemic which is expected to significantly impact the Group's activities in the PRC and Hong Kong, and (ii) right-of-use assets in respect of its operating leases for office premises of US$1.4 million pursuant to the adoption of IFRS16. Non-current assets as at 31 December 2018 consist mainly (i) interest-bearing secured non-trade receivable from a former subsidiary of the Company, Lafe (Emerald Hill) Development Pte. Ltd. ("**LEHD**") of US$43.5 million, which is repayable by 27 September 2020 ("**LEHD Receivable**"). The LEHD Receivable bears an interest rate of 3.0% per annum and such interest has been received by the Company in accordance with the terms and conditions of the LEHD Receivable; and (ii) trademark of approximately US$5.2 million. LEHD is wholly-owned by Madam Yu Lo Si, Rosy who is the spouse of Mr. Christopher Ho Wing-On. Further details on the LEHD Receivable are set out below under the analysis of NAV and NTA of the Group.

Current assets as at 31 December 2019 consist mainly (i) the aforementioned non-trade receivable of US$44.1 million, which increased by US$0.6 million from the amount as at 31 December 2018 due to foreign currency translation adjustment; (ii) trade and other receivables of US$2.6 million, which decreased by US$1.9 million from US$4.5 million as at 31 December 2018 mainly due to settlement of certain outstanding receivables; and (iii) cash and cash equivalents of US$1.0 million. Current assets as at 31 December 2018 consist mainly (i) trade and other receivables of US$4.5 million; and (ii) cash and cash equivalents of US$1.0 million.

As at 31 December 2019, the Group's total liabilities amounted to US$15.5 million, comprising non-current liabilities amounting to US$1.7 million (10.9% of total liabilities) and current liabilities amounting to US$13.8 million (89.1% of total liabilities).

Non-current liabilities as at 31 December 2019 comprised (i) lease liabilities of US$0.6 million; (ii) deferred tax liabilities of US$0.8 million; and (iii) provisions which decreased by US$1.5 million from the amount as at 31 December 2018 as a result of reclassification from non-current liabilities to current liabilities, adjustment due to foreign currency translation and discount unwound on provisions for rental guarantee to LEHD. Non-current liabilities as at 31 December 2018 comprised mainly (i) provisions for rental guarantee and staff benefits, and (ii) deferred tax liabilities. Such rental guarantee is in relation to obligations of the Company, as part of the LEHD Disposal (defined herein), to manage the Properties (defined herein) and make payment of the guaranteed rental sum to LEHD for a term of five (5) years from completion of the LEHD Disposal up till 27 September 2020. The Company has made payment of the guaranteed rental sum in accordance with the terms and conditions of the rental guarantee. The aforementioned staff benefits are in relation to the Group's employees who are expected to be eligible for long service payments pursuant to the Group's retirement scheme, which is in line with the Hong Kong Employment Ordinance and applicable on termination of their employment or their retirement.

Current liabilities as at 31 December 2019 comprised mainly (i) loans from holding company of US$8.6 million, which increased by US$3.5 million from 31 December 2018 as a result of further working capital loans being extended to the Company; (ii) trade and other payables of US$2.9 million, which decreased by approximately US$0.3 million from the amount as at 31 December 2018 as a result of settlement of trade payables; and (iii) provisions for rental guarantee to LEHD of US$1.4 million. Current liabilities as at 31 December 2018 comprised mainly (i) loans from holding company of US$5.1 million; (ii) trade and other payables of US$2.6 million; and (iii) provisions for rental guarantee to LEHD of US$1.7 million.

The Group was in a positive working capital position of US$34.2 million and a net assets position of US$38.6 million as at 31 December 2019.

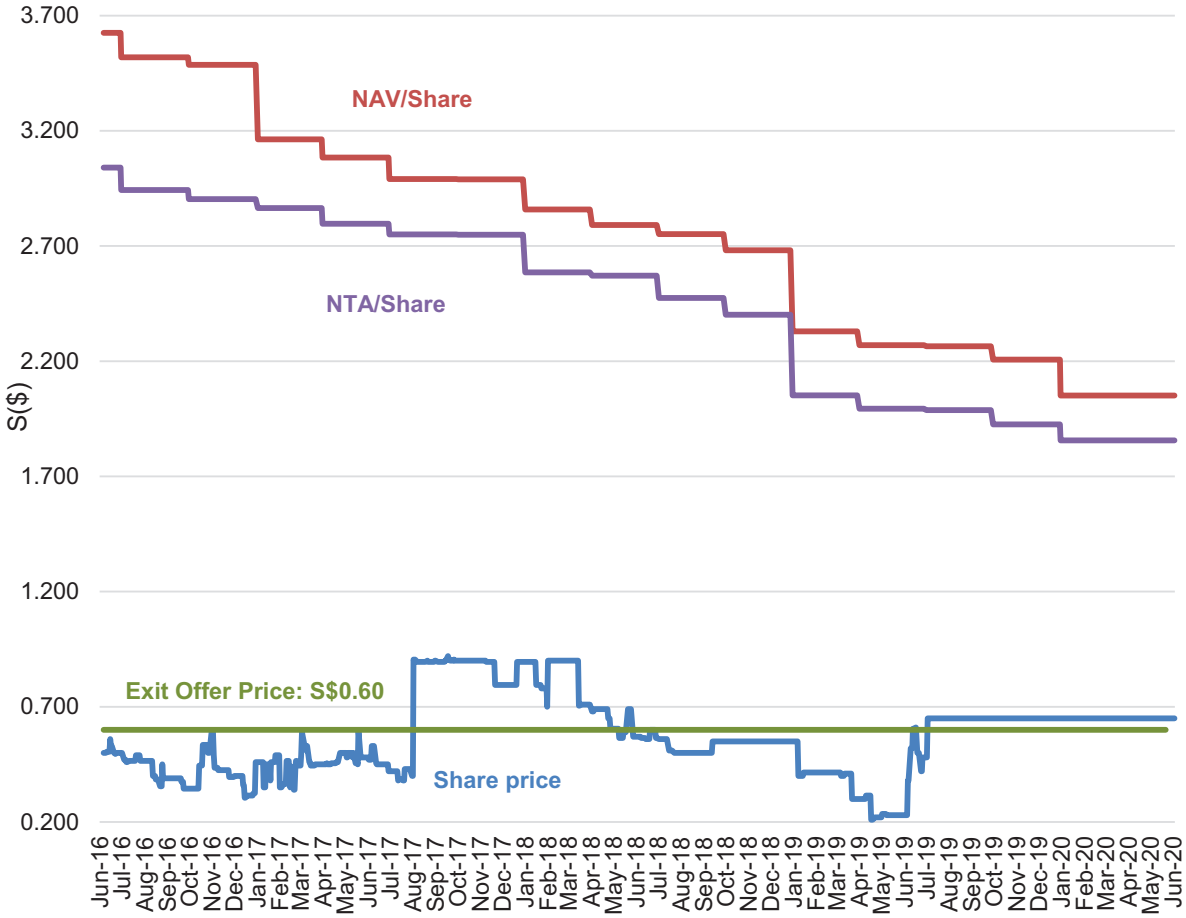
NAV and NTA of the Group

Based on the latest published unaudited financial statements of the Group for FY2019, the NAV attributable to Shareholders was US$38.6 million (equivalent to approximately S$52.0[4] million). The NAV per Share attributable to Shareholders as at 31 December 2019 was approximately S$2.05, based on the existing issued share capital of 25,333,333 Shares as at the Latest Practicable Date. The Exit Offer Price of S$0.60 represents a discount of 70.7% to the NAV per Share as at 31 December 2019.

Excluding intangible assets of the Group, which consist of trademark of approximately US$3.7 million as at 31 December 2019, the NTA per Share attributable to Shareholders was approximately S$1.86, based on the existing issued share capital of 25,333,333 Shares as at the Latest Practicable Date. The Exit Offer Price of S$0.60 represents a discount of 67.7% to the NTA per Share as at 31 December 2019.

[4] Based on US$1:S$1.3459 as at 31 December 2019 as quoted by Bloomberg L.P.

We also observed that, for the period commencing 6 June 2016 (being the last market day 36 months prior to the Delisting Announcement Date) to the Latest Practicable Date, the Shares had consistently traded at a discount to the NAV and NTA per Share, as shown in the chart below:



Source: Company's audited annual reports in FY2016, FY2017 and FY2018, and unaudited full-year financial statements for FY2019.

The NTA and NAV per Share have generally declined during the past 3 financial years prior to the Delisting Announcement Date while the trading prices of the Shares have ranged between approximately S$0.21 and S$0.92 in the aforementioned period.

The Group's assets as at 31 December 2019 comprised mainly (i) non-trade receivable from a related party (LEHD) of US$44.1 million (81.5% of total assets); (ii) trademark of US$3.7 million (6.8% of total assets); and (iii) right-of-use assets in relation to operating leases for office premises of US$1.4 million (2.7% of total assets).

The LEHD Receivable

As disclosed in the circular to Shareholders dated 4 September 2015, the Company entered into a conditional sale and purchase agreement ("**Sale and Purchase Agreement**") with Madam Yu Lo Si, Rosy (the spouse of Mr Christopher Ho Wing-On and an interested person of the Company) on 19 June 2015, pursuant to which the Company disposed of its entire issued and paid-up share capital of LEHD to Madam Yu Lo Si, Rosy, including 21 units of the residential properties located at 119 Emerald Hill Road in Singapore known as the "Residences at Emerald Hill" ("**Properties**") owned by LEHD ("**LEHD Disposal**"). The Sale and Purchase Agreement was approved by the independent Shareholders at a special general meeting held on 19 September 2015 and completion of the LEHD Disposal took place on 28 September 2015.

Under the terms of the Sale and Purchase Agreement, the benefit under an interest-free loan of approximately S$95.87 million outstanding as at 31 July 2015, extended by Markwood Capital Limited ("**Markwood**"), a wholly-owned indirect subsidiary of the Company, to LEHD ("**Markwood Loan**"), was assigned by Markwood to the Company and repayable in two (2) tranches. The first tranche of the Markwood Loan was fully repaid on 25 October 2016. The second tranche of the Markwood Loan, amounting to approximately S$59.42 million ("**Reduced Loan**"), is to be repaid to the Company by LEHD on 27 September 2020. The outstanding amount of the Reduced Loan is secured by (i) a corporate guarantee provided by The Ho Family Trust Ltd in favour of the Company; and (ii) a second-ranking pledge of 100% of the shares in LEHD held by Madam Yu Lo Si, Rosy in favour of the Company with a covenant that LEHD will not distribute any dividends while any amount of the Reduced Loan remains outstanding.

As at the Latest Practicable Date, the outstanding amount of the Reduced Loan is US$44.1 million, representing an interest-bearing secured non-trade receivable from LEHD to the Company.

As set out under Section 7.3 of the Company's Letter to Shareholders, as at the Latest Practicable Date, the Company understands that all the Properties remain unsold and given the current economic uncertainty, arising mainly from the outbreak of the Covid-19 pandemic, the Company further understands that it may be challenging for LEHD to sell any of the Properties in the near future. This may result in uncertainties over the settlement timing of the LEHD Receivable.

We note that while the Company does have the benefit of a second-ranking pledge of 100% of the shares in LEHD held by Madam Yu Lo Si, Rosy in favour of the Company, the enforcement of such share pledge in the event that the LEHD Receivable is not received by the Company would result in the Company indirectly holding all the Properties (through its 100% shareholding in LEHD) which will not translate to immediate cash receipts, should such Properties remain unsold in the near future for the aforementioned reasons. Furthermore, upon collection of the LEHD Receivable, there is no assurance that the Company will distribute proceeds from the LEHD Receivable to Shareholders via the declaration of special dividends and/or a capital reduction exercise or otherwise.

The Group's liabilities as at 31 December 2019 comprised mainly (i) current loans from SCRL of US$8.6 million (55.3% of total liabilities) ("**SCRL Loans**"); (ii) trade and other payables of US$2.9 million (18.4% of total liabilities); and (iii) provisions (current and non-current) in relation to rental guarantee to LEHD and staff benefits of US$1.7 million (11.1% of total liabilities). Mr. Christopher Ho Wing-On, who is the sole shareholder of SCRL as at the Latest Practicable Date, has confirmed that SCRL has no intention of calling for repayment of the SCRL Loans as at the Latest Practicable Date.

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

(a) there are no assets and/or liabilities which values would be materially different from those recorded in the audited statement of financial position of the Group as at 31 December 2019;

(b) there are no contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NAV or NTA of the Group;

(c) there are no litigation, claim or proceeding pending or threatened against the Group or any fact likely to give rise to any proceeding which might materially and adversely impact the financial position of the Group; and

(d) there are no material disposals or acquisitions of assets by the Group since 31 December 2019 and up to the Latest Practicable Date, which would have a material impact on the NAV or NTA of the Group,

save for an outstanding legal claim made against the Group for Directors are of the view that no provision is necessary at the end of the reporting period. Such claim and the related disclosure had been set out under note 31 of the audited financial statements of the Company for FY2018, enclosed in its FY2018 annual report.

6.4 Historical Share Price Performance and Trading Liquidity

We set out below the daily closing price and volume chart for the Shares for the period commencing 8 June 2018 (being the last market day 12 months prior to the Delisting Announcement Date) to 3 July 2019 (being the last traded day prior to the Suspension Date) (the "**Period Under Review**").



Source: Bloomberg L.P.

During the Period Under Review, the Shares traded in the range of S$0.21 to S$0.65. Subsequent to the Delisting Announcement Date and up to the full traded day prior to the Suspension Date, the Shares traded in the range of S$0.38 to S$0.65. The trading price of the Shares closed at S$0.65 on the last traded day prior to the Suspension Date.

We have tabulated below selected statistical information on the price performance and trading liquidity of the Shares for the Period Under Review.

Reference Period	Highest Traded Price (S$)	Lowest Traded Price (S$)	VWAP[1] (S$)	Premium of Exit Offer Price over VWAP (%)	No. of traded days[2]	Average daily trading volume[3]	Average daily trading volume as a percentage of free float[4] (%)
Prior to and including the Delisting Announcement Date							
Last 12 months	0.60	0.21	0.45	32.2	22	96	0.0022
Last 6 months	0.42	0.21	0.33	81.4	12	84	0.0019
Last 3 months	0.41	0.21	0.27	125.0	8	94	0.0021
Last 1 month	0.23	0.23	0.23	160.9	1	57	0.0013
As at 8 May 2019, being the last traded day prior to the Delisting Announcement Date	0.23	0.23	0.23	160.9	1	1200	0.0300
After the Delisting Announcement Date							
6 June 2019 to the last traded day prior to the Suspension Date	0.65	0.38	0.58	3.7	9	1,755	0.0394
As at 3 July 2019, being the last traded day prior to the Suspension Date	0.65	0.53	0.59	1.0	1	10,200	0.2288

Source: Bloomberg L.P.

Notes:

(1) The volume-weighted average price ("**VWAP**") for the respective periods are calculated based on the VWAP turnover divided by VWAP volume, as extracted from Bloomberg L.P. VWAP turnover is computed based on the aggregate daily turnover value of the Shares and VWAP volume is computed based on the aggregate daily trading volume of the Shares for the respective periods. Off market transactions are excluded from the calculation.

(2) Traded days refer to the number of days on which the Shares were traded on the SGX-ST during the period.

(3) The average daily trading volume of the Shares is computed based on the total volume of the Shares traded on SGX-ST (excluding off market transactions) during the relevant periods, divided by the number of days when the SGX-ST was open for trading during that period.

(4) Free float refers to the Shares other than those directly and deemed held by the Directors, Substantial Shareholders and their respective concert parties. For the purpose of computing the average daily trading volume as a percentage of free float, we have used a free float of 4,457,898 Shares as at the Latest Practicable Date.

Based on the above, we note that:

(a) the Shares have traded between a low of S$0.21 and a high of S$0.60 during the 12-month period prior to the Delisting Announcement Date. The Exit Offer Price represents a premium of approximately 32.2% to the VWAP of the Shares of S$0.45 in the said period;

(b) the Exit Offer Price represents a premium of 81.4%, 125.0% and 160.9% to the VWAP of the Shares for the 6-month, 3-month and 1-month periods prior to the Delisting Announcement Date respectively;

(c) the Exit Offer Price represents a premium of 160.9% to the VWAP of the Shares on 8 May 2019, being the last traded day for the Shares prior to the Delisting Announcement Date;

(d) the Exit Offer Price represents a premium of 3.7% to the VWAP of the Shares for the period from 6 June 2019 (being the first traded day of the Shares after the Delisting Announcement Date) up to the last traded day prior to the Suspension Date; and

(e) the Exit Offer Price represents a premium of 1.0% to the VWAP of the Shares on the last traded day prior to the Suspension Date.

We observe the following with regard to the trading liquidity of the Shares:

(a) the Shares were not actively traded during the Period Under Review. The average daily trading volume of the Shares for the 12-month, 6-month, 3-month and 1-month periods prior to the Delisting Announcement Date represents 0.0022%, 0.0019%, 0.0021% and 0.0013% of the free float of the Shares respectively;

(b) as at 8 May 2019, being the last traded day prior to the Delisting Announcement Date, the average daily trading volume of the Shares represents 0.03% of the free float of the Shares;

(c) during the period following the Delisting Announcement Date and up to the last traded day prior to the Suspension Date, the average trading volume of the Shares represents 0.0394% of the free float of the Shares; and

(d) as at 3 July 2019, being the last traded day prior to the Suspension Date, the average daily trading volume of the Shares represents 0.2288% of the free float of the Shares;

Shareholders should note that the Exit Offer is the only offer as at the Latest Practicable Date that provides Shareholders the opportunity to monetise their Shares. Trading of the Shares will remain suspended until completion of the Exit Offer which is unconditional in all respects pursuant to the Irrevocable Undertaking. The Shares will be delisted thereafter. There is no certainty that Shareholders will otherwise be able to obtain a better value for their Shares if they do not accept the Exit Offer.

6.5 Comparison with Broadly Comparable Companies

For the purpose of assessing the Exit Offer Price, we have compared the valuation ratios of the Company implied by the Exit Offer Price with those of selected companies listed on the SGX-ST that are involved in property development businesses which can be considered as broadly comparable with the principal businesses of the Group ("**Comparable Companies**").

For a more meaningful comparison, we have selected Comparable Companies with a market capitalisation of less than S$100 million as at the Latest Practicable Date as broad proxies to the Group.

We have held discussions with the Directors about the suitability and reasonableness of the selected Comparable Companies acting as a basis for comparison with the Group. Relevant information has been extracted from Bloomberg L.P., publicly available annual reports and/or public announcements of the selected Comparable Companies. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information.

We wish to highlight that the list of selected Comparable Companies is not exhaustive and it should be noted that there may not be any listed company that is directly comparable with the Group in terms of, *inter alia*, business activities, customer base, size of operations, asset base, geographical markets of activities, track record, financial performance, operating and financial leverage, future prospects, liquidity, quality of earnings, accounting policies, risk profile and other relevant criteria. As such, any comparison made herein is necessarily limited and it may be difficult to place reliance on the comparison of valuation statistics for the selected Comparable Companies. Therefore, any comparison made is necessarily limited and serves only as an illustrative guide. Each transaction must be judged on its own commercial and financial merits.

A brief description of the selected Comparable Companies, as extracted from Bloomberg L.P. is set out below:

Company name	**Principal Business**
Emerging Towns & Cities Singapore Ltd.	Emerging Towns & Cities Singapore Ltd. is a Singapore-based investment holding company. The company's business segments mainly include property development and property investment. The company's property development segment relates to the development of properties for sale in Myanmar and the PRC. The Company's property investment segment relates to the business of investing in properties in Myanmar and the PRC. The company is also engaged in real estate business in Singapore.
Goodland Group Ltd.	Goodland Group Limited is a Singapore-based investment holding company. The company is a property developer specializing in residential developments. The company's segments mainly include property development, construction and property investment. The company's property development segment is engaged in developing properties for sale. The company's construction segment is engaged in constructing residential and commercial properties. The company's property investment segment is engaged in investing in properties to earn rentals and for capital appreciation. The company's geographical segments include Singapore and Malaysia.
Top Global Ltd.	Top Global Limited is an investment holding company. The company operates through four segments: property development, hospitality management, facility management, and investment and others. Its property development segment includes the development of residential properties. Its hospitality management segment includes the management of golf and country club, and hotel operations. Its facility management segment includes property and facility management. Its Investment and others segment includes other investment activities. Its business segments operate in two geographical areas: Singapore and Indonesia.

Source: Annual Reports and Bloomberg L.P.

We have used the following valuation measures in our analysis:-

Valuation Measure	Description
PER	This ratio is computed by dividing the market capitalisation of a company by the trailing 12-month consolidated net profits attributable to owners of a company. The PER is affected by, *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to among others, depreciation and amortisation.
P/NAV	This ratio illustrates the market price of a company's shares relative to the NAV per share as recorded in its financial statements. The NAV is defined as total assets less total liabilities, and excludes, where applicable, minority or non-controlling interests. The NAV figure provides an estimate of the value of a company assuming the hypothetical sale of all its assets at its book value and repayment of its liabilities and obligations, with the balance available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net assets of the company. Comparisons of companies using NAV are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.

For the purpose of our financial evaluation on the Exit Offer Price, we have made comparison between the key valuation ratios of the Comparable Companies and those of the Group:-

Comparable Companies	Last Financial Year End	Market Capitalisation as at the Latest Practicable Date (S$' million)	PER[2] (times)	P/NAV[3] (times)
Emerging Towns & Cities Singapore Ltd.	31 December 2019	28.4	4.2	0.2
Goodland Group Ltd.	30 September 2019	59.4	n.m.[1]	0.4
Top Global Ltd.	31 December 2019	61.0	8.7	0.2
Maximum			**8.7**	**0.4**
Mean			**6.4**	**0.3**
Median			**6.4**	**0.2**
Minimum			**4.2**	**0.2**
Company (as implied by the Exit Offer Price)	31 December 2019	5.8 (as at the Delisting Announcement Date)	**n.m.[1]**	**0.3**

Source: Bloomberg L.P., annual reports and latest publicly available financial information on the Comparable Companies as at the Latest Practicable Date

Notes:

(1) Not meaningful as the companies were in a net loss position for their respective trailing 12-month period to their latest announced annual reports or financial announcements.

(2) The historical PERs of the Comparable Companies are computed based on their respective latest published full year earnings or trailing 12-month earnings, where applicable, as at the Latest Practicable Date; and

(3) The P/NAV ratio of the Comparable Companies was computed based on their respective NAV values attributable to shareholders of the respective companies as set out in their latest published financial statements available as at the Latest Practicable Date. The P/NAV ratio of the Company is computed based on unaudited NAV per Share as at 31 December 2019.

Based on the above, we note that the P/NAV ratio of 0.3 times as at 31 December 2019, implied by the Exit Offer Price, is within the range of the P/NAV ratios of the Comparable Companies.

6.6 Comparison with Precedent SGX-ST Directed Delisting Offers

We have compared the financial terms of the Exit Offer Price with those of cash offers made by selected companies listed on the SGX-ST during the period from January 2015 to the Latest Practicable Date (the "**Selected Directed Delisting Companies**") pursuant to directed delisting notification by the SGX-ST ("**Precedent SGX-ST Directed Delisting Offers**").

We wish to highlight that the Selected Directed Delisting Companies may not be directly comparable to the Group in terms of, *inter alia*, business activities, scale of operations, types of products, geographical markets, track record, future prospects, asset base and mix, the recovery and liquidity profile of assets, risk profile, customer base and other relevant criteria. In addition, economic conditions have changed and may differ over the aforementioned period, thus affecting, *inter alia*, the economic terms of the relevant offer prices. Therefore, it should be noted that the comparison made herein is necessarily limited and serves only as an illustrative guide.

The following is a brief description of the Precedent SGX-ST Directed Delisting Offers:

Company	Delisting notification/ announcement date	Date of announcement of exit offer	Premium / (Discount) of exit offer price over: VWAP on the last traded day prior to the Suspension Date (%)	VWAP on the last traded day before delisting notification / announcement date (%)	VWAP for the 1 month period prior to and including (i) the delisting notification / announcement date, or (ii) suspension date (%)	VWAP for the last 3 months period prior to and including the (i) delisting notification / announcement date, or (ii) suspension date (%)	NAV per Share[1] (%)
Yong Xin International Holdings Ltd.	3 March 2015	30 April 2015	(27.3)	(69.2)	(70.0)	(65.2)	(81.4)
Texchem-Pack Holdings Ltd.	5 March 2014	5 August 2015	16.7	23.5	42.7	39.8	(19.5)
Pacific Healthcare Holdings Ltd.	3 June 2015	26 April 2016	(85.7)	(93.8)	(93.7)	(92.9)	n.m.[2]
China Hongcheng Holdings Limited	2 September 2015	15 July 2016	(32.5)	(32.5)	(8.5)	(67.3)	n.m.[2]
Europtronic Group Ltd.	2 March 2016	7 November 2017	(95.0)	(98.0)	(98.2)	(98.7)	n.m.[2]
China Gaoxian Fibre Fabric Holdings Ltd.	27 February 2019	7 November 2019	916.7[4]	281.3[4]	510.0[3,4]	408.3[3,4]	n.m.[2]
Huan Hsin Holdings Ltd.	19 December 2018	29 April 2020	14.3	14.3	14.3	6.7	n.m.[2]
Maximum			16.7	23.5	42.7	39.8	(19.5)
Mean			(34.9)	(42.6)	(36.8)	(44.9)	(50.5)
Median			(29.9)	(50.9)	(39.3)	(66.3)	(50.5)
Minimum			(95.0)	(98.0)	(98.2)	(98.7)	(81.4)
The Company			1.0	160.9	160.9	125.0	(70.7)[5]

Source: Bloomberg L.P., respective companies' announcements and/or exit offer letters in relation to the respective directed delisting offers

Notes:

(1) Based on the latest published financial results disclosed in the exit offer letters of the respective companies.

(2) Not meaningful as the book value attributable to shareholders was negative.

(3) Based on premium of exit offer price to the VWAP for the past 1-month and 3-month periods prior to the suspension date.

(4) Excluded as statistical outlier in the maximum, mean, median and minimum computations.

(5) Based on Exit Offer Price of S$0.60 per Share and NAV per Share of the Group of approximately S$2.05 as at 31 December 2019.

Based on the above, we note that:

(a) the discount of the Exit Offer Price of 70.7% to the NAV per Share of the Group as at 31 December 2019 is within the range of comparable statistics for the Precedent SGX-ST Directed Delisting Offers, but higher than the mean and median;

(b) the premium of the Exit Offer Price of 125.0% to the VWAP of the Shares for the 3-month period prior to and including the Delisting Announcement Date is higher than the range of comparable statistics for the Precedent SGX-ST Directed Delisting Offers;

(c) the premium of the Exit Offer Price of 160.9% to the VWAP of the Shares for the 1-month period prior to and including the Delisting Announcement Date is higher than the range of comparable statistics for the Precedent SGX-ST Directed Delisting Offers;

(d) the premium of the Exit Offer Price of 160.9% to the VWAP of the Shares on the last traded day prior to the Delisting Announcement Date is higher than the range of comparable statistics for the Precedent SGX-ST Directed Delisting Offers; and

(e) the premium of the Exit Offer Price of 1.0% to the VWAP of the Shares on the last traded day prior to the Suspension Date is within the range of comparable statistics for the Precedent SGX-ST Directed Delisting Offers, and higher than the mean and median.

6.7 Other Considerations

6.7.1 No alternative offer

There is no publicly available evidence of any alternative offer for the Offer Shares or the Company from any third party. The Directors have confirmed that, as at the Latest Practicable Date, apart from the Exit Offer proposed by the Offeror, no competing offer or an enhancement or revision of the Exit Offer has been received. Further, the possibility of any alternate takeover offer would be unlikely given the certainty of a delisting of the Company's Shares from the official list of the SGX-ST.

Furthermore, in view of the suspension of the trading of Shares as provided for in the Delisting Notification, Shareholders are unable to dispose of their Shares or exit their investments in the public market and accordingly, the Exit Offer is the only publicly available option for exit as at the Latest Practicable Date.

6.7.2 Dividend track record

We note that the Company did not pay any dividend for the past seven financial years. The last dividend distribution made was for the financial year ended 31 December 2011, at US$0.50 cents per Share. The Directors have confirmed that the Company does not have a fixed dividend policy, taking into account, *inter alia*, the annual net loss positions since the financial year ended 31 December 2013.

As set out under paragraph 6.3 of this IFA Letter, as at the Latest Practicable Date, the Company understands that all the Properties remain unsold and given the current economic uncertainty arising mainly from the outbreak of the Covid-19 pandemic, the Company further understands that it may be challenging for LEHD to sell any of the Properties in the near future. This may result in uncertainties over the settlement timing of the LEHD Receivable.

We note that while the Company does have the benefit of a second-ranking pledge of 100% of the shares in LEHD held by Madam Yu Lo Si, Rosy in favour of the Company, the enforcement of such share pledge in the event that the LEHD Receivable is not received by the Company would result in the Company indirectly holding all the Properties (through its 100% shareholding in LEHD) which will not translate to immediate cash receipts, should such Properties remain unsold in the near future for the aforementioned reasons. Furthermore, upon collection of the LEHD Receivable, there is no assurance that the Company will distribute proceeds from the LEHD Receivable to Shareholders via the declaration of special dividends and/or a capital reduction exercise or otherwise.

There is therefore no assurance that the Company will pay dividends in the future, as it continues as an unlisted public company following the Delisting, should Shareholders not accept the Exit Offer.

6.7.3 Irrevocable Undertaking

SCRL, who holds approximately 76.0% of the total number of issued Shares as at the Latest Practicable Date, has provided an Irrevocable Undertaking to the Company to accept the Exit Offer. As such, the Minimum Acceptance Condition is expected to be met, and the Exit Offer is unconditional in all other respects. Please refer to Section 9 of the Exit Offer Letter for further information on the Irrevocable Undertaking.

6.7.4 Offeror's intentions

The Offeror has stated that, following the close of the Exit offer, it intends to conduct a comprehensive review of the operations, management and financial position of the Company, including to evaluate various strategic options which may include (a) the making of material changes to the existing business, (b) the redeployment of fixed assets and other assets of the Company, and (c) reviewing the employment of the employees of the Group having regard to the outcome of the comprehensive review and evaluation of strategic options. Please refer to Section 8 of the Exit Offer Letter for further information on the Offeror's intentions for the Company following the close of the Exit Offer.

6.7.5 Compulsory acquisition

Under Section 102 of the Bermuda Companies Act, the Offeror will be entitled to compulsorily acquire the Shares of dissenting Shareholders, at a price equal to the Exit Offer Price, if the Exit Offer is accepted by holders of not less than 90% in value of the Offer Shares within four months of the making of the Exit Offer ("**Compulsory Acquisition**"). Shares already owned by the Offeror or its subsidiaries, or their nominees as at the date of the Exit Offer do not count in calculating the 90% acceptances. Please refer to Section 10 of the Exit Offer Letter for information on the rights of compulsory acquisition by the Offeror.

The Offeror has stated that it intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Exit Offer, in the event the Exit Offer is accepted by the holders of not less than 90% in the value of the Offer Shares, within four months of the making of the Exit Offer. This will allow the Offeror greater flexibility in effecting its plans for the Company set out under Section 8 of the Exit Offer Letter.

6.7.6 Mandatory Delisting

Shareholders should note that the Company will be mandatorily delisted from the Official List of the SGX-ST pursuant to Rule 1315 of the Listing Manual, subsequent to the close of the Exit Offer. Shareholders who do not accept the Exit Offer will continue to hold Shares in the Company, which will become an unlisted public company following the Delisting.

Following the Delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares, as there is no arrangement for such Shareholders to exit. Even if such Shareholders are able to sell their Shares, they will likely receive a lower price as compared with the Exit Offer Price or the market prices of the shares of comparable listed companies as shares of unlisted public companies are generally valued at a discount due to the lack of marketability. Where such transfer or sale of Shares involves a change in the beneficial ownership of those Shares, the Company will have to seek the prior written consent of the Bermuda Monetary Authority (the "**BMA**"). The prior written consent of the BMA will be required if, as a result of the transfer, a transferee would hold 10% or more of the Shares (or, in the case where a transferee previously held 10% or more of the Shares, 50% or more of the Shares).

Following the Delisting, the Company will no longer be obliged to comply with the listing requirements of the SGX-ST. Nonetheless, as a company incorporated in Bermuda, the Company will still need to comply with the Bermuda Companies Act and its memorandum and articles of association and the interests of Shareholders who do not accept the Exit Offer will be protected to the extent provided for by the Bermuda Companies Act.

There is therefore no guarantee that Shareholders will be afforded similar rights, protection and avenues of recourse in the event they become shareholders of an unlisted public company following the Delisting, as they currently have as shareholders of a company listed on the SGX-ST.

Please see Section 11 of the Exit Offer Letter for details on the implications of the Delisting. We recommend that the Independent Directors advise the Shareholders to read this section of the Exit Offer Letter carefully.

6.7.8 Control of Company

Shareholders should note that, as at the Latest Practicable Date, the Offeror and its Concert Parties already has statutory control over the Company, through the 76.0% shareholding interests held by SCRL. Furthermore, the Minimum Acceptance Condition is expected to be met pursuant to the Irrevocable Undertaking, and the Exit Offer is unconditional in all other respects. This places the Offeror and its Concert Parties in a position to significantly influence, *inter alia*, the management, operating and financial policies of the Company and the ability to pass all ordinary and/or special resolutions at the Company's general meetings on matters in which the Offeror and its Concert Parties do not have any interest.

7. OUR RECOMMENDATION

In arriving at our opinion in relation to the Exit Offer, we have considered the views and representations made by the Directors, and reviewed and deliberated on the factors which we consider to be relevant and to have a significant bearing on our assessment of the financial terms of the Exit Offer.

We set out below a summary of the key factors we have taken into our consideration:-

(a) the rationale for the Exit Offer;

(b) the consecutive net loss positions of the Group for the last 3 financial years ended 31 December 2019;

(c) the Exit Offer Price represents a discount of approximately 70.7% to the NAV per Share as at 31 December 2019. Such discount is within the range of comparable statistics for the Precedent SGX-ST Directed Delisting Offers, but higher than the mean and median. Approximately 81.5% of the total assets of the Group as at 31 December 2019 consists of the LEHD Receivable of US$44.1 million due from LEHD which is wholly-owned by Madam Lo Si Yu, Rosy (spouse of Mr. Christopher Ho Wing-On). As at the Latest Practicable Date, the Company understands that all the Properties remained unsold and given the current economic uncertainty, arising mainly from the outbreak of the Covid-19 pandemic, the Company further understands that it may be challenging for LEHD to sell any of the Properties in the near future. This may result in uncertainties over the settlement timing of the LEHD Receivable. We note that while the Company does have the benefit of a second-ranking pledge of 100% of the shares in LEHD held by Madam Yu Lo Si, Rosy in favour of the Company, the enforcement of such share pledge in the event that the LEHD Receivable is not received by the Company would result in the Company indirectly holding all the Properties (through its 100% shareholding in LEHD) which will not translate to immediate cash receipts, should such Properties remain unsold in the near future for the aforementioned reasons. Furthermore, upon collection of the LEHD Receivable, there is no assurance that the Company will distribute proceeds from the LEHD Receivable to Shareholders via the declaration of special dividends and/or a capital reduction exercise or otherwise;

(d) the Exit Offer Price represents (i) a premium of 32.2%, 81.4%, 125.0% and 160.9% to the VWAP of the Shares for the 12-month, 6-month, 3-month and 1-month periods prior to the Delisting Announcement Date respectively; (ii) a premium of 160.9% to the VWAP of the Shares on 8 May 2019, being the last traded day for the Shares prior to the Delisting Announcement; (iii) a premium of 3.7% to the VWAP of the Shares for the period from 6 June 2019 (being the first traded day of the Shares after the Delisting Announcement Date) up to the last traded day prior to the Suspension Date; and (iv) a premium of 1.0% to the VWAP of the Shares on the last traded day prior to the Suspension Date;

(e) low trading liquidity of the Shares for the Period Under Review;

(f) the Exit Offer Price represents (i) a premium of 125.0% and 160.9% to the VWAP of the Shares for the 3-month and 1-month period prior to and including the Delisting Announcement Date, respectively; and (ii) a premium of 160.9% to the VWAP of the Shares on the last traded day prior to the Delisting Announcement Date. These premia are higher than the range of comparable statistics for the Precedent SGX-ST Directed Delisting Offers. The Exit Offer represents a premium of 1.0% to the VWAP of the Shares on the last traded day prior to the Suspension Date, which is within the range of comparable statistics for the Precedent SGX-ST Directed Delisting Offers, and higher than the mean and median;

(g) there is no alternative offer for the Offer Shares or the Company from any other third party. The possibility of any alternate takeover offer would be unlikely given the certainty of a delisting of the Company's Shares from the Official List of the SGX-ST. In view that the Shares are suspended until completion of the Exit Offer, the Exit Offer is the only exit option for Shareholders as at the Latest Practicable Date in respect of their investment in the Shares;

(h) the Offeror has stated that it has no intention to revise or increase the Exit Offer Price;

(i) SCRL has provided an Irrevocable Undertaking to the Company to accept the Exit Offer. As such, the Minimum Acceptance Condition is expected to be met, and the Exit Offer would then be unconditional in all other respects;

(j) the Offeror has stated that it intends to exercise its right to the Compulsory Acquisition;

(k) the Company will be mandatorily delisted from the Official List of the SGX-ST pursuant to Rule 1315 of the Listing Manual, subsequent to the close of the Exit Offer and subsequently, there will be no public trading platform for Shareholders to realise their investment in the Company;

(l) there is no guarantee that Shareholders will be afforded similar rights, protection and avenues of recourse in the event they become shareholders of an unlisted public company following the Delisting, as they currently have as shareholders of a company listed on the SGX-ST; and

(m) other relevant considerations, particularly the implications of a mandatory delisting, as set out in Section 6.7 of this IFA Letter.

We have carefully considered as many factors as we deem essential and balance them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information which we have taken into account, be read in its entirety.

We are of the opinion that the financial terms of the Exit Offer are:

(i) **not fair** considering in particular, the significant discount of the Exit Offer Price of 70.7% to the NAV per Share of the Group as at 31 December 2019. Approximately 81.5% of the total assets of the Group as at 31 December 2019 consists of the LEHD Receivable of US$44.1 million due from LEHD which is wholly-owned by Madam Lo Si Yu, Rosy (spouse of Mr. Christopher Ho Wing-On); but

(ii) **reasonable** when compared against the historical trading performance of the Shares, where in particular, the Exit Offer Price represents a premium of 32.2%, 81.4%, 125.0% and 160.9% to the VWAP of the Shares for the 12-month, 6-month, 3-month and 1-month periods prior to the Delisting Announcement Date respectively. Furthermore, particular consideration is given to (a) the low trading liquidity of the Shares during the Period Under Review; (b) the Exit Offer being the only exit option for Shareholders as at the Latest Practicable Date in respect of their investment in the Shares; (c) there being no guarantee that Shareholders will be afforded similar rights, protection and avenues of recourse in the event they become shareholders of an unlisted public company following the Delisting, as they currently have as shareholders of a company listed on the SGX-ST; and (d) the Company's understanding that all the Properties remain unsold as at the Latest Practicable Date and the potential challenges faced by LEHD in selling these Properties, which may result in uncertainties over the settlement timing of the LEHD Receivable.

Having considered carefully the information available to us as at the Latest Practicable Date, and based on our analyses, we are of the opinion that the financial terms of the Exit Offer are on balance, not fair but reasonable.

Accordingly, we advise the Independent Directors to recommend Shareholders to **ACCEPT** the Exit Offer.

In arriving at our opinion, we wish to emphasise that the Directors have not provided us with any financial projections or forecasts in respect of the Company or the Group and we have, *inter alia*, relied on the relevant statements contained in the Exit Offer Letter, Company's Letter to Shareholders, confirmations, advice and representations by the Directors, and the Company's announcement in relation to the Delisting and Exit Offer. In addition, Directors should note that we have arrived at our recommendation based on information made available to us prior to and including the Latest Practicable Date. We assume no responsibility to update, review or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date, unless otherwise stated.

We would like to highlight that we do not express any opinion on the rationale for, as well as the legal and commercial risks and/or merits (if any) of the Exit Offer, which remains the sole responsibility of the Directors. It is also not within our terms of reference to provide an opinion on the relative merits of the Exit Offer *vis-à-vis* any alternative transactions previously considered by the Company or transactions that the Company may consider in the future.

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

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

Yours faithfully
For and on behalf of
ZICO Capital Pte. Ltd.

Alex Tan
Chief Executive Officer

Karen Soh
Managing Director

Annex B

Relevant provisions in the Bye-laws of the Company

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

Please see the definitions in the Bye-laws for terms used in the reproduced extracts below.

1. The rights of Shareholders in respect of capital

SHARE CAPITAL

3. (1) The share capital of the Company at the date on which these Bye-laws come into effect shall be divided into shares of a par value of United States four cents (US$0.04) each.

(2) The Company may purchase its own shares for cancellation or acquire them as Treasury Shares in accordance with the Act on such terms as the Board shall think fit. Any power of the Company to purchase or otherwise acquire its own shares shall be exercisable by the Board in accordance with and subject to the Act, the Company's memorandum of association and, for so long as the shares of the Company are listed on the Designated Stock Exchange, the prior approval of the Members in general meeting for such purchase or acquisition. Such approval of the Members shall remain in force until (i) the conclusion of the annual general meeting of the company following the passing of the resolution granting the said authority or (ii) the date by which such annual general meeting is required to be held or (iii) it is revoked or varied by ordinary resolution of the Company in general meeting, whichever is the earliest, and may thereafter be renewed by the Members in general meeting. For so long as the shares of the Company are listed on the Designated Stock Exchange, the Company shall make an announcement to the Designated Stock Exchange of any purchase or acquisition by the Company of its own shares on the market day following the day of such purchase or acquisition.

(3) Neither the Company nor any of its subsidiaries shall give, whether directly or indirectly, whether by means of loan, guarantee, provision of security or otherwise, any financial assistance for the purpose of the acquisition or proposed acquisition by any person of any shares in the Company, but nothing in this Bye-law shall prohibit transactions permitted under the Act.

ALTERATION OF CAPITAL

4. The Company may from time to time by ordinary resolution in accordance with Section 45 of the Act:

(a) increase its capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe;

(b) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(c) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the Directors may determine provided always that where the Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares and

where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting";

(d) *sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association (subject, nevertheless, to the Act), and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares;*

(e) *change the currency denomination of its share capital;*

(f) *make provision for the issue and allotment of shares which do not carry any voting rights; and*

(g) *cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.*

5. *The Board may settle as it considers expedient any difficulty which arises in relation to any consolidation and division under the last preceding Bye-law and in particular but without prejudice to the generality of the foregoing may issue certificates in respect of fractions of shares or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise some person to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company's benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.*

6. *The Company may from time to time by special resolution, subject to any confirmation or consent required by law, reduce its authorised or issued share capital or any share premium account or other undistributable reserve in any manner permitted by law.*

7. *Except so far as otherwise provided by the conditions of issue, or by these Bye-laws, any capital raised by the creation of new shares shall be treated as if it formed part of the original capital of the Company, and such shares shall be subject to the provisions contained in these Bye-laws with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, cancellation, surrender, voting and otherwise.*

SHARE RIGHTS

8. (1) *Subject to any special rights conferred on the holders of any shares or class of shares, any share in the Company (whether forming part of the present capital or not) may be issued with or have attached thereto such rights or restrictions whether in regard to dividend, voting, return of capital or otherwise as the Company may by ordinary resolution determine or, if there has not been any such determination or so far as the same shall not make specific provision, as the Board may determine.*

(2) *All the rights attaching to a Treasury Share shall be suspended and shall not be exercisable by the Company while it holds such Treasury Share and, except where required by the Act, all Treasury Shares shall be excluded from the calculation of any percentage or fraction of the share capital or shares, of the Company.*

9. (1) In the event of preference shares being issued the total nominal value of issued preference shares shall not at any time exceed the total nominal value of the issued ordinary shares and 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 (6) months in arrear.

(2) Subject to Sections 42 and 43 of the Act, any preference shares may be issued or converted into shares that, at a determinable date or at the option of the Company or the holder if so authorised by its memorandum of association, are liable to be redeemed on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution of the Members determine.

(3) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

VARIATION OF RIGHTS

10. Whenever the share capital of the Company is divided into different classes of shares, subject to the provisions of the Statutes, preference capital other than redeemable preference capital may be repaid and the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so repaid, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate general meeting and all adjournments thereof all the provisions of these Bye-laws relating to general meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum (other than at an adjourned meeting) shall be two persons at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class and at any adjourned meeting of such holder, two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters in nominal value of the issued shares of the class concerned within two months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting. The foregoing provisions of this Bye-law shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

11. The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking pari passu therewith.

SHARES

12. (1) Subject to the Act and to the rules or regulations of the Designated Stock Exchange (if applicable), no shares may be issued by the Board without the prior approval of the Company in general meeting but subject thereto and to these Bye-laws and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, the unissued shares of the Company (whether forming part of the

original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may in its absolute discretion determine but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to Members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(2) Subject to any direction to the contrary that may be given by the Company in general meeting or except as permitted under the rules or regulations of the Designated Stock Exchange, all new shares shall before issue be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as far as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined. 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 Board may dispose of those shares in such manner as it thinks most beneficial to the Company. The Board 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 Board, be conveniently offered under this Bye-law 12(2).

(3) Notwithstanding Bye-law 12(2) above but subject to the Statutes and the rules or regulations of the Designated Stock Exchange (if applicable), the Company in general meeting may by ordinary resolution grant to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the said ordinary resolution (including but not limited to the aggregate number of Shares which may be issued and the duration of the general authority), to issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or 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; Provided that unless otherwise specified in the ordinary resolution or required by any applicable rules or regulations of the Designated Stock Exchange, such general authority will continue (notwithstanding the authority conferred by the said ordinary resolution may have ceased to be in force) in relation to the issue of shares pursuant to any Instrument made or granted by the Directors while the said ordinary resolution was in force.

(4) The Board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine, provided that such issue must be specifically approved by the Company in general meeting if required by the rules or regulations of the Designated Stock Exchange.

13. The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the Act. Subject to the Act, the commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one and partly in the other.

14. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any fractional part of a share or (except only as otherwise provided by these Bye-laws or by law) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

15. (1) Subject to the terms and conditions of any application for shares, the Board shall allot shares applied for within ten (10) market days of the closing date of any such application (or such other period as may be approved by the Designated Stock Exchange).

(2) Subject to the Act and these Bye-laws, the Board may at any time after the allotment of shares but before any person has been entered in the Register as the holder, 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 Board considers fit to impose.

SHARE CERTIFICATES

16. Every share certificate shall be issued under the Seal or a facsimile thereof and shall specify the number and class and distinguishing numbers (if any) of the shares to which it relates, and the amount paid up thereon and may otherwise be in such form as the Directors may from time to time determine. No certificate shall be issued representing shares of more than one class. The Board may by resolution determine, either generally or in any particular case or cases, that any signatures on any such certificates (or certificates in respect of other securities) need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon or that such certificates need not be signed by any person.

17. (1) In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders.

(2) Where a share stands in the names of two or more persons, the person first named in the Register shall as regards service of notices and, subject to the provisions of these Bye-laws, all or any other matters connected with the Company, except the transfer of the shares, be deemed the sole holder thereof.

18. Every person whose name is entered, upon an allotment of shares, as a Member in the Register shall be entitled, without payment, to receive one certificate for all such shares of any one class or several certificates each for one or more of such shares of such class upon payment for every certificate after the first of a charge not exceeding two Singapore dollars, or such amount as shall be stipulated by the Designated Stock Exchange for the time being.

19. Subject to the payment of all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Board in its absolute discretion may require, every person whose name is entered as a Member in the Register shall be entitled to receive within ten (10) market days of the date of allotment (or such other period as may be approved by the Designated Stock Exchange) or within ten (10) market days after the date of lodgement of a registrable transfer (or such other period as may be approved by the Designated Stock Exchange) share certificates in reasonable denominations for the shares so allotted or transferred. Where such a Member transfers part only of the shares comprised in a certificate or where such a Member requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and such Member shall pay all or any part of the stamp duty payable (if any) on each share

certificate prior to the delivery thereof which the Board in its absolute discretion may require and a maximum fee of two Singapore dollars for each new certificate or such other fee as the Board may from time to time determine having regard to any limitation thereof as may be prescribed the Designated Stock Exchange upon which the shares in the Company may be listed.

20. *(1) Upon every transfer of shares the certificate held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and a new certificate shall be issued to the transferee in respect of the shares transferred to him at such fee as is provided in paragraph (2) of this Bye-law. If any of the shares included in the certificate so given up shall be retained by the transferor a new certificate for the balance shall be issued to him at the aforesaid fee payable by the transferor to the Company in respect thereof.*

(2) The fee referred to in sub-paragraph (1) above shall be an amount not exceeding two (2) Singapore dollars or such other maximum amount as the Designated Stock Exchange may from time to time determine provided that the Board may at any time determine a lower amount for such fee.

21. *Subject to the provisions of the Statutes, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Designated Stock Exchange upon which the Company is listed or on behalf of its or their client or clients as the Directors shall require, and (in case of defacement or wearing out) on delivery of the old certificate and in any case on payment of such sum not exceeding two (2) Singapore dollars as the Directors may from time to time require together with the amount of the proper duty with which such share certificate is chargeable under any law for the time being in force relating to stamps. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.*

LIEN

22. *The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share. The Company shall also have a first and paramount lien on every share (not being a fully paid share) registered in the name of a Member (whether or not jointly with other Members) for all amounts of money presently payable by such Member or his estate to the Company whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person other than such member, and whether the period for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such Member or his estate and any other person, whether a Member or not. The Company's lien on a share shall extend to all dividends or other moneys payable thereon or in respect thereof. The Board may at any time, generally or in any particular case, waive any lien that has arisen or declare any share exempt in whole or in part, from the provisions of this Bye-law.*

23. *Subject to these Bye-laws, the Company may sell in such manner as the Board determines 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, or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged nor until the expiration of fourteen clear days after a notice in writing, stating and demanding payment of the sum presently payable, or specifying the liability or engagement and demanding fulfilment or discharge thereof and giving notice of the intention to sell in default, has been served on the registered holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.*

24. The net proceeds of the sale shall be received by the Company and applied in or towards payment or discharge of the debt or liability in respect of which the lien exists, so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the share prior to the sale) be paid to the person entitled to the share at the time of the sale or to his executors, administrators or assignees or as he may direct. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares so transferred and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

CALLS ON SHARES

25. Subject to these Bye-laws and to the terms of allotment, the Board may from time to time make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium), and each Member shall (subject to being given at least fourteen (14) clear days' Notice specifying the time and place of payment) pay to the Company as required by such notice the amount called on his shares. A call may be extended, postponed or revoked in whole or in part as the Board determines but no member shall be entitled to any such extension, postponement or revocation except as a matter of grace and favour.

26. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be made payable either in one lump sum or by instalments.

27. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect thereof or other moneys due in respect thereof.

28. 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 amount unpaid from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board may determine, but the Board may in its absolute discretion waive payment of such interest wholly or in part.

29. No Member shall be entitled to receive any dividend or bonus or to be present and vote (save as proxy for another Member) at any general meeting either personally or by proxy, or be reckoned in a quorum, or exercise any other privilege as a Member until all calls or instalments due by him to the Company, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.

30. On the trial or hearing of any action or other proceedings for the recovery of any money due for any call, it shall be sufficient to prove that the name of the Member sued is entered in the Register as the holder, or one of the holders, of the shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the Member sued, in pursuance of these Bye-laws; and it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

31. Any amount payable in respect of a share upon allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call duly made and payable on the date fixed for payment and if it is not paid the provisions of these Bye-laws shall apply as if that amount had become due and payable by virtue of a call duly made and notified.

32. On the issue of shares the Board may differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.

33. The Board may, if it thinks fit, receive from any Member willing to advance the same, and either in money or money's worth, all or any part of the moneys uncalled and unpaid or instalments payable upon any shares held by him and upon all or any of the moneys so advanced (until the same would, but for such advance, become presently payable) pay interest at such rate (if any) as the Board may decide. The Board may at any time repay the amount so advanced upon giving to such Member not less than one month's Notice of its intention in that behalf, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced. Such payment in advance shall not entitle the holder of such share or shares to participate in respect thereof in a dividend subsequently declared or in profits.

FORFEITURE OF SHARES

34. (1) If a call remains unpaid after it has become due and payable the Board may give to the person from whom it is due not less than fourteen (14) clear days' Notice:

(a) requiring payment of the amount unpaid together with any interest which may have accrued and which may still accrue up to the date of actual payment; and

(b) stating that if the Notice is not complied with the shares on which the call was made will be liable to be forfeited.

(2) If the requirements of any such Notice 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 due in respect thereof has been made, be forfeited by a resolution of the Board to that effect, and such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share but not actually paid before the forfeiture.

35. When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share. No forfeiture shall be invalidated by any omission or neglect to give such Notice.

36. The Board may accept the surrender of any share liable to be forfeited hereunder and, in such case, references in these Bye-laws to forfeiture will include surrender.

37. Until cancelled in accordance with the requirements of the Act, a forfeited share shall be the property of the Company and may be sold, re-allotted or otherwise disposed of to such person, upon such terms and in such manner as the Board determines, and at any time before a sale, re-allotment or disposition the forfeiture may be annulled by the Board on such terms as the Board determines.

38. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares but nevertheless shall remain liable to pay the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares, with (if the Directors shall in their discretion so require) interest thereon from the date of forfeiture until payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board determines. The Board may enforce payment thereof if it thinks fit, and without any deduction or allowance for the value of the forfeited shares, at the date of forfeiture, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares. For the purposes of this Bye-law any sum which, by the terms of issue of a share, is payable thereon at a fixed time which is subsequent to the date of forfeiture, whether on account of the nominal value of the share or by way of premium, shall notwithstanding that time has not yet arrived be deemed to be payable at the date of forfeiture, and the same shall become due and payable immediately upon the forfeiture, but interest thereon shall only be payable in respect of any period between the said fixed time and the date of actual payment.

39. A declaration by a Director or the Secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and such declaration shall (subject to the execution of an instrument of transfer by the Company if necessary) constitute a good title to the share, and the person to whom the share is disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the consideration (if any), nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture, sale or disposal of the share. When any share shall have been forfeited, notice of the declaration shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or make any such entry.

40. Notwithstanding any such forfeiture as aforesaid the Board may at any time, before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, permit the shares forfeited to be bought back upon the terms of payment of all calls and interest due upon and expenses incurred in respect of the share, and upon such further terms (if any) as it thinks fit.

41. The forfeiture of a share shall not prejudice the right of the Company to any call already made or instalment payable thereon.

42. The provisions of these Bye-laws as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

TRANSFER OF SHARES

46. Subject to these Bye-laws, any Member may transfer all or any of his shares by an instrument of transfer in the form acceptable to the Board provided always that the Company shall accept for registration an instrument of transfer in a form approved by the Designated Stock Exchange.

47. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that an instrument of transfer in respect of which the transferee is the Depository shall be effective although not signed or witnessed by or on behalf of the Depository and provided further that the Board may dispense with the execution of the instrument of transfer by the transferee in any case which it thinks fit in its discretion to do so. The Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof. Nothing in these Bye-laws shall preclude the Board from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.

48. (1) The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that an instrument of transfer in respect of which the transferee is the Depository shall be effective although not signed or witnessed by or on behalf of the Depository and provided further that the Board may dispense with the execution of the instrument of transfer by the transferee in any case which it thinks fit in its discretion to do so. The Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof. Nothing in these Bye-laws shall preclude the Board from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.

(2) No transfer shall be made to an infant or to a person of unsound mind or under other legal disability.

(3) The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the Register to any branch register or any share on any branch register to the Register or any other branch register. In the event of any such transfer, the shareholder requesting such transfer shall bear the cost of effecting the transfer unless the Board otherwise determines.

(4) Unless the Board otherwise agrees (which agreement may be on such terms and subject to such conditions as the Board in its absolute discretion may from time to time determine, and which agreement the Board shall, without giving any reason therefor, be entitled in its absolute discretion to give or withhold), no shares upon the Register shall be transferred to any branch register nor shall shares on any branch register be transferred to the Register or any other branch register and all transfers and other documents of title shall be lodged for registration, and registered, in the case of any shares on a branch register, at the relevant Registration Office, and, in the case of any shares on the Register, at the Office or such other place in Bermuda at which the Register is kept in accordance with the Act.

(5) Save as provided in the Bye-laws, there shall be no restriction on the transfer of fully paid up shares (except where required by law, or the listing rules of the Designated Stock Exchange).

49. Without limiting the generality of the last preceding Bye-law, the Board may decline to recognise any instrument of transfer unless:-

(a) a fee of such maximum sum as the Designated Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof;

(b) the instrument of transfer is in respect of only one class of share;

(c) the instrument of transfer is lodged at the Office or such other place in Bermuda at which the Register is kept in accordance with the Act or the Registration Office (as the case may be) accompanied by the relevant share certificate(s) and such other evidence as the Board 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 that person so to do); and

(d) if applicable, the instrument of transfer is duly and properly stamped.

50. If the Board refuses to register a transfer of any share, it shall, within one (1) month after the date on which the transfer was lodged with the Company, send to each of the transferor and transferee notice of the refusal, stating the facts which are considered to justify the refusal.

51. The registration of transfers of shares or of any class of shares may, after notice has been given by advertisement in an appointed newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange to that effect be suspended at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as the Board may determine.

TRANSMISSION OF SHARES

52. *In the case of the death of a Member, the survivor or survivors where the deceased Member was a joint holder, and the legal personal representatives of the deceased Member where the deceased Member was a sole holder, shall be the only persons recognised by the Company as having any title to the deceased Member's interest in the shares. Nothing herein shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by such deceased Member with other persons. Subject to the provisions of the Act, for the purpose of this Bye-law, legal personal representative means the executor or administrator of a deceased Member or such other person as the Board may, in its absolute discretion, decide as being properly authorised to deal with the shares of a deceased Member. Where two or more persons are registered as joint holders of a share or shares, then in the event of the death of any joint holder or holders the remaining joint holder or holders shall be absolutely entitled to the said share or shares and the Company shall recognise no claim in respect of the estate of any joint holder except in the case of the last survivor of such joint holders.*

53. *Subject to Section 52 of the Act, any person becoming entitled to a share in consequence of the death or bankruptcy or winding-up of a Member may, upon such evidence as to his title being produced as may be required by the Board, elect either to become the holder of the share or to have some person nominated by him registered as the transferee thereof. If he elects to become the holder he shall notify the Company in writing either at the Registration Office or Office, as the case may be, to that effect. If he elects to have another person registered he shall execute a transfer of the share in favour of that person. The provisions of these Bye-laws relating to the transfer and registration of transfers of shares shall apply to such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer signed by such Member.*

54. *A person becoming entitled to a share by reason of the death or bankruptcy or winding-up of a Member shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share. However, the Board may, if it thinks fit, withhold the payment of any dividend payable or other advantages in respect of such share until such person shall become the registered holder of the share or shall have effectually transferred such share, but, subject to the requirements of Bye-law 75(2) being met, such a person may vote at meetings.*

2. The rights of Shareholders in respect of voting

GENERAL MEETINGS

55. *An annual general meeting of the Company shall be held in each year other than the year in which its statutory meeting is convened at such time (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting unless a longer period would not infringe the rules or regulations of the Designated Stock Exchange, if any) and place as may be determined by the Board. In addition, for so long as the shares of the Company are listed on the Designated Stock Exchange, the interval between the close of the Company's financial year and the date of the Company's annual general meeting shall not exceed four (4) months or such other period as may be prescribed or permitted by the Designated Stock Exchange.*

56. *Each general meeting, other than an annual general meeting, shall be called a special general meeting. General meetings may be held in any part of the world as may be determined by the Board.*

57. *The Board may whenever it thinks fit call special general meetings, and, subject to the Act, Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business*

specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Act.

NOTICE OF GENERAL MEETINGS

58. (1) *At least fourteen (14) days' Notice of a general meeting shall be given to each Member entitled to attend and vote thereat. A general meeting at which the passing of a special resolution is to be considered shall be called by not less than twenty-one (21) days' Notice. A general meeting, whether or not a special resolution will be considered at such meeting, may be called by shorter notice if it is so agreed:-*

(a) *in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and*

(b) *in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the issued shares giving that right.*

(2) *For so long as the shares of the Company are listed on the Designated Stock Exchange, at least fourteen (14) days' notice of any general meeting shall be given by advertisement in an English daily newspaper in circulation in Singapore and in writing to the Designated Stock Exchange.*

(3) *The period of notice shall be exclusive of the day on which it is served or deemed to be served and exclusive of the day on which the meeting is to be held, and the notice shall specify the day, time and place of the meeting and, in case of special business, the general nature of the business. Any notice of a general 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. The Notice convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to all Members other than to such Members as, under the provisions of these Bye-laws or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding-up of a Member and to each of the Directors and the Auditors.*

(4) *The Secretary may postpone any general meeting called in accordance with the provisions of these Bye-laws (other than a meeting requisitioned under these Bye-laws) provided that notice of postponement is given to each Member before the time for such meeting. Fresh notice of the date, time and place for the postponed meeting shall be given to each Member in accordance with the provisions of these Bye-laws.*

59. *The accidental omission to give Notice of a meeting or (in cases where instruments of proxy are sent out with the Notice) to send such instrument of proxy to, or the non-receipt of such Notice or such instrument of proxy by, any person entitled to receive such Notice shall not invalidate any resolution passed or the proceedings at that meeting.*

PROCEEDINGS AT GENERAL MEETINGS

60. (1) *Members may participate in any general meeting by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.*

(2) All business shall be deemed special that is transacted at a special general meeting, and also all business that is transacted at an annual general meeting, with the exception of declaring a dividend, the reading, considering and adopting of the accounts and balance sheet and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet, the election of Directors and appointment of Auditors and other officers in the place of those retiring, the fixing of the remuneration of the Auditors, and the voting of remuneration or extra remuneration to the Directors.

(3) No business, other than the appointment of a chairman of a meeting, shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Except as herein otherwise provided, two (2) Members present in person shall form a quorum, provided that if the Company shall at any time have only one Member, one Member present in person or by proxy, or being a corporation by its representative duly authorised, shall form a quorum for the transaction of business at any general meeting of the Company held during such time. For the purposes of this Bye-law Member includes a person attending as a proxy or as a duly authorised representative of a corporation which is a Member.

61. If within thirty (30) minutes (or such longer time not exceeding one hour as the chairman of the meeting may determine to wait) after the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Board may determine. 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.

62. The president of the Company or the chairman shall preside as chairman at every general meeting. If at any meeting the president or the chairman, as the case may be, is not present within fifteen (15) minutes after the time appointed for holding the meeting, or if neither of them is willing to act as chairman, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, or if the chairman chosen shall retire from the chair, the Members present in person or by proxy and entitled to vote shall elect one of their number to be chairman.

63. The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place as the meeting shall determine, but no business shall be transacted at any adjourned meeting other than the business which might lawfully have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen (14) days or more, at least seven (7) clear days' Notice of the adjourned meeting shall be given specifying the time and place of the adjourned meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting and the general nature of the business to be transacted. Save as aforesaid, it shall be unnecessary to give notice of an adjournment.

64. If an amendment is proposed to any resolution under consideration but is in good faith 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.

VOTING

65. *Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Bye-laws, at any general meeting (i) on a show of hands every Member present in person (or being a corporation, is present by a representative duly authorised under Section 78 of the Act), or by proxy shall have one vote and the chairman of the meeting shall determine which proxy shall be entitled to vote where a Member (other than the Depository) is represented by two proxies, and (ii) on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder or which he represents and in respect of which all calls due to the Company have been paid, but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:-*

    (a) by the chairman of such meeting; or

    (b) by at least three Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or

    (c) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or

    (d) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or

    (e) where the Depository is a Member, by at least three proxies representing the Depository.

    A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Member.

66. *Unless a poll is duly 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 not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against the resolution.*

67. *If a poll is duly demanded the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.*

68. *A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken in such manner (including the use of ballot or voting papers or tickets) and either forthwith or at such time (being not later than thirty (30) days after the date of the demand) and place as the chairman directs. It shall not be necessary (unless the chairman otherwise directs) for notice to be given of a poll not taken immediately.*

69. *The demand for a poll shall not prevent the continuance of a meeting or the transaction of any business other than the question on which the poll has been demanded, and, with the consent of the chairman, it may be withdrawn at any time before the close of the meeting or the taking of the poll, whichever is the earlier.*

70. On a poll votes may be given either personally or by proxy.

71. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

72. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of such meeting shall be entitled to a second or casting vote in addition to any other vote he may have.

73. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting 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 in respect of the joint holding. Several executors or administrators of a deceased Member in whose name any share stands shall for the purposes of this Bye-law be deemed joint holders thereof.

74. (1) A Member who is a patient for any purpose relating to mental health or in respect of whom an order has been made by any court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his receiver, committee, curator bonis or other person in the nature of a receiver, committee or curator bonis appointed by such court, and such receiver, committee, curator bonis or other person may vote on a poll by proxy, and may otherwise act and be treated as if he were the registered holder of such shares for the purposes of general meetings, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the Office, head office or Registration Office, as appropriate, not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting or poll, as the case may be.

(2) Any person entitled under Bye-law 53 to be registered as the holder of any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight (48) hours at least before the time of the holding of the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his entitlement to such shares, or the Board shall have previously admitted his right to vote at such meeting in respect thereof.

75. No Member shall, unless the Board otherwise determines, be entitled to attend and vote and to be reckoned in a quorum at any general meeting unless he is duly registered and all calls or other sums presently payable by him in respect of shares in the Company have been paid.

76. If:

(a) any objection shall be raised to the qualification of any voter; or

(b) any votes have been counted which ought not to have been counted or which might have been rejected; or

(c) any votes are not counted which ought to have been counted;

the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be final and conclusive.

PROXIES

77. (1) Any Member entitled to attend and vote at a meeting of the Company who is the holder of two or more shares shall be entitled to appoint not more than two proxies to attend and vote instead of him at the same general meeting provided that if the Member is the Depository:-

(a) the Depository may appoint more than two proxies to attend and vote at the same general meeting and each proxy shall be entitled to exercise the same powers on behalf of the Depository as the Depository could exercise, including, notwithstanding Bye-law 65, the right to vote individually on a show of hands;

(b) unless the Depository specifies otherwise in a written notice to the Company, the Depository shall be deemed to have appointed as the Depository's proxies to vote on behalf of the Depository at a general meeting of the Company each of the Depositors who are individuals and whose names are shown in the records of the Depository as at a time not earlier than forty-eight (48) hours prior to the time of the relevant general meeting supplied by the Depository to the Company and notwithstanding any other provisions in these Bye-laws, the appointment of proxies by virtue of this Bye-law 77(1) (b) shall not require an instrument of proxy or the lodgement of any instrument of proxy;

(c) the Company shall accept as valid in all respects the form of instrument of proxy approved by the Depository (the "CDP Proxy Form") for use at the date relevant to the general meeting in question naming a Depositor (the "Nominating Depositor") and permitting that Nominating Depositor to nominate a person or persons other than himself as the proxy or proxies appointed by the Depository. The Company shall, in determining rights to vote and other matters in respect of a completed CDP Proxy Form submitted to it, have regard to the instructions given by and the notes (if any) set out in the CDP Proxy Form. The submission of any CDP Proxy Form shall not affect the operation of Bye-law 77(1) (b) and shall not preclude a Depositor appointed as a proxy by virtue of Bye-law 77(1) (b) from attending and voting at the relevant meeting but in the event of attendance by such Depositor the CDP Proxy Form submitted bearing his name as the Nominating Depositor shall be deemed to be revoked;

(d) the Company shall reject any CDP Proxy Form of a Nominating Depositor if his name is not shown in the records of the Depository as at a time not earlier than forty-eight (48) hours prior to the time of the relevant general meeting supplied by the Depository to the Company; and

(e) on a poll the maximum number of votes which a Depositor, or proxies appointed pursuant to a CDP Proxy Form in respect of that Depositor, is able to cast shall be the number of shares credited to the Securities Account of that Depositor as shown in the records of the Depository as at a time not earlier than forty-eight (48) hours prior to the time of the relevant general meeting supplied by the Depository to the Company, whether that number is greater or smaller than the number specified in any CDP Proxy Form or instrument of proxy executed by or on behalf of the Depository.

(2) In any case where an instrument of proxy appoints more than one proxy (including the case when a CDP Proxy Form is used), the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument of proxy.

(3) A proxy need not be a Member. In addition, subject to Bye-law 77(1), a proxy or proxies representing either a Member who is an individual or a Member which is a corporation shall be entitled to exercise the same powers on behalf of the Member which he or they represent as such Member could exercise, including, notwithstanding Bye-law 65, the right to vote individually on a show of hands. On a poll, a proxy need not use all the votes he is entitled to cast or cast all such votes in the same way.

78. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same or, in the case of the Depository, signed by its duly authorised officer by some method or system of mechanical signature as the Depository may deem appropriate. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.

79. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed on behalf of the appointer (which shall, for this purpose, include a Depositor), or a certified copy of such power or authority, shall be delivered to such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified at the Registration Office or the Office, as may be appropriate) not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

80. Instruments of proxy shall be in any usual or common form (including any form approved from time to time by the Depository) or in such other form as the Board may approve (provided that this shall not preclude the use of the two-way form) and the Board may, if it thinks fit, send out with the notice of any meeting forms of instrument of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

81. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office or the Registration Office (or such other place as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other document sent therewith) two (2) hours at least before the commencement of the meeting or adjourned meeting, or the taking of the poll, at which the instrument of proxy is used.

82. Anything which under these Bye-laws a Member may do by proxy he may likewise do by his duly appointed attorney and the provisions of these Bye-laws relating to proxies and instruments appointing proxies shall apply mutatis mutandis in relation to any such attorney and the instrument under which such attorney is appointed.

CORPORATIONS ACTING BY REPRESENTATIVEES

83. (1) Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of Members. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member and such corporation shall for the purposes of these Bye-laws be deemed to be present in person at any such meeting if a person so authorised is present thereat.

(2) If permitted by the Act, where a Member is the Depository (or its nominee, in each case, being a corporation), it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Bye-law shall be entitled to exercise the same rights and powers as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee).

(3) Any reference in these Bye-laws to a duly authorised representative of a Member being a corporation shall mean a representative authorised under the provisions of this Bye-law.

WRITTEN RESOLUTIONS OF MEMBERS

84. (1) Subject to the Act, a resolution in writing signed (in such manner as to indicate, expressly or impliedly, unconditional approval) by or on behalf of all persons for the time being entitled to receive notice of and to attend and vote at general meetings of the Company shall, for the purposes of these Bye-laws, be treated as a resolution duly passed at a general meeting of the Company and, where relevant, as a special resolution so passed. Any such resolution shall be deemed to have been passed at a meeting held on the date on which it was signed by the last Member to sign, and where the resolution states a date as being the date of his signature thereof by any Member the statement shall be prima facie evidence that it was signed by him on that date. Such a resolution may consist of several documents in the like form, each signed by one or more relevant Members.

(2) Notwithstanding any provisions contained in these Bye-laws, a resolution in writing shall not be passed for the purpose of removing a Director before the expiration of his term of office under Bye-law 85(4) or for the purposes set out in Bye-law 152(3) relating to the removal and appointment of the Auditor.

3. The rights of Shareholders in respect of dividends

DIVIDENDS AND OTHER PAYMENTS

136. The Board may, subject to these Bye-laws and in accordance with the Act, declare a dividend in any currency to be paid to the Members and such dividend may be paid in cash or wholly or partly in specie in which case the Board may fix the value for distribution in specie of any assets. The Board may declare and make such other distributions (in cash or in specie) to the Members as may be lawfully made out of the assets of the Company. The Company in general meeting may also, subject to these Bye-laws and in accordance with the Act, declare a dividend or such other distribution to be paid to the Members but no dividend or distribution shall be declared by the Company in general meeting in excess of the amount recommended by the Board.

137. Without prejudice to the generality of the above Bye-law 136 if at any time the share capital of the Company is divided into different classes, the Board may pay such dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of any dividend on any shares having deferred or non-preferential rights and may also pay periodically any fixed dividend which is payable on any shares of the Company.

138. No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium accounts.

139. Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide:

(a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Bye-law as paid up on the share; and

(b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

140. The Board may deduct from any dividend or other moneys payable to a Member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

141. No unpaid dividend or distribution or other moneys payable by the Company shall bear interest as against the Company.

142. Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at his address as appearing in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

143. All dividends or bonuses unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend or bonuses unclaimed after a period of six (6) years from the date of declaration shall be forfeited and shall revert to the Company. The payment by the Board of any unclaimed dividend or other sums payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.

144. Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of the Company or any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may issue certificates in respect of fractions of shares, disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend, and such appointment shall be effective and binding on the Members. The Board may resolve that no such assets shall be made available to Members with registered addresses in any particular territory or territories where, in the absence of a registration statement or other special formalities, such distribution of assets would or might, in the opinion of the Board, be unlawful or impracticable and in such event the only entitlement of the Members aforesaid shall be to receive cash payments as aforesaid. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.

145. (1) Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on any class of the share capital of the Company, the Board may further resolve either:

(a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof if the Board so determines) in cash in lieu of such allotment. In such case, the following provisions shall apply:

(i) the basis of any such allotment shall be determined by the Board;

(ii) the Board, after determining the basis of allotment, shall give not less than two (2) weeks' Notice to the holders of the relevant shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;

(iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and

(iv) the dividend (or that part of the dividend to be satisfied by the allotment of shares as aforesaid) shall not be payable in cash on shares in respect whereof the cash election has not been duly exercised ("the non-elected shares") and in satisfaction thereof shares of the relevant class shall be allotted credited as fully paid up to the holders of the non-elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company (including profits carried and standing to the credit of any reserves or other special account) as the Board may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and amongst the holders of the non-elected shares on such basis; or

(b) that the shareholders entitled to such dividend shall be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. In such case; the following provisions shall apply:

(i) the basis of any such allotment shall be determined by the Board;

(ii) the Board, after determining the basis of allotment, shall give not less than two (2) weeks' Notice to the holders of the relevant shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;

(iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and

(iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on shares in respect whereof the share election has been duly exercised ("the elected shares") and in lieu thereof shares of the relevant class shall be allotted credited as fully paid up to the holders of the elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of

any part of the undivided profits of the Company (including profits carried and standing to the credit of any reserves or other special account other than the Subscription Rights Reserve) as the Board may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and amongst the holders of the elected shares on such basis.

(2) (a) The shares allotted pursuant to the provisions of paragraph (1) of this Bye-law shall rank pari passu in all respects with shares of the same class (if any) then in issue save only as regards participation in the relevant dividend or in any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneously with the payment or declaration of the relevant dividend unless, contemporaneously with the announcement by the Board of their proposal to apply the provisions of sub-paragraph (a) or (b) of paragraph (2) of this Bye-law in relation to the relevant dividend or contemporaneously with their announcement of the distribution, bonus or rights in question, the Board shall specify that the shares to be allotted pursuant to the provisions of paragraph (1) of this Bye-law shall rank for participation in such distribution, bonus or rights.

(b) The Board may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (1) of this Bye-law, with full power to the Board to make such provisions as it thinks fit in the case of shares becoming distributable in fractions (including provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down or whereby the benefit of fractional entitlements accrues to the Company rather than to the Members concerned). The Board may authorise any person to enter into on behalf of all Members interested, an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made pursuant to such authority shall be effective and binding on all concerned.

(3) The Company may upon the recommendation of the Board by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the provisions of paragraph (1) of this Bye-law a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

(4) The Board may on any occasion determine that rights of election and the allotment of shares under paragraph (1) of this Bye-law shall not be made available or made to any shareholders with registered addresses in any territory where, in the absence of a registration statement or other special formalities, the circulation of an offer of such rights of election or the allotment of shares would or might, in the opinion of the Board, be unlawful or impracticable, and in such event the provisions aforesaid shall be read and construed subject to such determination. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.

(5) Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Board, may specify that the same shall be payable or distributable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend shall be payable or distributable 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. The provisions of this Bye-law shall mutatis mutandis apply to bonuses, capitalisation issues, distributions of realised capital profits or offers or grants made by the Company to the Members.

RESERVES

146. *Before recommending any dividend, the Board may set aside out of the profits of the Company such sums as it determines as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit and so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute.*

CAPITALISATION

147. *The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in paying up in full unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution provided that, for the purposes of this Bye-law and subject to Section 40(2A) of the Act, a share premium account and any reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be allotted to such Members credited as fully paid. In carrying sums to reserve and in applying the same the Board shall comply with the provisions of the Act.*

148. *The Board may settle, as it considers appropriate, any difficulty arising in regard to any distribution under the last preceding Bye-law and in particular may issue certificates in respect of fractions of shares or authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members.*

Annex C

Audited consolidated financial statements of the Group for FY2018

LAFE CORPORATION LIMITED

**FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2018**

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LAFE CORPORATION LIMITED
(Incorporated in Bermuda with Limited Liability)

DIRECTORS' REPORT

The directors hereby present their report to the members together with the audited consolidated financial statements of Lafe Corporation Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018.

DIRECTORS

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

Executive directors:
Christopher Ho Wing-On
Paul Law Kwok Fai
Kenny Suen Wai Cheung
Paul Francis Gregory Binney (Appointed on 31 August 2018)

Independent and Non-executive directors:
Will, Eduard William Rudolf Helmuth
Ricky Sim Eng Huat
Kin Yuen

Mr, Paul Francis Gregory Binney offers himself for elections at the forthcoming Annual General Meeting in accordance with the Company's Bye-laws 85(6). All other Directors continue in office. The term of office of each non-executive director is the period up to his re-appointment by rotation or retirement in accordance with the Company's Bye-laws.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Group's subsidiaries are described in Note 34 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

There were no acquisitions and disposals of subsidiaries.

RESULTS FOR THE FINANCIAL YEAR

	Group US$'000
Net loss for the year	(10,849)
Accumulated losses at the beginning of the year (restated)	(21,596)
Losses before appropriation	(32,445)
Dividend paid	–
Accumulated losses at the end of the year	(32,445)

MATERIAL TRANSFERS TO/FROM RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the accompanying financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, there were no shares or debentures issued by the Company and its subsidiaries.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS

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

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

Particulars of interests of directors, who held office at the end of the reporting period, in shares of the Company are stated below:

	Shareholdings registered in the name of the directors			Shareholdings in which directors are deemed to have an interest		
	1 Jan 2018	31 Dec 2018	21 Jan 2019	1 Jan 2018	31 Dec 2018	21 Jan 2019
Ordinary shares of US$2 each						
Christopher Ho Wing-On	–	–	–	19,264,561*	19,264,561*	19,264,561*

* Mr. Christopher Ho Wing-On is deemed to have interests in these shares as he is the owner of Sino Capital Resources Ltd that owns directly 19,264,561 ordinary shares in the Company.

DIVIDENDS

There were no dividends paid or declared for both financial years ended 31 December 2018 and 2017.

The directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2018 (2017: Nil).

Lafe Corporation Limited

DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial interest except that certain directors have received remuneration from related corporations in their capacity as directors and/or executives of those related corporations and except as disclosed in the financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the financial year was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

OPTIONS TO TAKE UP UNISSUED SHARES

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted nor were there issue of shares from the exercise of any option to take up unissued shares. At the end of the reporting period, there were no unissued shares of the Company or any corporation in the Group under option.

INDEPENDENT AUDITOR

A resolution will be submitted at the annual general meeting to re-appoint the auditor, Messrs Baker Tilly TFW LLP, as the independent auditor of the Company for the coming financial year.

On behalf of the Board of Directors

Will, Eduard William Rudolf Helmuth
Chairman

Paul Law Kwok Fai
Executive Director

2 April 2019

LAFE CORPORATION LIMITED

STATEMENT BY DIRECTORS

In the opinion of the Directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 9 to 65 are properly drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with International Financial Reporting Standards; and

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

On behalf of the Board of Directors

Will, Eduard William Rudolf Helmuth
Chairman

Paul Law Kwok Fai
Executive Director

2 April 2019

600 North Bridge Road
#05-01 Parkview Square
Singapore 188778

T: +65 6336 2828
www.bakertilly.sg

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAFE CORPORATION LIMITED
(Incorporated in Bermuda with Limited Liability)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Lafe Corporation Limited (the Company) and its subsidiaries (the Group) as set out on pages 9 to 65, which comprise the statements of financial position of the Group and the Company as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 5a to the financial statements with respect to the Group's ability to continue as a going concern. During the financial year ended 31 December 2018, the Group incurred a net loss of US$10,849,000 (2017: US$468,000). At 31 December 2018, the Group's current liabilities exceeded its current assets by US$3,435,000. In addition, the net cash used in operating activities during the year was US$13,565,000 (2017: US$5,877,000). These factors indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The financial statements are prepared on a going concern basis because the holding company has confirmed its intention to provide continuing assistance in funding and financing the Group to enable the Group to meet its general working capital requirements as and when deemed necessary. Our opinion is not modified in respect of this matter.

Baker Tilly TFW LLP (trading as Baker Tilly) is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

Baker Tilly TFW LLP (Registration No.T10LL1485G) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAFE CORPORATION LIMITED (continued)
(Incorporated in Bermuda with Limited Liability)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Impairment assessment of trademark

As disclosed in Notes 5b(i) and 18 to the consolidated financial statements of the Group, the Group has trademark with carrying amount of US$5,169,000 (2017: US$5,179,000) which is allocated to the cash generating unit (CGU) comprising operations in Hong Kong and the People's Republic of China.

Trademark with an indefinite useful life is required to be tested for impairment annually.

Impairment assessment of trademark is considered to be a key audit matter due to the significance of the asset to the Group's consolidated financial position, and due to the estimation involved in the assessment of the value in use of the CGU performed by the management. The estimation relates to the future results of the CGU and the discount rates applied to future cash forecasts.

Our procedures to address the key audit matter

We obtained an understanding of management's impairment assessment process.

We assessed the key estimates to the value in use calculation by comparing the forecasts to historical data and publicly available industry data and compared previous estimates to actual results achieved. We assessed the sensitivity of the key estimates on the impairment assessment. We involved our valuation specialists in assessing the valuation methodology and the reasonableness of the terminal growth rate and discount rate used.

We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

Other Information

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

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

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

bakertilly

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAFE CORPORATION LIMITED (continued)
(Incorporated in Bermuda with Limited Liability)

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAFE CORPORATION LIMITED (continued)
(Incorporated in Bermuda with Limited Liability)

Report on the Audit of the Financial Statements (continued)

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Guo Shuqi.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

2 April 2019

LAFE CORPORATION LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial year ended 31 December 2018

GROUP

	Note	**2018** **US$'000**	2017 US$'000
Revenue	7	**14,587**	13,054
Cost of sales		**(11,422)**	(9,796)
Gross profit		**3,165**	3,258
Administrative costs		**(9,436)**	(8,987)
Net impairment gains/(losses) on financial assets		**11**	(3)
Other net (loss)/gain	8a	**(5,691)**	4,131
Interest income	8b	**1,349**	1,337
Finance costs	9	**(202)**	(183)
Loss before taxation	10	**(10,804)**	(447)
Taxation	11	**(45)**	(21)
Loss for the year		**(10,849)**	(468)
Other comprehensive loss:			
Items that are or may be reclassified subsequently to profit or loss:			
Fair value changes on available for sale financial assets		**–**	25
Currency translation differences arising on consolidation		**(12)**	(389)
Item that will not be reclassified subsequently to profit or loss:			
Revaluation loss on property, plant and equipment		**–**	(343)
Financial assets at fair value through other comprehensive income			
- Fair value losses - equity instruments		**(21)**	–
Other comprehensive loss for the year, net of tax		**(33)**	(707)
Total comprehensive loss for the year		**(10,882)**	(1,175)
Loss per share			
Attributable to equity holders of the Company			
Basic and diluted loss per share (US cents)	12	**(42.83)**	(1.85)

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

LAFE CORPORATION LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

GROUP

	Note	2018 US$'000	2017 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**364**	369
Trademark	18	**5,169**	5,179
Available-for-sale financial assets	15	**–**	36
Financial assets at fair value through other compehrensive income	16	**15**	–
Non-trade receivable from a related party	17	**43,509**	44,441
Other non-current assets	19	**386**	271
Total non-current assets		**49,443**	50,296
Current assets			
Trade and other receivables	20	**4,503**	2,640
Other current assets	19	**451**	302
Cash and cash equivalents	22	**1,008**	9,621
Total current assets		**5,962**	12,563
Total assets		**55,405**	62,859
EQUITY AND LIABILITIES			
Equity			
Share capital	23	**50,667**	50,667
Reserves		**(7,364)**	3,542
Total equity		**43,303**	54,209
Non-current liabilities			
Other payables	24	**108**	–
Provisions	26	**1,796**	3,731
Deferred tax liabilities	27	**801**	769
Total non-current liabilities		**2,705**	4,500
Current liabilities			
Trade and other payables	24	**2,601**	2,045
Provisions	26	**1,679**	2,071
Loans from holding company	25	**5,096**	–
Non-trade payables to related parties	28	**–**	10
Tax payable		**21**	24
Total current liabilities		**9,397**	4,150
Total liabilities		**12,102**	8,650
Total equity and liabilities		**55,405**	62,859

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

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LAFE CORPORATION LIMITED

STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

COMPANY

	Note	2018 US$'000	2017 US$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	14	–	–
Available-for-sale financial assets	15	–	26
Financial assets at fair value through other comprehensive income	16	**11**	–
Other non-current asset	19	–	–
Total non-current assets		**11**	26
Current assets			
Other current assets	19	**24**	23
Non-trade receivables from subsidiaries	21	**49,856**	54,222
Cash and cash equivalents	22	**3**	2
Total current assets		**49,883**	54,247
Total assets		**49,894**	54,273
EQUITY AND LIABILITIES			
Equity			
Share capital	23	**50,667**	50,667
Reserves		**(9,301)**	(2,201)
Total equity		**41,366**	48,466
Non-current liability			
Provisions	26	**1,445**	3,436
Current liabilities			
Trade and other payables	24	**308**	300
Loans from holding company	25	**5,096**	–
Provisions	26	**1,679**	2,071
Total current liabilities		**7,083**	2,371
Total liabilities		**8,528**	5,807
Total equity and liabilities		**49,894**	54,273

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

LAFE CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2018

GROUP

		Reserves							
	Share capital US$'000	Share premium US$'000	Capital reserve US$'000	Revaluation reserve US$'000	Fair value reserve US$'000	Exchange reserve US$'000	Accumulated profits/ (losses) US$'000	Total reserves US$'000	Total equity US$'000
Balance at 1 January 2017	50,667	27,171	24	1,910	(3)	605	(24,990)	4,717	55,384
Loss for the year	–	–	–	–	–	–	(468)	(468)	(468)
Other comprehensive (loss)/income for the year									
Revaluation loss recognised during the year	–	–	–	(343)	–	–	–	(343)	(343)
Fair value changes on available-for-sale financial asset	–	–	–	–	25	–	–	25	25
Disposal of property, plant and equipment	–	–	–	(1,567)	–	–	1,567	–	–
Currency translation differences arising on consolidation	–	–	–	–	–	(389)	–	(389)	(389)
Other comprehensive (loss)/income for the year, net of tax	–	–	–	(1,910)	25	(389)	1,567	(707)	(707)
Total comprehensive (loss)/income for the year	–	–	–	(1,910)	25	(389)	1,099	(1,175)	(1,175)
Balance at 31 December 2017	50,667	27,171	24	–	22	216	(23,891)	3,542	54,209
Effect of adoption of new accounting standards (Note 3(a))	–	–	–	–	(2,295)	–	2,295	–	–
Balance at 1 January 2018, restated	50,667	27,171	24	–	(2,273)	216	(21,596)	3,542	54,209
Loss for the year	–	–	–	–	–	–	(10,849)	(10,849)	(10,849)
Other comprehensive (loss)/income for the year									
Fair value losses on financial assets at fair value through other comprehensive income	–	–	–	–	(21)	–	–	(21)	(21)
Currency translation differences arising on consolidation	–	–	–	–	–	(36)	–	(36)	(36)
Other comprehensive loss for the year, net of tax	–	–	–	–	(21)	(36)	–	(57)	(57)
Total comprehensive loss for the year	–	–	–	–	(21)	(36)	(10,849)	(10,906)	(10,906)
Balance at 31 December 2018	**50,667**	**27,171**	**24**	–	**(2,294)**	**180**	**(32,445)**	**(7,364)**	**43,303**

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

LAFE CORPORATION LIMITED

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2018

COMPANY

		← Reserves →				
	Share capital US$'000	Share premium US$'000	Fair value reserve US$'000	Accumulated profits/ (losses) US$'000	Total reserves US$'000	Total equity US$'000
Balance at 1 January 2017	50,667	27,171	(2)	(31,918)	(4,749)	45,918
Profit for the year	–	–	–	2,530	2,530	2,530
Other comprehensive income for the year						
Fair value changes on available-for-sale financial asset	–	–	18	–	18	18
Total comprehensive income for the year	–	–	18	2,530	2,548	2,548
Balance at 31 December 2017	50,667	27,171	16	(29,388)	(2,201)	48,466
Loss for the year	–	–	–	(7,085)	(7,085)	(7,085)
Other comprehensive income for the year						
Fair value losses on financial assets at fair value through other comprehensive income	–	–	(15)	–	(15)	(15)
Total comprehensive loss for the year	–	–	(15)	(7,085)	(7,100)	(7,100)
Balance at 31 December 2018	**50,667**	**27,171**	**1**	**(36,473)**	**(9,301)**	**41,366**

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

LAFE CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2018

GROUP

	2018 US$'000	2017 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	**(10,804)**	(447)
Adjustments for:		
Depreciation of property, plant and equipment (Note 13)	**145**	136
Provision for staff benefits (Note 26(ii))	**56**	32
Net impairment (gains)/losses on financial assets	**(11)**	3
(Reversal of provision)/provision for rental guarantee (Note 26(i))	**(239)**	179
Gain on disposal of property, plant and equipment (Note 8a)	**(1)**	(69)
Discount on provision unwound (Note 9)	**134**	129
Interest expenses (Note 25)	**59**	44
Interest income	**(1,349)**	(1,337)
Unrealised foreign exchange (gain)/loss	**(84)**	459
Write off of related transaction expenses and deposit due to non-completion of proposed acquisition of Fairhaven (Note 8a)	**5,229**	–
Operating cash flow before working capital changes	**(6,865)**	(871)
Changes in working capital		
Trade and other receivables and other current assets	**(7,346)**	(706)
Trade and other payables	**654**	153
Provisions	**(2,192)**	(1,955)
Currency translation adjustments	**909**	(3,775)
Cash used in operations	**(14,840)**	(7,154)
Taxation paid	**(15)**	(13)
Interest paid (Note 25)	**(59)**	(44)
Interest received	**1,349**	1,334
Net cash used in operating activities	**(13,565)**	(5,877)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment (Note 13)	**(144)**	(426)
Proceeds from disposal of property, plant and equipment	**2**	5,155
Net cash (used in)/generated from investing activities	**(142)**	4,729
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans from holding company (Note 25)	**5,224**	–
Repayment of loans from holding company (Note 25)	**(128)**	–
Repayment of bank loans	**–**	(2,030)
Net cash generated from/(used in) financing activities	**5,096**	(2,030)

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

LAFE CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the financial year ended 31 December 2018

GROUP

	2018 US$'000	2017 US$'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(8,611)**	(3,178)
Cash and cash equivalents at beginning of the financial year	**9,621**	12,809
Effects of exchange rate changes on cash and cash equivalents	**(2)**	(10)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	**1,008**	9,621

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

LAFE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 CORPORATION INFORMATION

The Company was incorporated on 8 April 1999 as an exempted company with limited liability in Bermuda under the Companies Act 1981 of Bermuda with its registered office at Wessex House, 45 Reid Street, Hamilton HM 12, Bermuda and principal place of business at 119 Emerald Hill Road, #12-01 Residences at Emerald Hill, Singapore 229401. The shares of the Company are listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). In the opinion of the Directors, the Company's immediate and ultimate holding company is Sino Capital Resources Limited which is incorporated in the British Virgin Islands.

The Company acts as an investment holding company. Details of the principal activities of the subsidiaries are set out in Note 34.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018 were authorised for issue by the Board of Directors on 29 March 2019.

2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The financial statements presented in United States dollar are rounded to the nearest thousand ("US$'000") except when otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 5 to the financial statements.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS ISSUED BY THE INTERNATIONAL FINANCIAL REPORTING STANDARDS INTERPRETATIONS COMMITTEE

(a) New and amended standards

In the current financial year, the Group has adopted all the new and revised IFRS issued by the IASB and interpretations issued by the International Financial Reporting Standards Interpretations Committee ("IFRIC Interpretations") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS and IFRIC Interpretations.

The adoption of these new/revised IFRS and IFRIC Interpretations did not have any material effect on the financial results or position of the Group and the Company except as disclosed below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces IAS 18 'Revenue', IAS 11 'Construction contracts' and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. IFRS 15 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in IFRS 15 by applying a 5-step approach.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. The entity is required to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model; to contracts with their customers. The standard also specifies the accounting for incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the modified retrospective approach without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings as at 1 January 2018.

Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed as at this date. The Group has elected the practical expedient to apply the standard to contracts that are not completed at the date of initial application

At the date of initial application and 31 December 2018, the Group has assessed that the adoption of IFRS 15 does not have any material impact to the financial position and results of the Group and the Company.

The adoption of IFRS 15 did not have a material impact on other comprehensive income or the Group's operating, investing and financing cash flows.

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018. It includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in IFRS 9 are based on expected credit loss model and replace IAS 39 incurred loss model.

The Group and the Company applied IFRS 9 using a modified retrospective approach, with date of initial application on 1 January 2018. The Group and the Company have not restated the comparative information, which continues to be reported under IAS 39.

3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS ISSUED BY THE INTERNATIONAL FINANCIAL REPORTING STANDARDS INTERPRETATIONS COMMITTEE (continued)

(a) New and amended standards (continued)

IFRS 9 Financial Instruments (continued)

(a) Classification and measurement

Under IFRS 9, the Group and the Company classify its financial assets based on entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The assessment of the Group's and the Company's business model was made as of the date of initial application on 1 January 2018. The assessment of whether contractual cash flows on debt instruments solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The following are the changes in classification and measurement arising from adopting IFRS 9:

- Loans and receivables (including trade and other receivables (excluding tax recoverable), other non-current and current assets (excluding prepayments), non-trade receivables from a related party and cash and cash equivalents) as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 January 2018;

- Investment in quoted equity shares classified as available-for-sale ("AFS") financial assets and unquoted equity shares classified as AFS financial assets at cost as at 31 December 2017 are classified and measured as equity instrument designated at Fair value through other comprehensive income ("FVOCI") beginning 1 January 2018. The Group elected to classify irrevocably its equity investments under this category at the date of initial application as it intends to hold these investments on a long-term basis.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's and the Company's financial liabilities. The following summarises the required or elected reclassifications as at 1 January 2018 upon adoption of IFRS 9:

Group		**IFRS 9 measurement category**	
	Original carrying amount	**Amortised cost**	**FVOCI**
IAS 39 measurement category	**US$'000**	**US$'000**	**US$'000**
Loans and receivables			
Trade and other receivables	2,635	2,635	–
Non-trade receivable from a related party	44,441	44,441	–
Other non-current and current assets	398	398	–
Cash and cash equivalents	9,621	9,621	–
Available-for-sale financial assets			
Quoted equity shares	36	–	36
Unquoted equity shares	–	–	–

For the previously held AFS unquoted equity shares measured at FVOCI, cumulative impairment charge of US$2,295,000 previously recognised in profit or loss were reclassified from accumulated losses to fair value reserve as at 1 January 2018.

3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS ISSUED BY THE INTERNATIONAL FINANCIAL REPORTING STANDARDS INTERPRETATIONS COMMITTEE (continued)

(a) New and amended standards (continued)

IFRS 9 Financial Instruments (continued)

(a) Classification and measurement (continued)

Company		IFRS 9 measurement category	
	Original carrying amount	Amortised cost	FVOCI
IAS 39 measurement category	**US$'000**	**US$'000**	**US$'000**
Loans and receivables			
Non-trade receivable from subsidiaries	54,222	54,222	–
Cash and cash equivalents	2	2	–
Available-for-sale financial assets			
Quoted equity shares	26	–	26

(b) Impairment

IFRS 9 requires the Group to record expected credit losses on all of its financial assets at amortised cost, either on a 12-month or lifetime basis. Upon adoption of IFRS 9, the Group did not recognised additional impairment on the Group's financial assets at amortised cost.

At the date of intital application and 31 December 2018, the Group and the Company have assessed that the adoption of IFRS 9 does not have any material impact to the financial position and results of the Group and the Company.

(b) Standards, amendments and interpretations to existing standards that are issued, revised or amended but are not yet effective

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2018 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company, except as disclosed below:

IFRS 16 Leases

IFRS 16 replaces the existing IAS 17: *Leases*. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their balance sheets to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as IFRS 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS ISSUED BY THE INTERNATIONAL FINANCIAL REPORTING STANDARDS INTERPRETATIONS COMMITTEE (continued)

(b) Standards, amendments and interpretations to existing standards that are issued, revised or amended but are not yet effective (continued)

IFRS 16 Leases (continued)

The Group plans to adopt the new standard on the required effective date using the modified retrospective approach and recognises any differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 16 at the date of initial application in the opening retained earnings as at 1 January 2019. Right-of-use assets for leases are recognised at an amount equal to the lease liability (adjusted for any prepaid or accrued lease payments) on adoption.

The standard is effective for annual periods beginning on or after 1 January 2019. The Group does not expect the adoption of IFRS 16 to have significant impact on its financial position and financial results for the financial year ended 31 December 2019.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenue recognition

Valuation and consulting services

The Group provides valuation and consulting services that include market-value appraisal and building consulting services such as property valuation and condition reports. The Group is compensated for appraisal services in the form of a fee, which is payable on the occurrence of certain events (e.g. a portion on the delivery of a draft report with the remaining on the delivery of the final report). For consulting services, the Group is paid based on event-based milestones (such as the delivery of draft reports). At contract inception, the Group will analyse the scope of works required and assess whether the revenue is to be recognised over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date. The customised reports have no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. Such services are recognised as performance obligation satisfied over time by reference to the Group's progress towards completing the performance obligation. The measure of progress is determined based on proposal, draft or final reports produced or customer acknowledgement of work performed that corresponds directly with the value to customer of the Group's performance completed to date.

For certain contracts where the Group does not have enforceable right to payment, revenue is recognised only when the reports was produced and the customers have accepted in accordance with the sales contract. The Group will bill to customer upon submission of report and acceptance by customers. The customers are required to pay within 30 days from the invoice date. No element of financing is deemed present.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Revenue recognition (continued)

Other services - Property management, security guard, cleaning, close protection and employee outsourcing services

The Group provides other services that include day-to-day property management, security guard and cleaning services on a contractual basis for owners of residential and commercial properties as well as close protection services to customers and employee outsourcing services to a government authority. The Group is compensated for services through a monthly fee earned based on the promised consideration in the relevant agreements. All these services represent a series of distinct daily services rendered over time and such services are recognised as a performance obligation satisfied over time as the Group transfers the benefit of the services to the customer as it performs. Consistent with the transfer of control for distinct and daily services to the customer, revenue is recognised at the end of each period for the fees associated with the services performed.

Arrangements for security guard services

The Group enters into arrangements with customers who are owners of residential properties to engage third party security guard services on behalf of the customers. The Group recognises a service fee, being the net amount of the consideration that the Group retains after paying the third party service provider the consideration it is entitled to in exchange for the services. The Group has assessed the arrangements with the customers to determine whether the Group is acting as an agent or a principal and determined that the Group is acting as an agent as the Group is unable to control the performance obligations by the third party service provider.

Interest income

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

Rental income

Rental income from operating lease (net of any incentives given to the lessees) is recognised on a straight line basis over the lease term as set out in specific rental agreements.

4.2 Subsidiaries

Subsidiaries are entities controlled by the Group. 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.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

4.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Basis of consolidation (continued)

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

4.4 Property, plant and equipment

Cost and measurement

Land and building are initially recorded at cost. Freehold land is subsequently stated at revalued amount less accumulated impairment losses. Building is subsequently carried at revalued amounts less accumulated depreciation and accumulated impairment losses. Their fair values are determined by an independent professional valuer every year and whenever their carrying amounts are likely to differ materially from their fair values.

Other property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised 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.

Dismantlement, removal or restoration costs are 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.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the assets. Any increase in the carrying amount arising from revaluation is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous surplus relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss; and any amount in asset revaluation reserve relating to that asset is transferred to accumulated profits directly.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment (continued)

Depreciation

No depreciation is provided on freehold land.

Depreciation is calculated on a straight-line basis to write off the cost or revalued amount of other property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

Freehold building	50 years
Leasehold improvements	Shorter of lease terms or 3 years
Furniture, fixtures and office equipment	3 to 5 years
Motor vehicles	4 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

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

4.5 Trademark

Trademark acquired in a business combination is recognised at fair value at the acquisition date. Trademarks with indefinite useful lives are not subject to amortisation, but are tested for impairment annually or more frequently when there are indications of impairment.

The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

4.6 Impairment of non-financial assets

At each reporting date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Impairment of non-financial assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.7 Operating leases

Leases where 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 taken to profit or loss on a straight-line basis over the period of the lease. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

When an operating lease is terminated before the lease period expires, 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.

4.8 Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of assets or liabilities that affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

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

Deferred income tax is measured based on the tax consequence that will follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Financial assets

The accounting policy for financial assets before 1 January 2018 are as follows:

a) Classification

The Group classifies its financial assets as loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are presented as "trade and other receivables", "other non-current and current assets" (excluding prepayments), "non-trade receivable from a related party" and "cash and cash equivalents" on the statements of financial position.

ii) Financial assets, available-for-sale

Financial assets, available-for-sale include equity securities that are non-derivatives and are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the end of the reporting period.

b) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is also transferred to profit or loss.

c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

d) Subsequent measurement

Financial assets, available-for-sale are subsequently carried at fair value. Available-for-sale investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measurable, are measured at cost less impairment loss. Loans and receivables financial assets are carried at amortised cost using the effective interest method, less impairment.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Financial assets (continued)

The accounting policy for financial assets before 1 January 2018 are as follows (continued):

d) Subsequent measurement (continued)

Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in fair value reserve/other comprehensive income, together with the related currency translation differences.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss.

e) Impairment

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

i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

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

ii) Financial assets, available-for-sale

In the case of an equity security classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the security is impaired.

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that was recognised directly in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale financial assets are not reversed through profit or loss.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Financial assets (continued)

The accounting policy for financial assets before 1 January 2018 are as follows (continued):

e) Impairment (continued)

ii) Financial assets, available-for-sale (continued)

For available-for-sale financial assets carried at cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of impairment loss is recognised in profit or loss and such losses are not reversed in subsequent periods.

The accounting policy for financial assets from 1 January 2018 onwards are as follows:

a) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

b) Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through other comprehensive income ("FVOCI").

The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Financial assets (continued)

The accounting policy for financial assest from 1 January 2018 onwards are as follows (continued):

c) Subsequent measurement

i) Debt instruments

Debt instruments include cash and cash equivalents, trade and other receivables, other non-current and current assets (excluding prepayments) and non-trade receivable from a related party. The subsequent measurement category depends on the Group's business model for managing the asset and cash flow characteristics of the asset:

Amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

ii) Equity instruments

The Group has designated all of its equity investments that are not held for trading as FVOCI at initial recognition. Gains and losses arising from changes in fair value of these equity investments classified as FVOCI are presented as "fair value gains/losses" in other comprehensive income and accumulated in fair value reserve and will never be reclassified to profit or loss. On disposal of an equity investment, the difference between the carrying amount and sales proceed amount would be in other comprehensive income. Fair value reserve relating to the disposed asset would be transferred to retained earnings upon disposal. Dividends from equity investments are recognised in profit or loss and presented in "other income". Equity investments classified as FVOCI are not subject to impairment assessment.

d) Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. 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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Financial assets (continued)

The accounting policy for financial assest from 1 January 2018 onwards are as follows (continued):

d) Impairment (continued)

The impairment methodology applied depends on whether there has been a significant increase in credit risk. 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 required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets that do not have a significant financing component, the Group applies a simplified approach to recognise 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 as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

4.10 Cash and cash equivalents in the statement of cash flows

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged deposits.

4.11 Financial liabilities

Financial liabilities include trade and other payables (excluding provision for unutilised leave), non-trade payables to related parties and loans from holding company.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Share capital

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

4.13 Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

4.14 Borrowing costs

Borrowing costs are recognised in the profit or loss using the effective interest method.

4.15 Employee benefits

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

i) Provision for staff benefits

Staff benefits are provided based on the employees' salaries and their respective length of service in accordance with the applicable rules and regulations in their respective countries of employment.

ii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of each reporting period are discounted to present value.

iii) Retirement benefits scheme contributions

The retirement benefits scheme contributions charged in the profit or loss represent the amount of contributions payable by the Group's defined contribution scheme in respect of the current financial year. The Group has no further payment obligations once the contributions have been paid.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Employee benefits (continued)

iv) Employee leave entitlements

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

4.16 Foreign currencies

i) 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 that entity operates (the "functional currency"). The financial statements of the Group and the Company are presented in United States Dollar ("US$"), which is the Company's functional currency and the presentation currency for the financial statements.

ii) 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 gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the exchange reserve within equity in the consolidated financial statements. The exchange reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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.

iii) Translation of Group entities' financial statements

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

a) Assets and liabilities are translated at the closing rates at the end of the reporting period;

b) Income and expenses are translated at average exchange rates (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

c) All resulting exchange differences are recognised in the exchange reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Foreign currencies (continued)

iii) Translation of Group entities' financial statements (continued)

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On the disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

4.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group.

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

4.18 Contingent liabilities

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 a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

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

5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

a) Critical judgements in application of the accounting policies

In the process of applying the Group's accounting policies, which are described in Note 4, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt in the preceding paragraphs).

Going concern assumption

The Group incurred a loss after tax of US$10,849,000 (2017: US$468,000) during the financial year ended 31 December 2018 and as at that date, the Group's current liabilities exceeded its current assets by US$3,435,000. In addition, the net cash used in operating activities during the year was US$13,565,000 (2017: US$5,877,000). These factors indicate the existence of a material uncertainty which could impact the Group's ability to continue as a going concern.

The holding company has confirmed its intention to provide continuing assistance in funding and financing the Group to enable the Group to meet its general working capital requirements as and when deemed necessary. The holding company has further confirmed its intention that it will not call for repayment of the outstanding loans unless the Group has alternative sources of funds for repayment or have generated sufficient funds to continue the Group's operations after repayment of the loan. With the financial support from the holding company, the directors consider that the Group will be able to continue operating as a going concern.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Group may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

i) Impairment of trademark

As disclosed in Note 18, the recoverable amount of the cash generating unit ("CGU") which trademark has been allocated to is determined based on value in use ("VIU") calculation. The VIU calculation requires the management to estimate the future cash flows expected to arise from the CGU and a suitable discount rate, in order to determine the present value of those cash flows. The key assumptions applied in the determination of VIU including a sensitivity analysis, are disclosed and further explained in Note 18.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

b) Key sources of estimation uncertainty (continued)

ii) Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on non-trade receivable from a related party and subsidiaries is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of non-trade receivable from a related party and subsidiaries. Details of ECL measurement and carrying value of non-trade receivable from a related party and subsidiaries at reporting date are disclosed in Notes 17, 21 and 35(c).

iii) Provision for rental guarantee

In determining whether a provision is adequate requires management to estimate the future cash payments expected to arise pursuant to a guaranteed rental agreement entered into with a former subsidiary, Lafe (Emerald Hill) Development Pte. Ltd. ("LEHD") and a suitable discount rate in order to calculate the present value. As at 31 December 2018, the carrying amount of provision for rental guarantee was US$3,124,000 (2017: US$5,507,000) (Note 26(i)). The management has considered the most significant assumption used is that the existing rental contracts expiring before the end of the rental guarantee period will be renewed at the existing rental rates. Management is of the view that a reasonably possible change in the rental rates and occupancy rates will not result in any material adjustment to the carrying amount of provision for rental guarantee.

iv) Contingent liabilities

In determining whether provision is necessary for contingent liabilities, management makes an assessment on the facts and merits of the legal claims and takes into consideration legal opinions obtained. As disclosed in Note 31, the Group has one outstanding legal claim made against them for which management is of the view that no provision is necessary at the end of the reporting period.

6 SEGMENT INFORMATION

The Group has adopted IFRS 8 *Operating segments* that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance.

Business segment	**Principal activities**
Property	Property sales and property related services

The Group's revenue and results analysed by business segment are as follows:

Business Segment

	Group Property/Consolidated	
	2018	2017
	US$'000	US$'000
Revenue		
Revenue	**14,587**	13,054
Result		
Segment result	**(10,602)**	(264)
Finance costs	**(202)**	(183)
Loss before taxation	**(10,804)**	(447)
Taxation	**(45)**	(21)
Loss after taxation	**(10,849)**	(468)
Assets		
Segment assets	**55,405**	62,859
Liabilities		
Segment liabilities	**12,102**	8,650
Other information		
Depreciation of property, plant and equipment (Note 13)	**145**	136
Write-off of related transaction expenses and deposit due to non-completion of proposed acquisition of Fairhaven	**5,229**	–
Capital expenditure: Property, plant and equipment (Note 13)	**144**	426
Gain on disposal of property, plant and equipment (Note 8)	**1**	69

6 SEGMENT INFORMATION (continued)

Business Segment (continued)

	Group Property/Consolidated	
	2018	2017
	US$'000	US$'000
(Reversal of provision)/provision for rental guarantee (Note 26(i))	**(239)**	179

Segment assets

The amounts provided to the management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments.

Segment liabilities

The amounts provided to management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments.

Geographical information

The revenue by geographical segment is based on the billing location of customers. All assets and capital expenditure of the Group are significantly located in the Asia Pacific region.

The following table provides an analysis of the Group's revenue and non-current assets based on the billing address of each individual customer and geographical location of the assets respectively:

	Revenue		Non-current assets	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Hong Kong	**13,679**	12,141	**5,514**	5,530
People's Republic of China	**649**	631	**9**	10
Singapore	**–**	–	**10**	8
Macau	**259**	282	**–**	–
	14,587	13,054	**5,533**	5,548

There is no single external customer which amounted to 10% or more of the Group's revenue for the financial years ended 31 December 2018 and 2017.

7 REVENUE

The following table provides a disaggregation disclosure of the Group's revenue by primary geographical market and major service lines.

	Valuation and consulting services		Security guard services		Other services		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Hong Kong	**9,117**	7,172	**3,093**	3,227	**1,469**	1,742	**13,679**	12,141
People's Republic of China	**649**	631	**–**	–	**–**	–	**649**	631
Macau	**259**	282	**–**	–	**–**	–	**259**	282
	10,025	8,085	**3,093**	3,227	**1,469**	1,742	**14,587**	13,054
Timing of revenue recognition								
At a point of time	**125**	–	**–**	–	**–**	–	**125**	–
Over time	**9,900**	8,085	**3,093**	3,227	**1,469**	1,742	**14,462**	13,054
	10,025	8,085	**3,093**	3,227	**1,469**	1,742	**14,587**	13,054

The Group applies the practical expedient in IFRS 15 and does not disclose information about its remaining performance obligation if:

- The performance obligation is part of a contract that has an original expected duration of one year or less; or
- The Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, and it recognises revenue in that amount.

8a OTHER NET (GAIN)/LOSS

	Group	
	2018	2017
	US$'000	US$'000
Gain on disposal of property, plant and equipment	**(1)**	(69)
Other income	**(130)**	(71)
Net foreign currency exchange loss/(gain)	**843**	(4,111)
(Reversal of provision)/provision for rental guarantee (Note 26(i))	**(239)**	179
Write-back of trade and other payables	**(11)**	(59)
Write off of related transaction expenses and deposit due to non-completion of proposed acquisition of Fairhaven	**5,229**	–
	5,691	(4,131)

8b INTEREST INCOME

	Group	
	2018	2017
	US$'000	US$'000
Interest income		
- Related party	**1,324**	1,279
- Other financial assets at amortised costs	**25**	58
	1,349	1,337

9 FINANCE COSTS

	Group	
	2018	2017
	US$'000	US$'000
Interest on bank and other borrowings	**59**	44
Discount on provision unwound (Note 26(i))	**134**	129
Bank charges	**9**	10
	202	183

10 LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	Group	
	2018	2017
	US$'000	US$'000
Non-executive directors' fees (Note 33(b))	**178**	174
Auditors' remuneration:		
- Auditor of the Company	**83**	102
- Other auditors	**51**	50
Fees for non-audit services paid to auditor of the Company	**6**	7
Property development and investment service fees	**2,112**	1,757
Staff costs (including directors' remuneration):		
- Salaries and related costs	**14,015**	12,394
- Defined contribution benefits	**658**	439
Operating lease expenses	**1,006**	954
Depreciation of property, plant and equipment	**145**	136

11 TAXATION

Taxation expense attributable to the loss is made up of:

	Group	
	2018	2017
	US$'000	US$'000
Current income tax provision	**13**	21
(Over)/under provision in respect of previous financial years		
- current income tax	**(1)**	–
- deferred tax (Note 27)	**33**	–
	45	21

11 TAXATION (continued)

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the financial year. Taxes on profits assessable elsewhere have been provided at the applicable rates of tax in the countries in which the subsidiaries operate, based on existing legislation, interpretations and practices in respect thereof.

A reconciliation between the tax expense and loss before tax at the applicable tax rate is as follows:

	Group	
	2018	2017
	US$'000	US$'000
Loss before taxation	**(10,804)**	(447)
Notional tax calculated at Hong Kong profits tax rate of 16.5% (2017: 16.5%)	**(1,783)**	(74)
Different tax rates in overseas jurisdictions	**(18)**	17
Income not subject to tax	**(227)**	(775)
Expenses not deductible for tax purposes	**1,644**	544
Deferred tax assets not recognised	**570**	549
Utilisation of previously unrecognised tax losses	**(189)**	(203)
Overprovision of income tax in respect of previous financial years	**(1)**	–
Overprovision of deferred tax in respect of previous financial years	**33**	–
Others	**16**	(37)
	45	21

Details of deferred tax liabilities are set out in Note 27.

12 LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following:

	Group	
	2018	2017
Loss for the year attributable to equity holders of the Company (US$'000)	**(10,849)**	(468)
Weighted average number of ordinary shares ('000)	**25,333**	25,333
Loss per share (US cents)	**(42.83)**	(1.85)

Diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares for the financial years ended 31 December 2018 and 31 December 2017.

13 PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold land and building US$'000	Leasehold improvements US$'000	Furniture, fixtures and office equipment US$'000	Motor vehicles US$'000	Total US$'000
Cost or valuation					
At 1 January 2017	5,246	116	587	420	6,369
Revaluation loss	(343)	–	–	–	(343)
Currency translation adjustments	205	7	(4)	(5)	203
Additions	–	–	21	405	426
Disposals	(5,108)	–	(102)	(328)	(5,538)
At 31 December 2017	–	123	502	492	1,117
Currency translation adjustments	–	(2)	(1)	(1)	(4)
Additions	–	–	144	–	144
Disposals	–	–	(51)	–	(51)
At 31 December 2018	**–**	**121**	**594**	**491**	**1,206**
Accumulated depreciation					
At 1 January 2017	53	110	527	373	1,063
Currency translation adjustments	2	7	(4)	(4)	1
Charge for the year	8	3	37	88	136
Disposals	(63)	–	(95)	(294)	(452)
At 31 December 2017	–	120	465	163	748
Currency translation adjustments	–	(2)	1	–	(1)
Charge for the year	–	–	42	103	145
Disposals	–	–	(50)	–	(50)
At 31 December 2018	**–**	**118**	**458**	**266**	**842**
Net carrying values					
At 31 December 2018	**–**	**3**	**136**	**225**	**364**
At 31 December 2017	–	3	37	329	369

In 2017, the freehold land and building was sold to a third party for a consideration of S$7.03 million (equivalent to US$5.04 million).

14 INVESTMENTS IN SUBSIDIARIES

	Company	
	2018	2017
	US$'000	US$'000
Unquoted equity shares		
Cost		
Beginning and end of financial year	**34,988**	34,988
Allowance for impairment		
Beginning and end of financial year	**34,988**	34,988
Net carrying amount	**–**	–

Details of the Company's subsidiaries at 31 December 2018 are set out in Note 34.

15 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Hong Kong quoted equity shares, at fair value	–	36	–	26
Unquoted equity shares, at cost	–	2,295	–	–
Less: Allowance for impairment	–	(2,295)	–	–
	–	–	–	–
Net carrying amount	–	36	–	26

The fair value of the Hong Kong quoted equity shares was determined based on quoted closing market prices on the last market day of the financial year. These instrument were included in Level 1 of the fair value hierarchy.

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Equity investments designated at FVOCI				
Quoted equity shares	**15**	–	**11**	–
Unquoted equity shares	**–**	–	**–**	–
Total	**15**	–	**11**	–

These investments in equity shares are not held for trading. Accordingly, management has elected to designate these investments in equity shares at fair value through other comprehensive income. It is the Group's strategy to hold these investments for long term purposes. Unquoted equity shares represent interest in a company in the United States of America which is engaged in investment holding activities.

17 NON-TRADE RECEIVABLE FROM A RELATED PARTY

	Group	
	2018	2017
	US$'000	US$'000
Non-trade receivable from a related party	**43,509**	44,441

The outstanding non-trade receivable from a related party comprises fixed term loans extended to a related party, Lafe (Emerald Hill) Development Pte. Ltd. ("LEHD"). The non-current portion of S$59.417 million (equivalent to US$43.5 million as at 31 December 2018 and US$44.4 million as at 31 December 2017) due to a subsidiary of the Company bears interest at 3% per annum and is repayable by 27 September 2020. It is secured by a corporate guarantee given by The Ho Family Trust Limited, a related party, and a second-ranking pledge of the entire shares in LEHD. LEHD also signed a covenant that it will not distribute any dividends while any amount of the loan remains outstanding.

The fair value of non-current receivable from a related party computed based on cash flows discounted at market borrowing rate for similar financial assets at the end of the reporting period approximates its carrying value. The fair value measurement for disclosure purpose was categorised in the Level 3 of the fair value hierarchy.

18 TRADEMARK

	Group Trademark	
	2018	2017
	US$'000	US$'000
Cost		
Beginning of financial year	**11,511**	11,603
Currency translation adjustments	**(19)**	(92)
End of financial year	**11,492**	11,511
Allowance for impairment		
Beginning of financial year	**6,332**	6,383
Currency translation adjustments	**(9)**	(51)
End of financial year	**6,323**	6,332
Net carrying amount	**5,169**	5,179

Trademark

Licenses are available for the use of the trademark on the bases of a royalty charged which depends on the period and the specific license. The license provides an option for renewal based on meeting conditions of the license and may be renewed at little or no cost to the Group. As a result, the trademark is considered by the management as having an indefinite useful life and is tested for impairment annually or more frequently when there are indications of impairment.

Impairment testing of trademark

Trademark has been allocated to the Group's CGU comprising operations in Hong Kong and the People's Republic of China. The recoverable amount of the CGU has been determined based on value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period.

Key assumptions used in value in use calculation

The key assumptions for the value in use ("VIU") calculation are those regarding the budgeted revenue growth rate, budgeted gross margin, terminal growth rate and discount rate.

	CGU	
	2018	2017
	%	%
Budgeted revenue growth rate	**3.5**	3.5
Budgeted gross margin	**22.0 - 23.0**	26.0 - 28.0
Terminal growth rate [1]	**–**	–
Discount rate [2]	**21.4**	21.4

[1] Growth rate used to extrapolate cash flows beyond the budgeted period.
[2] Pre-tax discount rate applied to cash flow projections.

18 TRADEMARK (continued)

Key assumptions used in value in use calculation (continued)

Budgeted revenue growth rate and gross margin are based on past performance and its expectations of market development. The forecasted terminal growth rate are based on published industry research and do not exceed the long term average growth rate for the industry. The discount rate used was pre-tax and reflected risks specific to the CGU.

No impairment was recognised during the current financial year.

Sensitivity to changes in assumptions

The estimated recoverable amount exceeds its carrying amount by approximately US$0.3 million (2017: US$0.4 million) as at 31 December 2018. If the budgeted revenue growth used in the VIU calculation had been 3%, the recoverable amount of the trademark would equal to its carrying amount.

19 OTHER NON-CURRENT AND CURRENT ASSETS

	Group		Company	
	2018 US$'000	2017 US$'000	**2018 US$'000**	2017 US$'000
Prepayments	**155**	175	**24**	23
Deposits	**682**	398	**–**	–
Total other assets	**837**	573	**24**	23
Less: Current portion	**(451)**	(302)	**(24)**	(23)
Non-current portion	**386**	271	**–**	–

20 TRADE AND OTHER RECEIVABLES

	Group	
	2018 US$'000	2017 US$'000
Trade receivables	**2,827**	3,165
Less: Allowance for impairment loss	**–**	(966)
Trade receivables - net	**2,827**	2,199
Other receivables	**1,664**	436
Non-trade receivable from a related party	**12**	–
Tax recoverable	**–**	5
Total trade and other receivables	**4,503**	2,640

Non-trade receivable from a related party is unsecured, interest-free and repayable on demand.

Included in other receivables is an amount of US$1,658,000 (2017: US$Nil) representing certain taxes recoverable from the Government.

21 NON-TRADE RECEIVABLES FROM SUBSIDIARIES - COMPANY

	Company	
	2018	2017
	US$'000	US$'000
Non-trade receivables from subsidiaries	**74,261**	73,214
Less: Allowance for impairment	**(24,405)**	(18,992)
	49,856	54,222

Non-trade receivables from subsidiaries are unsecured, interest-free and repayable on demand.

22 CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Cash and cash equivalents	**1,008**	9,621	**3**	2

Cash and cash equivalents of the Group and the Company at 31 December 2018 and 31 December 2017 comprise cash held at banks and on hand.

Bank balances earn interest at floating rates based on daily bank deposit rates. Short term bank deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

Bank and cash balances of US$222,000 (2017: US$188,000) are held in the People's Republic of China and are subject to local exchange control regulations. These regulations place restrictions on the amount of currency being exported from the country, other than through dividends.

23 SHARE CAPITAL

	Group and Company			
	2018		2017	
	No. of shares '000	**US$'000**	No. of shares '000	US$'000
Authorised				
Beginning and end of financial year	**50,000**	**100,000**	50,000	100,000
Issued and fully paid				
Beginning and end of financial year	**25,333**	**50,667**	25,333	50,667

The Company has one class of ordinary shares which carries no rights to fixed income.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares, which have a par value of US$2, carry one vote per share without restrictions.

24 TRADE AND OTHER PAYABLES

	Group		Company	
	2018 US$'000	2017 US$'000	**2018 US$'000**	2017 US$'000
Trade payables	**928**	604	**–**	–
Accrued expenses	**1,493**	1,340	**240**	254
Other payables	**288**	101	**68**	46
Total trade and other payables	**2,709**	2,045	**308**	300
Less: current portion	**(2,601)**	(2,045)	**(308)**	(300)
Non-current portion	**108**	–	**–**	–

25 LOANS FROM HOLDING COMPANY

	Group and Company	
	2018 US$'000	2017 US$'000
Loans from holding company	**5,096**	–

Loans from holding company are unsecured, bear interest rate at 3% per annum and are repayable on demand, except for working capital loans of US$1,961,000 which is repayable on 31 December 2019. As disclosed in Note 5a, the holding company has confirmed its intention that it will not call for repayment of the outstanding loan unless the Group has alternative sources of funds for repayment or have generated sufficient funds to continue the Group's operations after repayment of the loan.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	US$'000
Balance at 1 January 2018	–
Changes from financing cash flows:	
- Proceeds	5,224
- Repayments	(128)
- Interest paid	(59)
Non-cash changes	
- Interest expenses	59
Balance at 31 December 2018	5,096

26 PROVISIONS

	Group		Company	
	2018 US$'000	2017 US$'000	**2018 US$'000**	2017 US$'000
Non-current				
Provision for rental guarantee (i)	**1,445**	3,436	**1,445**	3,436
Provision for staff benefits (ii)	**351**	295	**–**	–
	1,796	3,731	**1,445**	3,436
Current				
Provision for rental guarantee (i)	**1,679**	2,071	**1,679**	2,071

26 PROVISIONS (continued)

(i) Provision for rental guarantee

At the end of the reporting period, the amounts shown in the Group and the Company comprise the provision for net rental expenses of S$4.3 million (equivalent to US$3.1 million), an outstanding obligation up to 27 September 2020 pursuant to a guaranteed rental agreement entered into with a former subsidiary, LEHD. The provision amount was determined by discounting the estimated future cash payments based on the assumption of renewal of rental contracts at existing rental rates upon expiry of existing rental contracts at a discount rate of 3% (2017: 3%).

LEHD has confirmed its intention to defer the payment by the Company of rental guarantee of US$80,000 due within 12 months from the end of the reporting date to year 2020. Accordingly, the Group and the Company have reclassified US$80,000 rental guarantee payable to LEHD from current liability to non-current liability during the financial year.

Movements in provision for rental guarantee are as follows:

	Group and Company	
	2018	2017
	US$'000	US$'000
Beginning of financial year	**5,507**	6,695
(Reversal of)/additional provision recognised in profit or loss (Note 8a)	**(239)**	179
Discount unwound (Note 9)	**134**	129
Payment made during the year	**(2,192)**	(1,955)
Translation difference charged to profit or loss	**(86)**	459
End of financial year	**3,124**	5,507

(ii) Provision for staff benefits

Provision for staff benefits represents long service payments under the applicable regulations.

	Group	
	2018	2017
	US$'000	US$'000
Beginning of financial year	**295**	263
Net provision made during the financial year	**56**	32
End of financial year	**351**	295

The provision represents the Group's estimated liability to employees who are expected to be eligible for long service payments under Hong Kong Employment Ordinance on termination of their employment or retirement when the employee fulfils certain conditions and the termination meets the required circumstances. The provision made is based on the Group's past experience and the directors' knowledge of the business and the work force, as reduced by certain benefits arising from the Group's retirement scheme.

27 DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate off-setting, are shown on the consolidated statement of financial position as follows:

	Group	
	2018	2017
	US$'000	US$'000
Non-current:		
Deferred tax liabilities		
- to be settled after one year	**801**	769

Movements in deferred tax account are as follows:

Beginning of financial year	**769**	775
Currency translation adjustments	**(1)**	(6)
Tax expense to profit or loss (Note 11)	**33**	–
End of financial year	**801**	769

The following are the major components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements thereon, during the current and prior reporting periods.

	Accelerated tax depreciation US$'000	**Fair value of trademark US$'000**	**Total US$'000**
At 1 January 2017	–	775	775
Currency translation adjustments	–	(6)	(6)
At 31 December 2017	–	769	769
Current year tax expense to profit or loss	33	–	33
Currency translation adjustments	–	(1)	(1)
At 31 December 2018	**33**	**768**	**801**

At the end of the reporting period, the Group has unutilised tax losses of US$27,666,000 (2017: US$25,487,000) that are available for carrying forward to offset against future taxable income subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. No deferred tax assets have been recognised as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised. Tax losses may be carried forward indefinitely.

28 NON-TRADE PAYABLES TO RELATED PARTIES - GROUP

Non-trade payables to related parties are unsecured, interest-free and repayable on demand.

29 OPERATING LEASE COMMITMENTS

Operating lease commitments

The Group leases office premises from non-related parties under non-cancellable operating lease agreements. The leases have an average tenure of between 24 to 36 months (2017: 24 to 36 months).

The Group had outstanding commitments in relation to non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, payable as follows:

	Group	
	2018	2017
	US$'000	US$'000
Not later than one financial year	**1,074**	887
Later than one financial year but not later than five financial years	**1,550**	446
	2,624	1,333

31 CONTINGENT LIABILITIES

A plaintiff, which is in creditors' voluntary liquidation, issued a writ of summons in the High Court of the Hong Kong Special Administrative Region Court of First Instance against certain subsidiaries of the Vigers Group and others on 3 May 2013 together with a statement of claim (with subsequent amendments made on 21 June 2013 and 7 October 2014 respectively) for breaches of fiduciary duties, preferential payments of approximately US$1.58 million, fraudulent disposition of certain funds of approximately US$1.06 million, disposition of the plaintiff's property of approximately US$1.23 million and failure to put in place proper professional indemnity insurance for the plaintiff. All the transactions in relation to these allegations happened prior to the acquisition of the Vigers Group by the Company.

The management is of the view that no provision is necessary for any of the legal suits described above having considered their respective merits and stages of proceedings.

32 RETIREMENT BENEFITS SCHEME

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Scheme") under the Mandatory Provident Fund Scheme Ordinance of Hong Kong, for those employees who are eligible to participate in the Scheme. Contributions are made based on a percentage of the employees' basic salaries in accordance with the rules of the Scheme. The assets of the Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the Scheme.

PRC employees of the Group's subsidiary registered in the PRC are members of the pension scheme operated by the PRC local government. The PRC subsidiary is required to contribute a certain percentage based on a relevant portion of the payroll of these employees to fund the benefits. The only obligation of the Group in respect of the pension scheme is the required contributions under the pension scheme.

32 RETIREMENT BENEFITS SCHEME (continued)

In the case of eligible Singapore employees, the Group pays to a defined contribution plan. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

33 RELATED PARTY TRANSACTIONS

(a) Group and related party transactions

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, who were not members of the Group during the financial year on terms agreed by the parties concerned. The related parties comprise the spouse of one of the directors of the Company and a company directly held by the aforesaid party and certain companies held by a discretionary trust of which the same director of the Company is one of the beneficiaries.

	Group	
	2018	2017
	US$'000	US$'000
Interest expenses (charged at 3% per annum) paid/payable to holding company	**59**	–
Property development and investment service fees paid/payable to a related party	**2,111**	1,757
Rental guarantee paid/payable to a related party	**2,192**	1,955
Share of administrative fees	**–**	2
Interest income (charged at 3.00% per annum) received from a related party	**1,324**	1,279

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2018	2017
	US$'000	US$'000
Directors and other key management personnel remuneration		
- Salary, bonus and allowances	**2,053**	1,988
- Defined pension benefit	**101**	103
Non-executive directors' fees (Note 10)	**178**	174
	2,332	2,265

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

34 PARTICULARS OF SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2018 are as follows:

Name of company	Place of incorporation/ operations	Issued and paid up/ registered capital	Percentage of equity interest attributable to the Group 2018 %	2017 %	Principal activities
Held by the Company					
Lafe Holdings Limited[1]	The British Virgin Islands ("BVI")	US$100	**100**	100	Investment holding
Vigers Group Pte. Ltd. [1]	Singapore	S$2	**100**	100	Property management services
Infomaster Holdings Limited[1]	BVI	US$2	**100**	100	Investment holding
Wave Track Limited[1]	BVI	US$2	**100**	100	Investment holding
Forchess Star Company Limited[1]	BVI	US$2	**100**	100	Investment holding
Held by Lafe Holdings Limited					
Lafe Strategic Services Limited[2]	Hong Kong	HK$20	**100**	100	Close protection services
Markwood Capital Limited[1]	BVI	US$2	**100**	100	Investment holding
Held by Lafe Strategic Services Limited					
Vigers Security Limited[2]	Hong Kong	HK$400,000	**100**	100	Security guard services
Held by Vigers Group Pte. Ltd.					
Vigers Property Management Pte. Ltd.[1]	Singapore	S$2	**100**	100	Property management services
Vigers Real Estate Pte. Ltd. [1]	Singapore	S$2	**100**	100	Property management services
GIOIA Fund Pte Ltd. [1]	Singapore	S$1,000,000	**100**	100	Real estate developers
Vigers Fund Management Pte. Ltd. [1]	Singapore	S$1,000	**100**	100	Fund management
Held by Infomaster Holdings Limited					
Lafe GreenTech International Limited[1]	BVI	US$10,000	**100**	100	Investment holding
Lafe GreenTech Limited [2]	Hong Kong	HK$100	**100**	100	Consultancy services

34 PARTICULARS OF SUBSIDIARIES (continued)

Details of the Company's subsidiaries as at 31 December 2018 are as follows: (continued)

Name of company	Place of incorporation/ operations	Issued and paid up/ registered capital	Percentage of equity interest attributable to the Group 2018 %	2017 %	Principal activities
Held by Wave Track Limited					
Lafe Development (China) Limited[1]	BVI	US$2	**100**	100	Investment holding
Held by Forchess Star Company Limited					
Vigers Holdings Ltd.[2]	BVI	US$10,553,000	**100**	100	Investment holding
Lucksberg Holdings Limited[1]	BVI	US$2	**100**	100	Investment holding
Held by Vigers Holdings Ltd.					
Vigers Asset Management Limited[2]	Hong Kong	HK$20	**100**	100	Property management services
Vigers Building Consultancy Limited[2]	Hong Kong	HK$8,000,000	**100**	100	Building consultancy services
Vigers Nominees Limited[2]	Hong Kong	HK$1,000	**100**	100	Corporate services
Vigers Realty Limited[2]	Hong Kong	HK$10,000	**100**	100	Real estate agency services
Vigers Macao Company Limited[2]	Macao	MOP25,000	**100**	100	Property appraisal services
Vigers Appraisal and Consulting (International) Limited[2]	Hong Kong	HK$1,200	**100**	100	Investment holding and consultancy services
Vigers External Wall Consultant Limited[2]	Hong Kong	HK$1,000	**100**	100	Building consultancy services

34 PARTICULARS OF SUBSIDIARIES (continued)

Details of the Company's subsidiaries as at 31 December 2018 are as follows: (continued)

Name of company	Place of incorporation/ operations	Issued and paid up/ registered capital	Percentage of equity interest attributable to the Group 2018 %	2017 %	Principal activities
Held by Vigers Appraisal and Consulting (International) Limited					
Vigers Property Consultants (Shanghai) Ltd[3]	PRC	US$345,000	**100**	100	Property management and agency services
Vigers E-Net Limited[2]	Hong Kong	HK$1,000	**100**	100	Property appraisal services in internet
Vigers Appraisal and Consulting Limited[2]	Hong Kong	HK$1,000,000	**100**	100	Property appraisal and consulting services
Held by Vigers Realty Limited					
Vigers Asia Pacific Limited[2]	Hong Kong	HK$100	**100**	100	Corporate administration services
Held by Vigers External Wall Consultant Limited					
Vigers Asia Pacific Holdings Limited[2]	BVI	US$1	**100**	100	Investment holding
Held by Vigers Asia Pacific Limited					
Vigers Property Consultants (Beijing) Ltd[4]	PRC	RMB500,000	**100**	100	Property management and agency services
Vigers Investment Consultants (Shenzhen) Ltd[5]	PRC	RMB100,000	**100**	100	Property consultancy services
Held by Vigers Asia Pacific Holdings Limited					
Vigers Property Management Services (Hong Kong) Limited[2]	Hong Kong	HK$8,900,000	**100**	100	Property management services
The Grande Properties Management Limited[2]	Hong Kong	HK$2	**100**	100	Property management services

Lafe Corporation Limited

34 PARTICULARS OF SUBSIDIARIES (continued)

Details of the Company's subsidiaries as at 31 December 2018 are as follows: (continued)

Name of company	Place of incorporation/ operations	Issued and paid up/ registered capital	Percentage of equity interest attributable to the Group 2018 %	2017 %	Principal activities
Held by Lucksberg Holdings Limited					
Vigers Pacific Limited[1]	Cayman Islands	US$100	**100**	100	Trademarks holding
Vigers Asia (Holdings) Limited[1]	Cayman Islands	US$100	**100**	100	Trademarks holding

(1) Audited/reviewed by Baker Tilly TFW LLP, Singapore.
(2) Audited/reviewed by Moore Stephens CPA Limited, Hong Kong.
(3) Audited by Shanghai Yonghua Certified Public Accountants.
(4) Audited by Beijing Daqi International Certified Public Accountants.
(5) Audited by Shenzhen Huilong Certified Public Accountants.

35 RISK FACTORS AND RISK MANAGEMENT

The risk factors, risk management policies and related procedures for the Group are summarised as follows:

Reliance on property business

The Group will concentrate its efforts and resources on its property business, which will be affected by the property market.

The Group has diversified the risk by making property investment and developments in different locations.

In addition, Vigers Group is a reputable property service group specialising in property appraisal, business valuation, property management, building services engineering, real estate agency and project management with a strong presence in the Far East region.

35 RISK FACTORS AND RISK MANAGEMENT (cont'd)

(a) Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Financial assets				
Available-for-sale financial assets	–	36	–	26
Loans and receivables (including cash and cash equivalents)	–	57,095	–	54,224
Financial assets at fair value through other comprehensive income	**15**	–	**11**	–
Financial assets at amortised costs	**48,044**	–	**49,859**	–
	48,059	57,131	**49,870**	54,250
Financial liabilities				
At amortised cost	**7,706**	1,985	**5,404**	300

(b) Foreign currency risk

The Group has currency exposures arising from transactions, assets and liabilities that are denominated in currencies other than the respective functional currencies of entities in the Group. The foreign currencies in which the Group's currency risk arises are mainly Singapore dollar ("SGD"), Renminbi ("RMB") and Hong Kong dollar ("HKD").

There is no formal hedging policy with respect to foreign currency exposure. Exposure to foreign currency risk is monitored on an on-going basis and the Group endeavors to keep the net exposure at a minimum level.

35 RISK FACTORS AND RISK MANAGEMENT (continued)

(b) Foreign currency risk (continued)

At the end of the reporting period, the Group and the Company have the following significant financial assets and financial liabilities denominated in currencies other than functional currencies based on information provided to key management:

	SGD US$'000	RMB US$'000	HKD US$'000	Total US$'000
Group				
2018				
Cash and cash equivalents	13	224	3	240
Trade and other receivables	–	45	–	45
Non-trade receivable from subsidiaries	48,237	–	–	48,237
Financial assets at fair value through other comprehensive income	–	–	11	11
Non-trade payable to fellow subsidiaries	(6,664)	–	–	(6,664)
Trade and other payables	(331)	(342)	–	(673)
Net financial assets/(liabilities) denominated in foreign currencies	**41,255**	**(73)**	**14**	**41,196**
2017				
Cash and cash equivalents	8,570	191	2	8,763
Trade and other receivables	3	51	–	54
Non-trade receivable from subsidiaries	54,222	–	–	54,222
Available-for-sales financial assets	–	–	26	26
Non-trade payable to fellow subsidiaries	(9,922)	–	–	(9,922)
Trade and other payables	(335)	(349)	–	(684)
Net financial assets/(liabilities) denominated in foreign currencies	52,538	(107)	28	52,459
Company				
2018				
Cash and cash equivalents	–	–	3	3
Non-trade receivable from subsidiaries	49,856	–	–	49,856
Available-for-sales financial asset	–	–	11	11
Trade and other payables	(260)	–	–	(260)
Net financial assets denominated in foreign currencies	**49,596**	**–**	**14**	**49,610**
2017				
Cash and cash equivalents	–	–	2	2
Non-trade receivable from subsidiaries	54,222	–	–	54,222
Available-for-sales financial asset	–	–	26	26
Trade and other payables	(253)	–	–	(253)
Net financial assets denominated in foreign currencies	53,969	–	28	53,997

35 RISK FACTORS AND RISK MANAGEMENT (continued)

(b) Foreign currency risk (continued)

Sensitivity analysis for foreign exchange currency risk

In respect of the Group, at the end of the reporting period, if the SGD strengthens/weakens against United States Dollar ("USD") by 5% with all variables including tax rate being held constant, the Group's loss after taxation will be lower/higher by US$1,722,000 (2017: lower/higher by US$2,195,000).

In respect of the Company, at the end of the reporting period, if the SGD strengthens/weakens against USD by 5% with all variables including tax rate being held constant, the Company's loss after taxation will be lower/higher by US$2,480,000 (2017: lower/higher by US$2,701,000).

The sensitivity analysis for the other foreign currencies is not disclosed as the impact on the Group's and Company's loss after taxation is not significant.

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopt the policy of dealing only with high credit quality counterparties. Potential exposures are monitored and reported to management on a timely basis.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses (ECL):

Description of evaluation of financial assets	**Basis for recognition and measurement of ECL**
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

35 RISK FACTORS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Significant increase in credit risk (continued)

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if the financial asset has a low risk of default and the borrower has a strong capacity to meet its contractual cash flow obligations in the near term.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet the following criteria are generally not recoverable.

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

35 RISK FACTORS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

Trade receivables of the Group were not concentrated on any particular customer in 2018 and 2017.

As the Group and Company do not hold any collateral for trade and other receivables, except for the non-trade receivable from a related party as referred to in Note 17, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statement of financial position.

Movements in credit loss allowance are as follows:

	Trade receivables US$'000
Group	
Balance at 1 January 2018, under IAS 39 and IFRS 9	966
Loss allowance reversed:	
Lifetime ECL	(23)
Receivables written off as uncollectable	(921)
Currency translation adjustments	(22)
Balance at 31 December 2018	–

	Non-trade receivables from subsidiaries US$'000
Company	
Balance at 1 January 2018, under IAS 39 and IFRS 9	18,992
Loss allowance measured:	
Lifetime ECL	
- credit-impaired	5,413
Balance at 31 December 2018	24,405

35 RISK FACTORS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Trade receivables

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

Based on a simplified approach for determining credit loss allowance for trade receivables as at 31 December 2018, the expected credit loss is immaterial as the historical default rate is low.

A trade receivables is written off when there is information indicating that there is no realistic prospect of recovery from the debtor. The Group has written off trade receivables of US$12,000 (2017: US$10,000) to profit or loss and written off trade receivables of US$921,000 (2017: US$7,000) against allowance for impairment previously recognised by the Group for specific debtors as a result of occurrence of credit impairment events during the current financial year. None of the trade receivables that have been written off is subject to enforcement activities.

Other financial assets at amortised cost

Other financial assets at amortised costs include non-trade receivable from a related party and subsidiaries, other non-current and current assets, other receivables and cash and cash equivalents.

The table below details the credit quality of the Group's financial assets:

	12-month or lifetime ECL	Gross carrying amount US$'000	Loss allowance US$'000	Net carrying amount US$'000
Trade receivables	Lifetime ECL	2,827	–	2,827
Non-trade receivable from a related party	12-month ECL	43,509	–	43,509
Other non-current and current assets	N.A. Exposure Limited	682	–	682
Other receivables	N.A. Exposure Limited	18	–	18
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	1,001	–	1,001

Non-trade receivable from a related party is secured by a corporate guarantee given by The Ho Family Trust Limited, a related party, and a second-ranking pledge of the entire shares in LEHD. LEHD also signed a covenant that it will not distribute any dividends while any amount of the loan remains outstanding. Management has considered the collateral held and that the credit risk exposure in relation to the receivable balance as at 31 December 2018 is insignificant, and accordingly no credit loss allowance is recognised as at 31 December 2018.

35 RISK FACTORS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Other financial assets at amortised cost (continued)

The table below details the credit quality of the Company's financial assets:

	12-month or lifetime ECL	Gross carrying amount US$'000	Loss allowance US$'000	Net carrying amount US$'000
Non-trade receivable from subsidiaries	12-month ECL	38,414	–	38,414
	Lifetime ECL	35,847	(24,405)	11,442
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	3	–	3

Previous accounting policy for impairment of financial assets

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are past due but not impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The aging analysis of trade receivables past due but not impaired is as follows:

	Group 2017 US$'000
Past due less than 30 days	695
Past due 31 to 60 days	159
Past due 61 to 90 days	16
Past due over 90 days	204
	1,074

35 RISK FACTORS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Previous accounting policy for impairment of financial assets (continued)

Financial assets that are past due but not impaired (continued)

The movements in allowance for impairment of trade receivables:

	Group 2017 US$'000
Beginning of financial year	936
Allowance written-off	(7)
Allowance for impairment loss	10
Reversal of impairment loss	(7)
Currenty translation adjustments	34
End of financial year	966

The movement in allowance for impairment of non-trade receivables from subsidiary:

	Company 2017 US$'000
Beginning of financial year	19,145
Currenty translation adjustments	(153)
End of financial year	18,992

(d) Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statements of financial position. It is the risk that changes in interest rates will affect the Group's income or the value of its holdings of financial instruments.

The Group's exposure to interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which the interest could be affected by an adverse movement in interest rates.

The Group ensures that surplus funds are deposited at favorable interest rates with reputable financial institutions in the PRC, Hong Kong, Singapore and Macau.

As at 31 December 2018, the debt obligations pertain to its loans from holding company at fixed interest rate. The Group does not hedge interest rate risk. The Group ensures that it borrows at competitive interest rates under favorable terms and conditions.

The interest rates for short term bank deposits and the non-trade receivable from a related party are fixed.

35 RISK FACTORS AND RISK MANAGEMENT (continued)

(e) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's cash and cash equivalents, operating cash flow and availability of banking facilities are actively managed to ensure that there is adequate working capital and that repayment and funding needs are met.

The Group is presently dependent on the holding company for continuing financial support.

The table below summarised the maturity profile of the financial liabilities based on contractual undiscounted repayment obligations:

	Less than 1 year US$'000	Between 1 to 5 years US$'000	Total US$'000
Group			
At 31 December 2018			
Trade and other payables	2,502	108	2,610
Loans from holding company	5,096	–	5,096
	7,598	**108**	**7,706**
At 31 December 2017			
Trade and other payables	1,975	–	1,975
Non-trade payables to related parties	10	–	10
	1,985	–	1,985
Company			
At 31 December 2018			
Other payables	308	–	308
Loans from holding company	5,096	–	5,096
	5,404	**–**	**5,404**
At 31 December 2017			
Other payables	300	–	300

(f) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, issue new shares or obtain new borrowings.

The Group is presently dependent on the holding company for continuing financial support.

35 RISK FACTORS AND RISK MANAGEMENT (continued)

(f) Capital risk (continued)

Management monitors capital with reference to net debt-to-equity ratio. The Group strategies, which were unchanged from the previous year, are to maintain a prudent balance between the advantage and flexibility afforded by a strong capital position and the higher return on equity that are possible with greater leverage.

The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as loans from holding company plus trade and other payables, provision for rental guarantee and non-trade payables to related parties less cash and cash equivalents. Total equity comprise share capital and all reserves.

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Net debts/(assets)	**9,921**	(2,059)	**8,525**	**5,805**
Total equity	**43,303**	54,209	**41,366**	**48,466**
Net debt-to-equity ratio	**0.23**	N.M.	**0.21**	0.12

N.M.: not meaningful

The Group and Company are in compliance with all externally imposed capital requirements and financial covenants for the financial years ended 31 December 2018 and 31 December 2017.

35 FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group adopted the amendments to IFRS 7 which require disclosure of fair value measurements by levels in the fair value hierarchy based on the inputs to the valuation techniques.

The fair value hierarchy levels are defined as follows:

(i) Level 1 - quoted prices (unadjusted) in active market for identical assets or liabilities;

(ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and

(iii) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

35 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(b) Fair value measurements of assets and liabilities that are measured at fair value

The following table presents the level of fair value hierarchy for each class of assets and liabilities measured at fair value on the statements of financial position as at the end of the reporting period at 31 December 2018.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group				
2018				
Financial assets				
Financial assets at fair value through other comprehensive income				
- Quoted equity shares	**15**	–	–	**15**
2017				
Financial assets				
Available-for-sale financial assets				
- Quoted equity shares	36	–	–	36
Company				
2018				
Financial assets				
Financial assets at fair value through other comprehensive income				
- Quoted equity shares	**11**	–	–	**11**
2017				
Financial assets				
Available-for-sale financial asset				
- Quoted equity shares	26	–	–	26

(c) Determination of fair values

(i) Quoted equity shares

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. These instruments are included in Level 1.

(ii) Unquoted equity shares

The fair value of the unquoted equity shares was determined to be Nil as the investee remained dormant during the current financial year.

(iii) Non-current receivable from a related party

The basis of determining fair value of non-current receivable from a related party as at the end of the reporting period are disclosed in Note 17.

Annex D

FY2019 Unaudited Results

LAFE CORPORATION LIMITED

Full Year Financial Statement and Dividend Announcement for the Year Ended 31 December 2019
(All in US Dollars)

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) A statement of profit or loss and other comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Year ended 31 Dec,		
	2019	**2018**	Increase/ (decrease)
	US$'000	US$'000	%
Revenue	**14,715**	**14,587**	**1**
Cost of sales	(11,323)	(11,422)	(1)
Gross profit	**3,392**	**3,165**	**7**
Other net loss	(475)	(5,680)	(92)
Interest income	1,308	1,349	(3)
Administrative costs	(8,736)	(9,436)	(7)
Finance costs	(403)	(202)	100
Loss before taxation	**(4,914)**	**(10,804)**	**(55)**
Taxation	(15)	(45)	(67)
Net loss for the year	**(4,929)**	**(10,849)**	**(55)**
Other comprehensive income/(loss)			
Items that are or may be reclassified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income			
- fair value loss on equity instrument	(2)	(21)	(90)
Currency translation differences arising on consolidation	186	(36)	n/m
Other comprehensive income/(loss) for the year	**184**	**(57)**	**n/m**
Total comprehensive loss for the year	**(4,745)**	**(10,906)**	**(56)**

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the statement of profit or loss and other comprehensive income or in the notes to the statement of profit or loss and other comprehensive period of the immediately preceding financial year:

	Year ended 31 Dec,		
	2019	**2018**	Increase/ (decrease)
	US$'000	US$'000	%
Depreciation of property, plant and equipment	(187)	(145)	29
Depreciation of right-of-use assets	(814)	-	n/m
Gain on disposal of property, plant and equipment	18	1	1,700
Recovery gains on impaired assets	838	11	7,518
Impairment loss on Vigers trademark valuation	(1,531)	-	n/m
(Provision)/Reversal of provision for rental guarantee	(34)	239	n/m
Net foreign currency exchange gain/(loss)	263	(843)	n/m
Interest on other borrowings	(198)	(59)	236
Lease interest expense	(53)	-	n/m
Discount on provision unwound	(143)	(134)	7
Write-off of related transaction expenses and deposits due to non-completion of proposed acquisition of Fairhaven at Sophia Road	-	(5,229)	n/m

n/m – not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 31/12/2019	As at 31/12/2018	As at 31/12/2019	As at 31/12/2018
	US$'000	US$'000	US$'000	US$'000
Non-current assets				
Property, plant and equipment	274	364	-	-
Trademark	3,667	5,169	-	-
Investments in subsidiaries	-	-	-	-
Financial assets at fair value through other comprehensive income	13	15	10	11
Non-trade receivable from a related party	-	43,509	-	-
Right-of-use assets	1,438	-	-	-
Other non-current assets	744	386	-	-
	6,136	**49,443**	**10**	**11**
Current assets				
Trade and other receivables	2,648	4,503	-	-
Other current assets	235	451	3	24
Non-trade receivables from subsidiaries	-	-	43,397	49,856
Non-trade receivable from a related party	44,072	-	-	-
Cash and cash equivalents	1,008	1,008	2	3
	47,963	**5,962**	**43,402**	**49,883**
Current liabilities				
Trade and other payables	2,857	2,601	323	308
Provisions	1,417	1,679	1,417	1,679
Loans from holding company	8,564	5,096	8,564	5,096
Lease liabilities	929	-	-	-
Tax payable	33	21	-	-
	13,800	**9,397**	**10,304**	**7,083**
Net current assets / (liabilities)	**34,163**	**(3,435)**	**33,098**	**42,800**
Total assets less current liabilities	**40,299**	**46,008**	**33,108**	**42,811**
Non-current liabilities				
Other payables	-	108	-	-
Provisions	305	1,796	-	1,445
Lease liabilities	585	-	-	-
Deferred tax liabilities	806	801	-	-
	1,696	**2,705**	**-**	**1,445**
NET ASSETS	**38,603**	**43,303**	**33,108**	**41,366**

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year. – *continued*

	Group		Company	
	As at 31/12/2019	As at 31/12/2018	As at 31/12/2019	As at 31/12/2018
	US$'000	US$'000	US$'000	US$'000
CAPITAL AND RESERVES				
Share capital	50,667	50,667	50,667	50,667
Reserves	(12,064)	(7,364)	(17,559)	(9,301)
	38,603	**43,303**	**33,108**	**41,366**

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

Amount repayable in one year or less, or on demand

As at 31 December 2019	
Secured	Unsecured
US$'000	US$'000
NIL	8,564

As at 31 December 2018	
Secured	Unsecured
US$'000	US$'000
NIL	5,096

Amount repayable after one year

As at 31 December 2019	
Secured	Unsecured
US$'000	US$'000
NIL	NIL

As at 31 December 2018	
Secured	Unsecured
US$'000	US$'000
NIL	NIL

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Year ended 31 Dec,	
	2019	**2018**
	US$'000	US$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	**(4,914)**	**(10,804)**
Adjustments for :		
Depreciation of property, plant and equipment	187	145
Depreciation of right-of-use assets	814	-
Provision for staff benefits	2	56
Recovery gains on impaired assets	(838)	(11)
Impairment loss on Vigers trademark valuation	1,531	-
Provision for rental guarantee	34	(239)
Gain on disposal of property, plant and equipment	(18)	(1)
Discount on provision unwound	143	134
Interest expenses	251	59
Interest income	(1,308)	(1,349)
Write-off of related transaction expenses and deposits due to non-completion of proposed acquisition of Fairhaven at Sophia Road	-	5,229
Unrealised currency translation gain	(28)	(84)
Operating cash flow before working capital changes	**(4,144)**	**(6,865)**
Changes in working capital		
Trade and other receivables and other current assets	2,551	(7,346)
Trade and other payables	323	654
Provisions	(1,905)	(2,192)
Currency translation adjustments	(281)	909
Cash used in operations	**(3,456)**	**(14,840)**
Taxation paid	(7)	(15)
Interest paid	(198)	(59)
Interest received	1,308	1,349
Net cash used in operating activities	**(2,353)**	**(13,565)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(94)	(144)
Proceeds from disposal of property, plant and equipment	18	2
Net cash used in investing activities	**(76)**	**(142)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds from holding company	5,686	5,224
Repayment of loans from holding company	(2,279)	(128)
Repayment of lease liabilities	(920)	-
Interest on leases	(53)	-
Net cash generated from financing activities	**2,434**	**5,096**

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. - *continued*

	Year ended 31 Dec,	
	2019	**2018**
	US$'000	US$'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	**5**	**(8,611)**
Cash and cash equivalents at beginning of year	1,008	9,621
Effects of exchange rate changes on cash and cash equivalents	(5)	(2)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,008**	**1,008**

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

GROUP

	Share capital	Share premium	Capital reserve	Fair value reserve	PRC Statutory reserve	Exchange reserve	Accumulated losses	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2018	50,667	27,171	24	22	-	216	(23,891)	54,209
Effect of adoption of new accounting standards	-	-	-	(2,295)	-	-	2,295	-
Balance at 1 January 2018, restated	50,667	27,171	24	(2,273)	-	216	(21,596)	54,209
Total comprehensive loss	-	-	-	(21)	-	(36)	(10,849)	(10,906)
Balance at 31 December 2018	**50,667**	**27,171**	**24**	**(2,294)**	**-**	**180**	**(32,445)**	**43,303**
Balance at 1 January 2019	50,667	27,171	24	(2,294)	-	180	(32,445)	43,303
Effect of adoption of new accounting standards	-	-	-	-	-	-	45	45
Balance at 1 January 2019, restated	**50,667**	**27,171**	**24**	**(2,294)**	**-**	**180**	**(32,400)**	**43,348**
Total comprehensive income / (loss)	-	-	-	(2)	-	186	(4,929)	(4,745)
Transfer to statutory reserve	-	-	-	-	7	-	(7)	-
Balance at 31 December 2019	**50,667**	**27,171**	**24**	**(2,296)**	**7**	**366**	**(37,336)**	**38,603**

COMPANY

	Share capital	Share premium	Fair value reserve	Accumulated losses	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2018	50,667	27,171	16	(29,388)	48,466
Total comprehensive loss	-	-	(15)	(7,085)	(7,100)
Balance at 31 December 2018	**50,667**	**27,171**	**1**	**(36,473)**	**41,336**
Balance at 1 January 2019	50,667	27,171	1	(36,473)	41,366
Total comprehensive loss	-	-	(1)	(8,257)	(8,258)
Balance at 31 December 2019	**50,667**	**27,171**	**-**	**(44,730)**	**33,108**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of share for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Not applicable.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares excluding treasury shares as at both 31 December 2019 and 31 December 2018 was 25,333,333.

The Company did not have any treasury shares as at 31 December 2019 and 31 December 2018.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation, and/or use of treasury shares at the end of the current financial period reported on.

Not applicable.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the auditors.

3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has adopted all the new and revised International Financial Reporting Standards ("IFRS") that are effective for annual periods beginning on or after 1 January 2019 and are relevant to its operations.

The adoption of these new/revised IFRS does not result in any material changes to the Group's accounting policies and methods of computation adopted in the financial statements for the current reporting year as compared to the most recently audited financial statements as at 31 December 2019, except as described below:

IFRS 16 – Leases

IFRS 16 – Leases introduces a single lessee accounting model. A lessee is required to recognise all leases on its statements of financial position to reflect its rights to use the leased assets and a corresponding lease liability except for certain short-term leases (less than 12 months) and leases of low-value assets.

The Group has applied IFRS 16 using the modified retrospective approach.

The Group recognises a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit and loss over the lease period at a constant periodic rate of interest on the remaining balance of the liability for each period.

The adoption of IFRS 16 does not have any material impact on the financial position and results of the Group. It also does not have a material impact on other comprehensive income or the Group's operating, investing and financing cash flows.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Save as disclosed in Paragraph 4 above, there are no other changes in accounting policies and methods of computation.

6 **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-**

	Year ended 31 Dec,	
	2019	2018
Loss per ordinary share for the year based on net loss attributable to shareholders: -		
(i) Based on the weighted average number of ordinary shares in issue	(US 19.46 cents)	(US 42.83 cents)
(ii) On a fully diluted basis	(US 19.46 cents)	(US 42.83 cents)

7 **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year:-**

	Group		Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Net asset value per ordinary share	US 152.4 cents	US 170.9 cents	US 130.7 cents	US 163.3 cents

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

a. any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

b. any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Profit or Loss and Other Comprehensive Income

The Group's revenue increased by US$0.13 million from US$14.59 million for 2018 to US$14.72 million for 2019. The increase was mainly attributable to the increase in revenue generated from the Vigers operations.

Cost of sales decreased by US$0.10 million from US$11.42 million for 2018 to US$11.32 million for 2019. The decrease was mainly attributable to the lower contracted manpower costs in the Vigers operations.

The Group recorded a gross profit of US$3.39 million for 2019 as compared to US$3.17 million for 2018, an increase of US$0.22 million as explained in the preceding paragraphs.

The Group had other net loss of US$0.48 million for 2019 as compared to US$5.68 million for 2018. In 2019, the other net loss comprised mainly the net foreign currency exchange gain of US$0.26 million arising from translating the monetary items denominated in foreign currencies, the recovery gains on impaired assets of US$0.84 million, the increase in provision for rental guarantee of US$0.03 million and the impairment loss of US$1.53 million on Vigers trademark valuation. In 2018, the other net loss comprised mainly the write-off of acquisition and other incidental costs of approximately US$5.23 million in consequence of the non-completion of the proposed acquisition of all the strata lots and the common area of Fairhaven at Sophia Road in District 9 as more fully disclosed in the Company's Announcements dated 9 October 2018 and 16 October 2018, the net foreign currency exchange loss of US$0.84 million arising from translating the monetary items denominated in foreign currencies and the decrease in provision on rental guarantee of US$0.24 million.

Administrative costs decreased by US$0.70 million from US$9.44 million for 2018 to US$8.74 million for 2019. The higher administrative costs for 2018 was mainly attributable to the payment of an outside-the-court settlement of US$0.30 million in respect of a legal proceedings involving the Company and its former subsidiary, Lafe Technology (Hong Kong) Limited, as more fully disclosed in the Company's announcement dated 21 September 2018.

Finance costs increased by US$0.20 million from US$0.20 million for 2018 to US$0.40 million for 2019. The increase was mainly attributable to the increase in the ultimate holding company loan interest of US$ 0.14 million and increase in interest on lease liabilities of US$0.05 million.

As a result of the above, the Group's loss before taxation for 2019 was US$4.91 million, as compared to US$10.80 million for 2018, a decrease of US$5.89 million as explained in the preceding paragraphs.

The tax expense decreased by US$0.03 million from US$0.05 million from 2018 to US$0.02 million for 2019. The tax expense for both years was mainly represented by the profits tax on the net assessable profits of the Vigers Group companies in their respective jurisdictions.

As a result of the above, the Group's net loss for 2019 was US$4.93 million, as compared to US$10.85 million for 2018, a decrease of US$5.92 million as explained in the preceding paragraphs.

Other comprehensive income of US$0.18 million in 2019 comprised mainly the currency translation gain arising on consolidation of foreign subsidiaries, as compared to a loss of US$0.04 million in 2018.

As a result of the above, the Group's total comprehensive loss for the year was US$4.75 million as compared to US$10.91 million for 2018, decrease of US$6.16 million, as explained in the preceding paragraphs.

Statement of Financial Position

Property, plant and equipment slightly decreased by US$0.09 million from US$0.36 million as at 31 December 2018 to US$0.27 million as at 31 December 2019.

The trademark has been impaired by US$1.53 million in the year based on revised key assumptions for the value in use calculation based on current conditions as noted in paragraph 10. The revised trademark value was US$3.67 million as at 31 December 2019.

Right-of-use assets of US$1.44 million as at 31 December 2019 resulted from the Group's initial adoption of IFRS 16 on 1 January 2019 in respect of its operating leases for office premises as disclosed in Paragraph 4 above and after accounting for accumulated depreciation of US$1.08 million up to 31 December 2019.

Non-trade receivable from a related party under "Non-current assets" and "Current assets" increased by US$0.56 million from US$43.51 million as at 31 December 2018 to US$44.07 million as at 31 December 2019. The increase was attributable to the translation adjustment arising from translating the receivable denominated in foreign currency. The outstanding balance comprises a fixed long-term term loan extended to a former subsidiary, Lafe (Emerald Hill) Development Pte. Ltd. ("LEHD"). It bears interest at 3% per annum and is repayable by 27 September 2020. It is secured by a corporate guarantee given by The Ho Family Trust Limited, a related party, and a second-ranking pledge of the entire shares in LEHD.

Trade and other receivables decreased by US$1.85 million from US$4.50 million as at 31 December 2018 to US$2.65 million as at 31 December 2019. The decrease was mainly attributable to the settlement of certain outstanding receivables during the current financial period.

Other assets under "Current assets" and "Non-current assets" increased in total by US$0.14 million from US$0.84 million as at 31 December 2018 to US$0.98 million as at 31 December 2019. The increase was mainly attributable to the additional security deposits placed on certain new contracts gained by the Vigers Operations.

Provisions under "Current liabilities" and "Non-current liabilities" decreased in total by US$1.76 million from US$3.48 million as at 31 December 2018 to US$1.72 million as at 31 December 2019. The decrease was mainly attributable to the payments made during the current financial period, the translation adjustment arising from translating the provisions denominated in foreign currency and the discount unwound adjustment charged to profit or loss during the current financial period.

Lease liabilities under "Current liabilities" and "Non-current liabilities" of US$1.51 million as at 31 December 2019 was the outstanding lease payments, discounted at the Group's incremental borrowing rate of 3% per annum, over the respective terms of the Group's operating leases for its office premises following the Group's initial adoption of IFRS 16 on 1 January 2019 as disclosed in Paragraph 4 above.

Loans from holding company represented the aggregate amounts of advances extended to the Company by the Company's holding company, Sino Capital Resources Limited. The balance increased by US$3.46 million from US$5.10 million as at 31 December 2018 to US$8.56 million as at 31 December 2019 as a result of further working capital loans being extended to the Company during the current financial period. The loans are unsecured, repayable on demand and bear interest at 3% per annum.

Statement of Cash Flows

During the year, the Group's net cash used in operating activities was US$2.35 million as compared to net cash used in operating activities of US$13.57 million in 2018. The cash

movement in 2019 was mainly attributable to the payments made for rental guarantee of US$1.91 million.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

As announced by the Company on 5 June 2019, the SGX had notified the Company on 4 June 2019 that the Company will be delisted from the Official List of the SGX-ST pursuant to Rule 1315 of the Listing Manual. As required, the Company has submitted a draft exit offer proposal to the SGX for its review. The Company is waiting for the SGX's comments and further direction.

The Vigers Group, which provides property agency, appraisal and consultancy services, continues to make a positive contribution to the Group's operating results. In face of the severe competition in Hong Kong, the Vigers Group has been putting greater efforts in developing its business in the PRC and Macau with a view to expanding its professional valuation services. However, the recent outbreak of the coronavirus epidemic has substantially slowed down the activities of the entire industry in the PRC and Hong Kong and may therefore have significant impact on the Group's revenue and financial results for the next 12 months.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date Payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared / recommended, a statement to that effect

No dividend has been declared or recommended for the period.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

By Business Segments

	Property US$'000	Consolidated US$'000
2019		
Revenue		
Revenue	14,715	14,715
Result		
Segment result	(4,511)	(4,511)
Finance costs	(403)	(403)
Loss before taxation	(4,914)	(4,914)
Taxation	(15)	(15)
Loss after taxation	(4,929)	(4,929)
Assets		
Segment assets	54,099	54,099
Liabilities		
Segment liabilities	15,496	15,496
Other information		
Depreciation of property, plant and equipment	187	187
Capital expenditure: Property, plant and equipment	94	94
Gain on disposal of property, plant and equipment	18	18
Impairment on trademark	1,531	1,531
Provision for rental guarantee	34	34

13 **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.** - *continued*

By Business Segments

	Property US$'000	Consolidated US$'000
2018		
Revenue		
Revenue	14,587	14,587
Result		
Segment result	(10,602)	(10,602)
Finance costs	(202)	(202)
Loss before taxation	(10,804)	(10,804)
Taxation	(45)	(45)
Loss after taxation	(10,849)	(10,849)
Assets		
Segment assets	55,405	55,405
Liabilities		
Segment liabilities	12,102	12,102
Other information		
Depreciation of property, plant and equipment	145	145
Write-off of related transaction expenses and deposit due to non-completion of proposed acquisition of Fairhaven	5,229	5,229
Capital expenditure: Property, plant and equipment	144	144
Gain on disposal of property, plant and equipment	1	1
Reversal of provision for rental guarantee	(239)	(239)

13 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. - *continued*

By Geographical Segments

The revenue by geographical segment is based on the billing location of customers. All assets and capital expenditure of the Group are significantly located in the Asia Pacific region.

The following table provides an analysis of the Group's revenue and results by geographical market, which is analysed based on the billing address of each individual customer:

	Revenue		Results		Non-current assets	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Hong Kong	13,877	13,679	(5,529)	(5,068)	3,799	5,514
PRC	610	649	142	(163)	133	9
Macau	228	259	24	-	-	-
Singapore	-	-	434	(5,618)	9	10
	14,715	14,587	(4,929)	(10,849)	3,941	5,533

14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8.

15 A breakdown of sales:-

	Group		
	Latest Financial Year 2019 US$'000	Previous Financial Year 2018 US$'000	Increase/ (decrease) %
a) Sales reported for first half year	7,552	7,391	2
b) Operating loss after tax before deducting minority interests reported for first half year	(957)	(2,822)	(66)
c) Sales reported for second half year	7,163	7,196	-
d) Operating loss after tax before deducting minority interests reported for second half year	(3,972)	(8,027)	(51)

16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year:-

	Latest Full Year 2019 US$'000	Previous Full Year 2018 US$'000
Ordinary	N/A	N/A
Preference	N/A	N/A
Total:	N/A	N/A

17 Aggregate value of interested persons transactions conducted pursuant to a shareholders' general mandate

The Group has not obtained a general mandate from the shareholders for the interested person transactions for the year ended 31 December 2019, as the value of the transactions falls below the required 5% of the Group's latest audited net tangible assets. The aggregate value of all interested person transactions during the financial year 2019, which fall under the listing manual, were as follows:

Name of Interested Person	**Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders mandate pursuant to Rule 920)**	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)**
	US$'000	
Associates of Mr. Christopher Ho Wing-On:		
Conducted with shareholders' approval	3,212	-
Conducted under review	1,708	-
	4,920	-

18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a Director, Chief Executive Officer or substantial Shareholder of the Company.

19 Confirmation pursuant to Rule 720(1) of the Listing Manual

The Company confirms that the undertakings from all its directors and executive officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.