

THIS SCHEME DOCUMENT IS ISSUED BY TEE INTERNATIONAL LIMITED (“COMPANY”).

THIS SCHEME DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

IF YOU ARE IN ANY DOUBT ABOUT THIS SCHEME DOCUMENT OR THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all or any of your issued and fully paid-up ordinary shares in the capital of the Company, you should immediately hand this Scheme Document and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

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 Scheme Document.



TEE

TEE INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200007107D)

PROPOSED ACQUISITION OF TEE INTERNATIONAL LIMITED BY

OSCAR INVESTMENT PRIVATE LIMITED

(Incorporated in British Virgin Islands)
(Company Registration Number: 1932572)

**BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 210 OF THE COMPANIES ACT, CHAPTER 50 OF SINGAPORE**

Financial Adviser to Oscar Investment Private Limited



**HONG LEONG
FINANCE**

HONG LEONG FINANCE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 196100003D)

Independent Financial Adviser to the Non-Interested Directors



PROVENANCECAPITAL

PROVENANCE CAPITAL PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200309056E)

IMPORTANT

Last date and time for lodgement of Proxy Form for the Scheme Meeting : 29 July 2017 at 9.00 a.m.
Date and time of Scheme Meeting : 31 July 2017 at 9.00 a.m.
Place of Scheme Meeting : Eagle's View Room, Level 2
Seletar Country Club
101 Seletar Club Road
Singapore 798273

The action to be taken by Shareholders is set out on page 34 of this Scheme Document.

The important dates, times and place relating to the Scheme Meeting and the indicative timetable are set out on page 9 of this Scheme Document. Your attention is also drawn to the notes under the indicative timetable.

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DEFINITIONS

In this Scheme Document, the following definitions apply throughout except where the context otherwise requires:

“3QFY2017”	:	The nine-month financial period of the Group ended 28 February 2017
“Acquisition”	:	Acquisition by the Offeror of all the Shares pursuant to the Scheme
“ACRA”	:	Accounting and Corporate Regulatory Authority of Singapore
“Books Closure Date”	:	A date and time to be announced (before the Effective Date) by the Company on which the transfer books and the register of members of the Company will be closed in order to determine the entitlements of Shareholders under the Scheme
“Business Day”	:	A day (other than Saturday, Sunday or public holiday) on which commercial banks are open for business in Singapore
“CDP”	:	The Central Depository (Pte) Limited
“Code”	:	Singapore Code on Take-overs and Mergers
“Companies Act”	:	Companies Act, Chapter 50 of Singapore
“Company”	:	TEE International Limited
“Company Convertible Securities”	:	Convertible securities, warrants, options and derivatives in respect of Shares or securities (if any) which carry voting rights in the Company
“Conditions Precedent”	:	Conditions precedent which must be satisfied for the Scheme to be implemented, as set out in paragraph 3.3 of Appendix 1 to this Scheme Document
“Court”	:	The High Court of the Republic of Singapore
“CPF”	:	The Central Provident Fund
“CPF Agent Banks”	:	Agent banks included under the CPFIS
“CPFIS”	:	CPF Investment Scheme
“CPFIS Investors”	:	Investors who purchased Shares using their CPF savings under the CPFIS
“Delisting”	:	Delisting of the Shares from the Official List of the SGX-ST
“Directors”	:	Directors of the Company as at the Latest Practicable Date
“Effective Date”	:	Date on which the Scheme, if approved, becomes effective and binding in accordance with its terms
“Election Form”	:	The election form (to be despatched by the Offeror (or on its behalf)) by which the Entitled Shareholders shall elect to receive the Scheme Consideration in the form of either the Cash Consideration or Offeror Shares

DEFINITIONS

“Election Period”	:	The period of not less than ten (10) Business Days commencing from the date of despatch of the Election Forms, being a date to be announced by the Company, during which the duly completed Election Forms shall be received by the Share Registrar or CDP, as the case may be
“Encumbrance”	:	Any charge, mortgage, lien, hypothecation, judgment, encumbrance, easement, right of pre-emption, security, title retention, preferential right, trust arrangement or other security interest or any other agreement or arrangement having a commercial effect analogous to the conferring of security or a similar right in favour of any person
“Entitled Shareholders”	:	Shareholders as at 5.00 p.m. on the Books Closure Date
“Explanatory Statement”	:	Explanatory statement made in compliance with Section 211 of the Companies Act as set out in Appendix 1 to this Scheme Document
“FY”	:	Financial year ended or ending 31 May, as the case may be
“Group”	:	The Company and its subsidiaries, and “ Group Company ” means any one of them
“IFA”	:	Provenance Capital Pte. Ltd., the independent financial adviser to the Non-Interested Directors
“IFA Letter”	:	Letter dated 14 July 2017 from the IFA set out in Appendix 4 to this Scheme Document
“Implementation Agreement”	:	Implementation agreement dated 1 April 2017 entered into between the Company and the Offeror to effect the Acquisition by way of the Scheme, as may be amended from time to time
“Joint Announcement”	:	Joint announcement by the Company and the Offeror dated 1 April 2017 in relation to, <i>inter alia</i> , the Acquisition and the Scheme
“Joint Announcement Date”	:	1 April 2017, being the date of the Joint Announcement
“Last Market Day”	:	24 March 2017, being the last Market Day preceding the Joint Announcement Date, taking into account the trading halt (and extension thereof) in the Shares from 27 March 2017 to 31 March 2017 (both dates inclusive)
“Latest Practicable Date”	:	6 July 2017, being the latest practicable date prior to the printing of this Scheme Document
“Letter to Shareholders”	:	Letter from the Directors to Shareholders set out on pages 11 to 19 of this Scheme Document
“Listing Manual”	:	Listing manual issued by the SGX-ST as amended, modified or supplemented from time to time
“Long Stop Date”	:	Last date for satisfaction (or where applicable, waiver) of the Conditions Precedent, being 30 September 2017 (or such other date as may be extended by the Offeror)

DEFINITIONS

“Market Day”	:	A day on which the SGX-ST is open for the trading of securities
“Non-Interested Directors”	:	Directors who are considered independent and non-interested for the purposes of making a recommendation to Shareholders on the Scheme, which in this case, refer to all the Directors of the Company save for Mr Phua Chian Kin and Mr Phua Boon Kin
“NTA”	:	Net tangible assets
“Offeror”	:	Oscar Investment Private Limited
“Offeror Concert Group”	:	Offeror and persons acting in concert with the Offeror in connection with the Acquisition and the Scheme
“Offeror Convertible Securities”	:	Convertible securities, warrants, options and derivatives in respect of Offeror Shares or securities (if any) which carry voting rights in the Offeror
“Offeror Shares”	:	Issued and paid-up shares of any class in the capital of the Offeror
“Offeror Share Certificates”	:	Share certificates issued by the Offeror representing the relevant number of new Offeror Shares
“Offeror’s Financial Adviser”	:	Hong Leong Finance Limited, being the financial adviser to the Offeror in relation to the Acquisition and the Scheme
“Offeror’s Letter”	:	Letter from the Offeror to Shareholders as set out in Appendix 2 to this Scheme Document
“Overseas Shareholders”	:	As defined in paragraph 15 of the Explanatory Statement
“Proxy Form”	:	The accompanying proxy form for the Scheme Meeting as set out in this Scheme Document
“Scheme”	:	Scheme of arrangement under Section 210 of the Companies Act dated 14 July 2017 as set out in Appendix 9 to this Scheme Document (as may be amended or modified from time to time)
“Scheme Consideration”	:	Either (a) S\$0.215 in cash or (b) one new Offeror Share for each Share held by an Entitled Shareholder as of the Books Closure Date in accordance with the terms of the Scheme
“Scheme Court Order”	:	Order of the Court sanctioning the Scheme under Section 210 of the Companies Act
“Scheme Document”	:	This document dated 14 July 2017 containing the Scheme and any other document(s) which may be issued by or on behalf of the Company to amend, revise, supplement or update the document(s) from time to time
“Scheme Meeting”	:	Meeting of Shareholders to be convened by order of the Court to approve the Scheme, notice of which is set out in Appendix 10 to this Scheme Document, and any adjournment thereof

DEFINITIONS

“Scrip Shareholders”	:	Shareholders holding physical Share certificates and not being Depositors (as defined in Section 81SF of the Securities and Futures Act)
“SEC”	:	The Securities and Exchange Commission of Thailand
“Securities Account”	:	Relevant securities account maintained by a Depositor with CDP but does not include a securities sub-account
“Securities and Futures Act”	:	Securities and Futures Act, Chapter 289 of Singapore
“SGXNET”	:	Website of the SGX-ST at www.sgx.com
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Registrar”	:	B.A.C.S. Private Limited, located at 8 Robinson Road, #03-00 ASO Building, Singapore 048544
“Shareholders”	:	Persons who are registered as holders of the Shares in the register of members of the Company and Depositors who have Shares entered against their names in the Depository Register
“Shares”	:	Issued and fully paid-up ordinary shares in the capital of the Company, and “Share” shall mean any one of them
“SIC”	:	Securities Industry Council of Singapore
“Subject Properties”	:	The properties which are the subject of the Valuation Report Summaries
“Substantial Shareholders”	:	Persons who have an interest in the Shares and the total votes attached to which is not less than 5% of the total votes attached to all the Shares
“S\$” and “cents”	:	Singapore dollars and cents, being the lawful currency of Singapore
“Undertaking Shareholders”	:	Shareholders who have given the Undertakings to the Offeror, namely Phua Chian Kin, Tay Kuek Lee, 4 P Investments Pte. Ltd., Bertie Cheng Shao Shiong, Cheng Wei Ling Deborah Anne, Lincoln Capital Private Limited, Yang Boon Kiat, Saw Chin Choo and Lum Tuck Seng
“Undertaking Shares”	:	Shares held by the Undertaking Shareholders as at the Joint Announcement Date and as set out in paragraph 3 of the Letter to Shareholders
“Undertakings”	:	Undertakings given by the Undertaking Shareholders to the Offeror to, <i>inter alia</i> : (i) vote in favour of the Scheme at the Scheme Meeting in respect of all his/its Undertaking Shares (to the extent it/he is not prohibited by applicable laws and regulations from doing so); (ii) elect to receive Offeror Shares in consideration of all his/its Undertaking Shares; and (iii) it/he will not, prior to the Effective Date, whether directly or indirectly, sell, transfer or otherwise dispose of any interest in any of its/his Undertaking Shares (or otherwise subject to its/his Undertaking Shares to any Encumbrances).

DEFINITIONS

“Valuation Reports”	:	Independent reports commissioned by the Group on the valuations of the Subject Properties
“Valuation Report Summaries”	:	Summaries of the Valuation Reports, which are set out in Appendix 5 to this Scheme Document
“Valuers”	:	The independent valuers engaged by the Company comprising Suntec Real Estate Consultants Pte Ltd, UK Valuations and Agency Co., Ltd., Jones Lang LaSalle, LandMark White (Sydney) Pty Ltd and Laurelcap Sdn. Bhd., and “ Valuer ” refers to any one of them
“VWAP”	:	Volume weighted average price of the Shares on the SGX-ST
“Warrants”	:	All the warrants W170526 issued by the Company, the terms of which were constituted in the deed poll executed by the Company on 23 May 2014; each of which was convertible into one Share at an exercise price of S\$0.25 per Warrant, and which have expired at 5:00 p.m. on 26 May 2017, and “ Warrant ” shall mean any one of them
“Warrantholders”	:	Holder of Warrants, and “ Warrantholder ” shall mean any one of them
“%”	:	Per centum or percentage

Acting in Concert and Concert Parties. The expression “**acting in concert**” and the term “**concert parties**” shall have the meanings as ascribed to them respectively in the Code.

Depositors and Depository Register. The expressions “**Depositor**” and “**Depository Register**” shall have the meanings ascribed to them in Section 81SF of the Securities and Futures Act.

Expressions. Words importing the singular shall, where applicable, include the plural and *vice versa* and words indicating a specific gender shall include, where applicable, the other genders (male, female or neuter). References to persons shall, where applicable, include corporations.

Headings. The headings in this Scheme Document are inserted for convenience only and shall be ignored in construing this Scheme Document.

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

Shareholders. References to “**you**”, “**your**” and “**yours**” in this Scheme Document are, as the context so determines, to Shareholders (including persons whose Shares are deposited with CDP or who have purchased the Shares on the SGX-ST).

Statutes. Any reference in this Scheme Document to any enactment or statutory provision is a reference to that enactment or statutory provision as for the time being amended or re-enacted. Any word defined under the Companies Act, the Code, the Listing Manual or any modification thereof and not otherwise defined in this Scheme Document shall, where applicable, have the meaning ascribed to that word thereunder, unless the context otherwise requires.

Subsidiary and Related Corporations. The expressions “**subsidiary**” and “**related corporations**” shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

DEFINITIONS

Time and Date. Any reference to a time of day and date in this Scheme Document shall be a reference to Singapore time and date respectively, unless otherwise specified.

Total Number of Shares and Percentage Shares. In this Scheme Document, the total number of Shares (including treasury Shares) as at the Latest Practicable Date is 503,223,039. As at the Latest Practicable Date, the Company has 1,270,400 treasury Shares. Unless otherwise specified, all references to a percentage shareholding in the capital of the Company in this Scheme Document are based on 501,952,639 Shares in the issued share capital of the Company (excluding treasury Shares) as at the Latest Practicable Date.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

Certain statements contained in this Scheme Document, which are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would”, “could” or similar words. However these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Group’s expected financial position, business strategy, plans and prospects are forward-looking statements and accordingly involve known and unknown risks, uncertainties and other factors that may cause the Group’s actual results, performance and achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Given the risks and uncertainties which may cause the Group’s actual future results, performance or achievements to be materially different from those expected, expressed or implied by forward-looking statements in this Scheme Document, undue reliance must not be placed on those statements. The Company does not represent or warrant that the Group’s actual future results, performance or achievements will be as discussed in those statements. Further, the Company disclaims any responsibility, and undertakes no obligation to update or revise any forward-looking statements contained in this Scheme Document to reflect any change in the Group’s expectations with respect to such statements after the Latest Practicable Date or to reflect any change in events, conditions or circumstances on which the Company based any such statements subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any regulatory or supervisory body or agency.

INDICATIVE TIMETABLE

Latest date and time for lodgement of Proxy Form for the Scheme Meeting	:	29 July 2017, 9.00 a.m. ⁽¹⁾⁽²⁾
Date and time of Scheme Meeting	:	31 July 2017, 9.00 a.m.
Place of Scheme Meeting	:	Eagle's View Room, Level 2 Seletar Country Club 101 Seletar Club Road Singapore 798273
Expected date of despatch of Election Forms by the Offeror (or on its behalf)	:	1 August 2017
Expected date of Court hearing of the application to sanction the Scheme	:	10 August 2017 ⁽³⁾
Expected last day of trading of the Shares	:	17 August 2017
Expected latest date and time for submission of the Election Forms	:	17 August 2017, 5.00 p.m.
Expected date of suspension of trading of the Shares	:	18 August 2017
Expected Books Closure Date	:	22 August 2017, 5.00 p.m. ⁽⁴⁾
Expected Effective Date	:	29 August 2017 ⁽⁵⁾
Expected date for payment of the Scheme Consideration	:	By 7 September 2017 ⁽⁶⁾
Expected date for Delisting	:	13 September 2017

Save for the last date and time for lodgement of the Proxy Form and the date, time and place of the Scheme Meeting, the above timetable is indicative only and may be subject to change. For the events listed above which are described as “expected”, please refer to future announcements by the Offeror and/or the Company for exact dates of these events, when available.

Notes:

- (1) Shareholders are requested to lodge their proxy forms in accordance with the instructions contained therein not less than 48 hours before the time appointed for the Scheme Meeting, but if it is not so lodged, it must be handed to the Chairman of the Scheme Meeting before the commencement of the Scheme Meeting. The Company may reject any proxy form lodged if such Shareholders are not shown to have Shares entered against their names in the register of members of the Company or the Depository Register (as the case may be) as at 48 hours before the time set for holding the Scheme Meeting.
- (2) All Proxy Forms (if lodged before the Scheme Meeting) must be lodged with the Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544. Completion and lodgement of a proxy form will not prevent a Shareholder from attending and voting in person at the Scheme Meeting if they subsequently wish to do so. In such event, the relevant proxy forms will be deemed to be revoked.
- (3) Assuming the requisite majority Shareholder approval is obtained at the Scheme Meeting, the date of the Court hearing of the application to sanction the Scheme may change, depending on whether the Condition Precedent set out in paragraph 3.3(b) (SEC Waiver) of **Appendix 1** to this Scheme Document has been obtained.
- (4) No transfer of Shares may be effected after 5.00 p.m. on the Books Closure Date.
- (5) The Scheme will only be effective and binding upon lodgement of the Scheme Court Order with ACRA. The Scheme Court Order will be lodged with ACRA upon the satisfaction (or, where applicable, waiver) of all Conditions Precedent, a list of which is set out in **Appendix 1** to this Scheme Document.
- (6) Assuming that the Effective Date is on 29 August 2017.

CORPORATE INFORMATION

Directors	:	Mr. Bertie Cheng Shao Shiong Mr. Phua Chian Kin Mr. Lee Ah Fong Mr. Gn Hiang Meng Mr. Aric Loh Siang Khee Mr. Phua Boon Kin Ms. Saw Chin Choo
Joint Company Secretaries	:	Ms. Yeo Ai Mei, Chartered Accountant Ms. Toh Lei Mui, Associate of the Chartered Institute of Secretaries
Registered Office and Principal Place of Business	:	25 Bukit Batok Street 22 TEE Building Singapore 659591
Share Registrar	:	B.A.C.S. Private Limited 8 Robinson Road #03-00 ASO Building Singapore 048544
Legal Adviser to the Scheme	:	Rajah & Tann Singapore LLP 9 Battery Road #25-01 Singapore 049910
Independent Financial Adviser to the Non-Interested Directors	:	Provenance Capital Pte. Ltd. 96 Robinson Road #13-01, SIF Building Singapore 068899
Auditors	:	Deloitte & Touche LLP 6 Shenton Way #33-00, OUE Downtown 2 Singapore 068809
Financial Adviser to the Offeror in relation to the Scheme	:	Hong Leong Finance Limited 16 Raffles Quay #01-05, Hong Leong Building Singapore 048581
Legal Adviser to the Company in relation to the Scheme	:	Morgan Lewis Stamford LLC 10 Collyer Quay #27-00, Ocean Financial Centre Singapore 049315

LETTER TO SHAREHOLDERS

TEE INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200007107D)

Directors:

Mr. Bertie Cheng Shao Shiong (*Chairman and Independent Director*)
Mr. Phua Chian Kin (*Group Chief Executive and Managing Director*)
Mr. Lee Ah Fong (*Independent Director*)
Mr. Gn Hiang Meng (*Independent Director*)
Mr. Aric Loh Siang Khee (*Independent Director*)
Mr. Phua Boon Kin (*Deputy Group Managing Director*)
Ms. Saw Chin Choo (*Executive Director*)

Registered Office:

25 Bukit Batok Street 22
TEE Building
Singapore 659591

14 July 2017

To: The Shareholders of TEE International Limited

Dear Sir / Madam

PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF TEE INTERNATIONAL LIMITED BY OSCAR INVESTMENT PRIVATE LIMITED BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 210 OF THE COMPANIES ACT, CHAPTER 50 OF SINGAPORE

1. INTRODUCTION

1.1 Implementation Agreement

On 1 April 2017, the Company and the Offeror released the Joint Announcement announcing, *inter alia*, the Acquisition by way of the Scheme and the execution by the Company and the Offeror of the Implementation Agreement. On 6 June 2017, the Company and the Offeror had released a supplemental joint announcement clarifying, *inter alia*, the requisite Shareholders' approval thresholds in respect of the Scheme. Copies of the above-mentioned announcement are available on the SGXNET.

1.2 Purpose

This Scheme Document sets out information on the Scheme, gives notice of the Scheme Meeting and seeks Shareholders' approval of the Scheme.

1.3 Explanatory Statement

An Explanatory Statement setting out the key terms of, the rationale for and the effect of the Scheme and the procedures for its implementation is set out on pages 20 to 34 of this Scheme Document, and should be read in conjunction with the full text of this Scheme Document, including the Scheme as set out in **Appendix 9** to this Scheme Document.

1.4 Information on the Company

Information on the Company is set out in **Appendix 6** to this Scheme Document.

1.5 Information on the Offeror

Information on the Offeror is set out in the Offeror's Letter as set out in **Appendix 2** to this Scheme Document.

1.6 Third Party Proposals

As at the Latest Practicable Date, the Company has not received any alternative or competing offers for Shares from any third party.

LETTER TO SHAREHOLDERS

2. SCHEME

2.1 Terms of the Scheme

The Acquisition will be effected by way of the Scheme pursuant to Section 210 of the Companies Act and in accordance with the Code and the terms and conditions of the Implementation Agreement. The Scheme involves the acquisition of all the Shares (excluding treasury Shares) of the Company by the Offeror.

Under the Scheme, all the Shares will be transferred to the Offeror fully paid, free from all Encumbrances and together with all rights, benefits and entitlements attaching thereto as of the date of the Implementation Agreement, 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 date of the Implementation Agreement.

The Company does not intend to declare any such dividends, rights and other distributions, pending the completion or termination of the Scheme (as the case may be), unless otherwise agreed with the Offeror.

In consideration of the transfer of such Shares, each Entitled Shareholder as of the Books Closure Date shall be entitled to elect to receive one of the following from the Offeror as the Scheme Consideration:

- (a) **\$0.215** in cash (“**Cash Consideration**”); or
- (b) one new ordinary share in the capital of the Offeror (“**Offeror Share**”),

for each Share held by such Entitled Shareholder as of the Books Closure Date.

Shareholders should note that the Offeror is a private company and the Offeror Shares are not listed on any stock exchange. Shareholders should also note that as a private company, the memorandum and articles of association of the Offeror would not typically confer the same level of protection in favour of minority shareholders compared to those of a public listed company. In this regard, Shareholders should refer to the full text of the memorandum and articles of association of the Offeror as set out in Appendix 3 to this Scheme Document as well as the summary of comparison of key differences between the memorandum and articles of association of the Offeror and the constitution of the Company set out in paragraph 3.2 of Appendix 6 to this Scheme Document.

The Scheme will also be extended to all Shares unconditionally issued on or prior to the Books Closure Date pursuant to the valid exercise of any Warrants.

Entitled Shareholders may elect to receive entirely either the Cash Consideration or Offeror Shares for all **(and not part of)** their Shares held by them as at the Books Closure Date. Entitled Shareholders may make their election at any time prior to the end of the Election Period. **Entitled Shareholders who do not make any election as to the Scheme Consideration will by default receive the Cash Consideration.** Further details on how the Entitled Shareholders may elect for the Scheme Consideration is included at **Appendix 1** to this Scheme Document.

Upon the Scheme becoming effective, it will be binding on all Shareholders, whether or not they attended or voted at the Scheme Meeting (and if they attended and voted, whether or not they voted in favour of the Scheme), and all the Shares will be transferred to the Offeror.

Shareholders are given the choice to elect to receive the Scheme Consideration by way of Offeror Shares to give them the opportunity to continue to participate in the Company after the Effective Date, albeit indirectly as a shareholder of the Offeror, if they wish to do so. Otherwise, as mentioned above, Entitled Shareholders who do not make any election as to the Scheme Consideration will by default receive the Cash Consideration. In proposing the Scheme, the

LETTER TO SHAREHOLDERS

Offeror's intention is that, subject to the requisite majority shareholder approval being obtained and the Scheme becoming effective, the Company shall be delisted and shall become a wholly-owned subsidiary of the Offeror, which gives the Offeror greater control over the Company as opposed to a general offer wherein there may be a considerable number of minority shareholders remaining in the Company.

2.2 Conditions Precedent

The Scheme is conditional upon the satisfaction (or where applicable, waiver) of the Conditions Precedent as set out in **paragraph 3.3 of Appendix 1** to this Scheme Document.

In the event any Condition Precedent is not satisfied (or where applicable, waived) by the Long Stop Date, the Scheme will terminate (except for certain surviving provisions such as those relating to costs and expenses and governing law and arbitration) and there shall be no other liability on the part of either the Company or the Offeror.

Shareholders can refer to **paragraph 3.3 of Appendix 1** to this Scheme Document for details and status of the Conditions Precedent.

2.3 Expiry of Warrants

As at the Joint Announcement Date, there were 186,385,684 outstanding Warrants, and it was set out in the Joint Announcement that the Offeror would make a proposal to the Warrantholders, such that in consideration of a Warrantholder not exercising his Warrants into Shares, not exercising any of his rights as a Warrantholder and surrendering his Warrants for cancellation, such Warrantholder would receive a nominal cash amount of S\$0.00001 for each Warrant held by such Warrantholder as at the Books Closure Date (unless earlier expired). The Warrants expired on 26 May 2017, and in view thereof, the abovementioned proposal is no longer applicable.

3. IRREVOCABLE UNDERTAKINGS

Each Undertaking Shareholder has given an irrevocable undertaking to the Offeror to, *inter alia*:

- (a) vote in favour of the Scheme at the Scheme Meeting in respect of all his/its Undertaking Shares (to the extent it/he is not prohibited by applicable laws and regulations from doing so);
- (b) elect to receive Offeror Shares in consideration of all his/its Undertaking Shares; and
- (c) it/he will not, prior to the Effective Date, whether directly or indirectly, sell, transfer or otherwise dispose of any interest in any of its/his Undertaking Shares (or otherwise subject its/his Undertaking Shares to any Encumbrances),

(collectively, "**Undertakings**").

The list of Undertaking Shareholders who are not in the Offeror Concert Group and the number of Undertaking Shares held by each such Undertaking Shareholder who is not in the Offeror Concert Group is as follows:

<u>Undertaking Shareholder</u>	<u>Number of Undertaking Shares</u>	<u>%⁽¹⁾</u>
Bertie Cheng Shao Shiong	11,400,000	2.27
Cheng Wei Ling, Deborah Anne	1,125,000	0.22
Lincoln Capital Private Limited ⁽²⁾	25,967,321	5.17
Yang Boon Kiat	5,979,900	1.19
Saw Chin Choo	1,390,000	0.28
Lum Tuck Seng	3,915,560	0.78
Total:	49,777,781	9.92

LETTER TO SHAREHOLDERS

Notes:

- (1) Calculated based on 501,952,639 Shares in issue (excluding 1,270,400 treasury Shares) as at the Latest Practicable Date.
- (2) Lincoln Capital Private Limited is a substantial shareholder of the Company, and is wholly-owned by Mr. Tan Soon Hoe.

The Undertakings cease to be binding in the event the Scheme lapses in accordance with its terms.

The Undertaking Shareholders who are in the Offeror Concert Group, being Phua Chian Kin, Tay Kuek Lee and 4 P Investments Pte. Ltd., are required to abstain from voting on the Scheme. The independent Undertaking Shareholders (excluding the Offeror Concert Group) who are entitled to vote on the Scheme, being Bertie Cheng Shao Shiong, Cheng Wei Ling Deborah Anne, Lincoln Capital Private Limited, Yang Boon Kiat, Saw Chin Choo and Lum Tuck Seng, as set out in the table above, currently hold in aggregate 49,777,781 Shares, comprising approximately 9.92% of the issued Shares as at the Latest Practicable Date.

All members of the Offeror Concert Group, who hold an aggregate of 60.04% of the issued Shares of the Company as at the Latest Practicable Date, are required to abstain from voting on the Scheme. The remaining independent Shareholders who are entitled to vote on the Scheme hold in aggregate 39.96% of the issued Shares of the Company.

As such, assuming all independent Shareholders (including the independent Undertaking Shareholders but excluding the Offeror Concert Group) vote at the Scheme Meeting, whether in person or by proxy, the Scheme will be approved if a majority in number of such independent Shareholders, holding at least 150,426,707 Shares comprising approximately 29.97% of the issued Shares as at the Latest Practicable Date, vote in favour of the Scheme.

4. RATIONALE FOR THE ACQUISITION AND THE OFFEROR'S INTENTIONS FOR THE COMPANY

Shareholders may refer to the Offeror's Letter as set out in **Appendix 2** to this Scheme Document for the Offeror's stipulated rationale in undertaking the Acquisition as well as its intentions for the Company and future plans for the Group.

5. FINANCIAL EVALUATION OF THE CASH CONSIDERATION

The Cash Consideration represents the following premia over the historical traded prices of the Shares:

Description	Share Price (\$) ⁽¹⁾⁽²⁾	Premium over Share Price (%)
Last transacted price of the Shares on the SGX-ST on 6 July 2017, being the Latest Practicable Date ⁽³⁾	0.205	4.9
Last transacted price of the Shares on the SGX-ST on 24 March 2017, being the Last Market Day	0.191	12.6
VWAP for the one-month period up to and including the Last Market Day	0.189	13.8
VWAP for the three-month period up to and including the Last Market Day	0.192	12.0
VWAP for the six-month period up to and including the Last Market Day	0.197	9.1
VWAP for the twelve-month period up to and including the Last Market Day	0.205	4.9

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Notes:

- (1) The figures set out in this paragraph are based on the daily adjusted VWAP, as extracted from Bloomberg L.P. as at the Last Market Day.
- (2) Rounded to the nearest three decimal places.
- (3) There were no Shares transacted on the SGX-ST on 6 July 2017. This share price refers to the closing price on 6 July 2017, which is the closing price on 4 July 2017, being the last Market Day up to the Latest Practicable Date with transactions on the Shares.

6. NO CASH OUTLAY

No cash outlay (including any stamp duties or brokerage expenses) will be payable by Shareholders under the Scheme.

7. APPROVALS REQUIRED

The Scheme will require, *inter alia*, the following approvals:

- (a) approval-in-principal from the SGX-ST for the proposed delisting of the Company after the Scheme becomes effective and binding in accordance with its terms;
- (b) approval of the Scheme by a majority in number of Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority representing not less than three-fourths in value of the Shares voted at the Scheme Meeting; and
- (c) sanction of the Scheme by the Court.

In addition, the Scheme will only become effective and binding if all the Conditions Precedent have been satisfied (or where applicable, waived) in accordance with the Implementation Agreement and the Scheme Court Order has been lodged with ACRA.

An application was made by the Offeror to the SIC to seek certain rulings in relation to the Scheme. More details on the regulatory approvals required for the Scheme, including the rulings of the SIC, are set out in **Appendix 1** to this Scheme Document.

8. WAIVER OF RIGHTS TO A GENERAL OFFER

By voting in favour of the Scheme, Shareholders will be regarded as having waived their rights to a general offer by the Offeror Concert Group to acquire the Shares by way of a voluntary general offer under Rule 15 of the Code and are agreeing to the Offeror Concert Group acquiring or consolidating effective control of the Company without having to make a voluntary general offer under Rule 15 of the Code.

Shareholders should note that if the Offeror Concert Group were to make a voluntary general offer to acquire Shares, Shareholders would be entitled to either accept or reject the voluntary general offer in respect of the Shares which they hold and their decision will not bind the other Shareholders. In the case of a voluntary general offer, Shareholders who accept the voluntary general offer before the close of the offer would transfer their Shares to the Offeror, whereas Shareholders who reject the general offer would be entitled to continue holding onto their Shares and will not be required to transfer their Shares to the Offeror. In addition, the Company may not be delisted if subsequent to the close of a voluntary general offer, the Offeror Concert Group does not hold Shares (including Shares acquired in the voluntary general offer) which collectively comprise more than 90% of the issued Shares of the Company, thus rendering the free float of the Company below 10% of the issued Shares.

However, in the case of the Scheme, in the event the requisite majority approval from Shareholders is received for the Scheme at the Scheme Meeting, upon the Scheme becoming effective, it will become binding on all Shareholders, whether or not they attended or voted at the Scheme Meeting (and if they attended and voted at the Scheme Meeting, whether or not they voted in favour of the Scheme), and all the Shares will be transferred to the Offeror, and the Company will certainly be delisted.

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The consideration which Shareholders would receive for each Share, whether transferred pursuant to acceptance of a general offer from the Offeror or transferred pursuant to the Scheme becoming effective, assuming, *inter alia*, the Scheme has received the requisite majority approval from Shareholders, would be the same.

9. DELISTING

Upon the Scheme becoming effective and binding, all the Shares (excluding treasury Shares) will be owned by the Offeror. Accordingly, the Company will become a wholly-owned subsidiary of the Offeror. An application was made to seek approval from the SGX-ST to delist the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms. The SGX-ST has on 11 July 2017 granted its in-principle approval that it has no objection to the Delisting, subject to: (a) compliance with the SGX-ST's listing requirements; (b) approval of the Scheme by a majority in number of Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority representing not less than three-fourths in value of the Shares voted at the Scheme Meeting, with the Offeror Concert Group abstaining; and (c) sanction of the Scheme by the Court.

The in-principle approval of SGX-ST to the Delisting is not to be taken as an indication of the merits of the Scheme, the Delisting, the Company, its subsidiaries and/or their securities.

SHAREHOLDERS SHOULD THEREFORE NOTE THAT BY VOTING IN FAVOUR OF THE SCHEME, AND UPON THE SCHEME BECOMING EFFECTIVE AND BINDING IN ACCORDANCE WITH ITS TERMS, THE SHARES WILL BE DELISTED FROM THE OFFICIAL LIST OF THE SGX-ST.

10. CONFIRMATION OF FINANCIAL RESOURCES

As stated in the Offeror's Letter as set out in **Appendix 2** to this Scheme Document, the Offeror's Financial Adviser has confirmed that sufficient financial resources are available to the Offeror to satisfy in full the aggregate Cash Consideration payable by the Offeror for all the Shares to be acquired by it under the Scheme in the event all Shareholders (other than the Undertaking Shareholders) elect the Cash Consideration.

11. INDEPENDENT FINANCIAL ADVISER TO THE NON-INTERESTED DIRECTORS

11.1 Appointment of IFA

Provenance Capital Pte. Ltd. has been appointed as the independent financial adviser as required under Rule 1309 of the Listing Manual as well as to advise the Non-Interested Directors in respect of the Scheme. Shareholders should consider carefully the recommendation of the Non-Interested Directors before deciding whether or not to vote in favour of the Scheme. The advice of the IFA is set out in the IFA Letter as set out in **Appendix 4** to this Scheme Document.

11.2 Factors Taken Into Consideration by the IFA

In arriving at its recommendation, the IFA has taken into account certain considerations, extracts of which are reproduced in italics below:

"In arriving at our recommendation on the Scheme, we have assessed the financial terms of the Scheme after taking into consideration the following key considerations which we consider to be pertinent and which we consider may have a significant bearing on our assessment:

- (a) Historical share price performance and trading activity of the Shares;*
- (b) Financial analysis of the Group;*
- (c) Sum-of-parts valuation of the Group;*
- (d) Comparison with completed privatisation of companies listed on the SGX-ST;*

LETTER TO SHAREHOLDERS

- (e) *Dividend track record of the Company;*
- (f) *Cash Consideration or Offeror Shares as an election; and*
- (g) *Other relevant considerations relating to the Scheme.”*

Shareholders should read the extracts in conjunction with, and in the context of, the IFA Letter in its entirety as set out in **Appendix 4** to this Scheme Document.

11.3 IFA's Advice

Extracts of the IFA Letter summarising its advice to the Non-Interested Directors in relation to the Scheme are reproduced in italics below, to be read in conjunction with the full contents of the IFA Letter as set out in **Appendix 4** to this Scheme Document:

“Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, overall, we are of the view that the financial terms of the Scheme (that is, the Cash Consideration and the share exchange offer) are fair and reasonable and the Scheme is not prejudicial to the interests of Shareholders. Accordingly, we advise the Non-Interested Directors to recommend Shareholders to vote in favour of the Scheme. The Non-Interested Directors should also highlight to Shareholders that the Scheme, when it becomes effective, will be binding on all Shareholders, whether or not they have attended or voted at the Scheme Meeting, and if they have attended and voted, whether or not they have voted in favour of the Scheme.

In addition, we would advise Directors to recommend to minority Shareholders who wish to accept the Scheme offer, to accept only the Cash Consideration and not the Offeror Shares, unless such Shareholders are prepared to bear the risk associated with an investment as a minority shareholder of an unlisted privately held company including those set out in Section 7.6 of this Letter.”

12. NON-INTERESTED DIRECTORS' RECOMMENDATION

12.1 Non-Interest and Independence of Directors

The SIC ruled on 25 January 2017 that Mr Phua Chian Kin, who is a Director of the Company and the sole director of the Offeror, shall abstain from making a recommendation of the Scheme to the Shareholders. The SIC had also ruled on 10 April 2017 that Mr Phua Boon Kin, who is a Director of the Company and the brother of Mr Phua Chian Kin and is a member of the Offeror Concert Group, is exempted from the requirement to make a recommendation on the Scheme to Shareholders under Note 1 on Rule 8.3 of the Code. Nonetheless, both Mr Phua Chian Kin and Mr Phua Boon Kin will continue to assume responsibility for the accuracy of the facts stated in documents and advertisements issued by, or on behalf of, the Company to the Shareholders in connection with the Scheme. Further details of SIC's rulings are set out in **paragraph 6.1 of Appendix 1** to this Scheme Document.

Save as disclosed above, all the Directors consider themselves to be independent and non-interested for the purpose of making a recommendation to the Shareholders in respect of the Scheme.

12.2 Recommendation of Non-Interested Directors

The Non-Interested Directors having considered carefully, amongst others, the rationale and the terms of the Scheme, the absence of a competing offer, the advice of the IFA in the IFA Letter, and current general market and economic considerations, concur with the recommendation of the IFA and recommend that Shareholders **VOTE IN FAVOUR** of the Scheme at the Scheme Meeting. Furthermore, the Non-Interested Directors concur with the recommendation of the IFA and recommend that minority Shareholders who wish to vote in favour of the Scheme elect to accept only the Cash Consideration, and not to receive the Offeror Shares, as the Scheme Consideration, unless such Shareholders are prepared to bear the risks associated with an investment as a minority shareholder of an unlisted privately held company.

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Shareholders should note that by voting for the Scheme, Shareholders are agreeing to the Offeror and its concert parties acquiring or consolidating effective control of the Company without having to make a general offer for the Company. In this regard, Shareholders' attention is drawn particularly to Section 8 of this Letter to Shareholders.

Shareholders are reminded that the Scheme, when it becomes effective, will be binding on all Shareholders, whether or not they have attended or voted at the Scheme Meeting, and if they have attended and voted, whether or not they have voted in favour of the Scheme.

In respect of Shareholders who elect to receive Offeror Shares in consideration of their Shares, they should note that the Offeror is a private company and the Offeror Shares are not listed on any stock exchange. Shareholders should also note that as a private company, the memorandum and articles of association of the Offeror would not typically confer the same level of protection in favour of minority shareholders compared to those of a public listed company. In this regard, Shareholders should refer to the full text of the memorandum and articles of association of the Offeror as set out in Appendix 3 to this Scheme Document as well as the summary of comparison of key differences between the memorandum and articles of association of the Offeror and the constitution of the Company set out in paragraph 3.2 of Appendix 6 to this Scheme Document.

Shareholders should note that there is no assurance that the trading volumes and market prices of the Shares will be maintained at the current levels as at the Latest Practicable Date in the short term if the Scheme does not become effective for whatever reason. In the event the Scheme becomes effective, it will be binding on all Shareholders. Shareholders should also be aware that there is currently no certainty that the Scheme will become effective.

Shareholders should read and consider carefully this Scheme Document in its entirety, in particular, the advice of the IFA as set out in the IFA Letter before deciding whether or not to vote in favour of the Scheme.

12.3 No Regard to Specific Objectives

The Non-Interested Directors advise Shareholders, in deciding whether or not to vote in favour of the Scheme, to carefully consider the advice of the IFA and in particular, the various considerations highlighted by the IFA in the IFA Letter.

In giving the above recommendation, the Non-Interested Directors have not had regard to the specific objectives nor financial or other circumstances of any individual Shareholder. As each Shareholder may have different investment objectives and profiles, the Non-Interested Directors recommend that any individual Shareholder who may require advice in this regard should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers accordingly.

13. DIRECTORS' INTENTIONS WITH RESPECT TO THEIR SHARES

Save for Mr Phua Chian Kin and Mr Phua Boon Kin who shall abstain from voting on the Scheme, all the Directors who hold Shares, as set out in **paragraph 5.3 of Appendix 6** to this Scheme Document, currently intend to vote their direct and/or indirect interests in Shares (if any) in favour of the Scheme.

In addition, all the Directors who hold Shares, as set out in paragraph 5.3 of Appendix 6 to this Scheme Document, currently intend to elect to receive Offeror Shares in consideration of their Shares.

LETTER TO SHAREHOLDERS

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Scheme Document (other than the information in **Appendices 2, 3, 4 and 5** to this Scheme Document, and any information relating to or opinions expressed by the Offeror, the Offeror Concert Group, the Offeror's Financial Adviser, the Valuers and/or the IFA) and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, opinions expressed in this Scheme Document have been arrived at after due and careful consideration and this Scheme Document constitutes full and true disclosure of all material facts about the Acquisition, the Scheme and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Scheme Document misleading. Where information in the Scheme Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Scheme Document in its proper form and context.

15. GENERAL INFORMATION

Shareholders' attention is further drawn to the relevant information in the Appendices to this Scheme Document.

Yours faithfully

For and on behalf of
Board of Directors of
TEE INTERNATIONAL LIMITED

Phua Chian Kin
Group Chief Executive and Managing Director

APPENDIX 1 EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

PROPOSED ACQUISITION OF THE COMPANY BY THE OFFEROR BY WAY OF THE SCHEME

1. INTRODUCTION

1.1 Implementation Agreement

On 1 April 2017, the Company entered into the Implementation Agreement with the Offeror in relation to the terms and conditions under which the Offeror and the Company will implement the Scheme in connection with the Acquisition.

The salient terms of the Implementation Agreement are set out in the Offeror's announcement on 1 April 2017, which is available on SGXNET.

1.2 Explanatory Statement

This Explanatory Statement should be read in conjunction with the full text of the Scheme Document, including the Scheme as set out in **Appendix 9** to the Scheme Document. Capitalised terms used herein, unless otherwise defined, shall have the meanings ascribed in the Scheme Document.

2. INFORMATION ON THE OFFEROR

Information on the Offeror is set out in **paragraph 3** of the Offeror's Letter as set out in **Appendix 2** to the Scheme Document.

3. SCHEME

3.1 Holdings of the Offeror Concert Group

As at the Latest Practicable Date, the following individuals and company are deemed to be acting in concert with the Offeror ("**Concert Parties**"):

- (a) Mr Phua Chian Kin, being the sole director and sole shareholder of the Offeror;
- (b) Mr Phua Boon Kin, who is the brother of Mr Phua Chian Kin and the Deputy Group Managing Director of the Company;
- (c) Mdm Tay Kuek Lee, who is the spouse of Mr Phua Chian Kin;
- (d) 4 P Investments Pte. Ltd., of which Mr Phua Chian Kin is a shareholder;
- (e) Mr Phua Joo Khing, who is the brother of Mr Phua Chian Kin and a director of 4 P Investments Pte. Ltd.;
- (f) Mr Phua Yang Khing, who is the brother of Mr Phua Chian Kin and a director of 4 P Investments Pte. Ltd.;
- (g) Mr Phua Cher Chuan, who is the nephew of Mr Phua Chian Kin;
- (h) Mr Phua Cher Chew, who is the nephew of Mr Phua Chian Kin and a director and chief executive officer of TEE Land Limited, a listed subsidiary of the Company; and
- (i) Ms Phua Lee Tiang, who is the niece of Mr Phua Chian Kin.

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As at the Latest Practicable Date, the Offeror does not hold any Shares, and the shareholdings of the Concert Parties in the Company are as follows:

Name of Shareholder	Number of Shares held	Shareholding Percentage (%) ⁽¹⁾
Phua Chian Kin	282,054,456	56.19 ⁽²⁾
Phua Boon Kin	105,172	0.02
Tay Kuek Lee	10,742,080	2.14
4 P Investments Pte. Ltd.	6,680,924	1.33
Phua Joo Khing	501,066	0.10
Phua Yang Khing	624,518	0.12
Phua Cher Chuan	3,864	nm ⁽³⁾
Phua Cher Chew	666,556	0.13
Phua Lee Tiang	5,060	nm ⁽³⁾
Total	301,383,696	60.04

Notes:

- (1) Calculated based on 501,952,639 issued Shares (excluding treasury Shares) as at the Latest Practicable Date.
- (2) These include Shares held directly by Phua Chian Kin and indirectly via nominees and/or financial institutions such as Hong Leong Finance Nominees Pte Ltd, CIMB Securities (Singapore) Pte Ltd, SBS Nominees Pte Ltd, Phillip Securities Pte Ltd, OCBC Securities Private Limited and RHB Securities Singapore Pte Ltd and KGI Fraser Securities Pte Ltd (including Shares which are charged in favour of such financial institutions for subsisting credit facilities in the ordinary course).
- (3) Not meaningful.

The Offeror and its Concert Parties are required to abstain from voting on the Scheme.

As at the Latest Practicable Date, none of the Offeror Concert Group holds any Company Convertible Securities.

3.2 Scheme

The Acquisition will be effected by way of a Scheme pursuant to Section 210 of the Companies Act and in accordance with the Code and the terms and conditions of the Implementation Agreement. The Scheme involves the acquisition of all the Shares (excluding treasury Shares) of the Company by the Offeror.

Under the Scheme, all the Shares will be transferred to the Offeror, fully paid, free from all Encumbrances and together with all rights, benefits and entitlements attaching thereto as of the date of the Implementation Agreement, 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 date of the Implementation Agreement.

The Company does not intend to declare any dividends, rights and other distributions, pending the completion or termination of the Scheme (as the case may be), unless otherwise agreed by the Offeror.

In consideration of the transfer of such Shares, each Shareholder as of the Books Closure Date may elect to receive one of the following from the Offeror:

- (a) the Cash Consideration, being **S\$0.215** in cash; or
- (b) one Offeror Share,

for each Share held by such Shareholder as of the Books Closure Date.

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Shareholders should note that the Offeror is a private company and the Offeror Shares are not listed on any stock exchange. Shareholders should also note that as a private company, the memorandum and articles of association of the Offeror would not typically confer the same level of protection in favour of minority shareholders compared to those of a public listed company. In this regard, Shareholders should refer to the full text of the memorandum and articles of association of the Offeror as set out in Appendix 3 to this Scheme Document as well as the summary of comparison of key differences between the memorandum and articles of association of the Offeror and the constitution of the Company set out in paragraph 3.2 of Appendix 6 to this Scheme Document.

Entitled Shareholders may elect to receive entirely Cash Consideration or Offeror Shares for all **(and not part of)** their Shares held by them as at the Books Closure Date. Entitled Shareholders may make their election at any time prior to the end of the Election Period. **Entitled Shareholders who do not make any election will receive the Cash Consideration.**

Upon the Scheme becoming effective, it will be binding on all Shareholders, whether or not they attended or voted at the Scheme Meeting (and if they attended and voted, whether or not they voted in favour of the Scheme), and all the Shares will be transferred to the Offeror.

Shareholders are given the choice to elect to receive the Scheme Consideration by way of Offeror Shares to give them the opportunity to continue to participate in the Company after the Effective Date, albeit indirectly as a shareholder of the Offeror, if they wish to do so. Otherwise, as mentioned above, Entitled Shareholders who do not make any election as to the Scheme Consideration will by default receive the Cash Consideration. In proposing the Scheme, the Offeror's intention is that, subject to the requisite majority shareholder approval being obtained and the Scheme becoming effective, the Company shall be delisted from the Official List of the SGX-ST and shall become a wholly-owned subsidiary of the Offeror, which gives the Offeror greater control over the Company as opposed to a general offer wherein there may be a considerable number of minority shareholders remaining in the Company.

3.3 Conditions Precedent

The Scheme is conditional upon the satisfaction (or where applicable, waiver) of the following Conditions Precedent by no later than the Long Stop Date:

- (a) **Scheme Approval:** the approval of the Scheme by the Shareholders in compliance with the requirements of Section 210(3AA) read with Section 210(3AB) of the Companies Act.
- (b) **SEC Waiver:** the waiver by SEC of the Offeror's obligation to undertake a tender offer for all the securities of Chewathai Public Company Limited (being an indirect associated company of the Company listed on the Market for Alternative Investment of the Stock Exchange of Thailand) ("**Chewathai**") pursuant to Clauses 6 and 11 of the Notification of the Capital Market Supervisory Board of Thailand No. Tor. Jor. 12/2554 issued by virtue of the Securities and Exchange Act 1992 (as amended), as a result of the implementation of the Scheme.

By way of background, the Offeror's Thai counsel had advised that implementation of the Scheme may result in the Offeror being obliged to undertake a tender offer for all the securities of Chewathai pursuant to Clause 6 of the Notification of the Capital Market Supervisory Board of Thailand No. Tor. Jor. 12/2554, unless waived by SEC. In view of this, the Offeror instructed its Thai counsel to proceed with a waiver application to SEC as the Offeror's commercial objective in the Scheme is to privatise the Company, and not to privatise Chewathai (which currently is an indirect associated company). As at the Latest Practicable Date, the Company is pending the SEC's decision on the application.

- (c) **Scheme Court Order:** the grant of the Scheme Court Order by the Court and such Scheme Court Order having become final.

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- (d) **ACRA Registration:** the registration of the Scheme Court Order with ACRA.
- (e) **SGX-ST Approval:** the approval in-principle of the SGX-ST being obtained for the delisting of the Company from the Official List of the SGX-ST.

The SGX-ST has on 11 July 2017 granted its in-principle approval that it has no objection to the Delisting, subject to: (a) compliance with the SGX-ST's listing requirements; (b) approval of the Scheme by a majority in number of Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority representing not less than three-fourths in value of the Shares voted at the Scheme Meeting, with the Offeror Concert Group abstaining; and (c) sanction of the Scheme by the Court.

The in-principle approval of SGX-ST to the Delisting is not to be taken as an indication of the merits of the Scheme, the Delisting, the Company, its subsidiaries and/or their securities.

In the event any Condition Precedent is not satisfied (or where applicable, waived) by the Long Stop Date, the Scheme will terminate.

3.4 Prospects of Holding Offeror Shares

Shareholders should note that the Offeror is a private company and the Offeror Shares are not listed on any stock exchange. In particular, Shareholders should note the below extract of the IFA Letter summarizing its advice to the Non-Interested Directors in relation to the Scheme, and prospects of holding Offeror Shares, which is reproduced in italics below. The below extract should be read in conjunction with the full contents of the IFA Letter as set out in **Appendix 4** to this Scheme Document.

"Hence, while we are of the view that the financial terms of the Scheme (that is, the Cash Consideration and the share exchange offer) are fair and reasonable, we would also advise Directors to recommend to minority Shareholders who wish to accept the Scheme offer, to accept only the Cash Consideration and not the Offeror Shares, unless such Shareholders are prepared to bear the following risks:

- (a) *Potential difficulties in exiting the Offeror Shares as unlisted securities*

The Scheme Document has highlighted that the Offeror Shares will not be listed on any securities exchange following completion of the Scheme. Shareholders who have elected and are allotted the Offeror Shares should therefore note that shares of unlisted companies are generally valued at a discount to the shares of comparable listed companies due to the lack of marketability. In addition, they will face difficulties in disposing their Offeror Shares in the absence of a public market as there is no arrangement or a public platform for Offeror Shareholders to exit. Even if they are able to sell their Offeror Shares, they may likely receive a lower price as compared with the market prices of the shares of comparable listed companies;

- (b) *Minority shareholding in a privately held company*

The Undertaking Shareholders, who already collectively own majority control of the Company, will continue to collectively own majority control of the Offeror after the Scheme. Hence, Shareholders who elect for the Offeror Shares will remain as minority shareholders of the Offeror as an unlisted private company.

Shareholders who opt for the Offeror Shares will have elected to be reinvested indirectly in the Group, through the Offeror. Shareholders should be made aware of the risk associated with investment in an unlisted privately held company, and in the case of Offeror, a company incorporated in the British Virgin Islands.

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(c) *No fixed dividend policy*

We note that the Offeror does not currently have a fixed dividend policy and there is no assurance that Offeror will pay dividends in future; and

(d) *Bear the proportionate share of the transaction costs for the Acquisition*

The Offeror is a special purpose vehicle for the Acquisition and does not have any significant assets. The Offeror is therefore expected to raise funds to finance the Cash Consideration, where relevant, and to incur related funding costs and transaction costs in respect of the Acquisition. Hence, Shareholders who become shareholders of the Offeror, will have to bear the proportionate share of these costs.”

3.5 Expiry of Warrants

As at the Joint Announcement Date, there were 186,385,684 outstanding Warrants, and it was set out in the Joint Announcement that the Offeror would make a proposal to Warranholders such that in consideration of a Warranholder not exercising his Warrants into Shares, not exercising any of his rights as a Warranholder and surrendering his Warrants for cancellation, such Warranholder would receive a nominal cash amount of S\$0.00001 for each Warrant held as at the Books Closure Date (unless earlier expired). As at 26 May 2017, the Warrants have expired, and in view thereof, the abovementioned proposal is no longer applicable.

3.6 No Cash Outlay

No cash outlay (including any stamp duties or brokerage expenses) will be payable by the Shareholders under the Scheme.

3.7 Waiver of Rights to a General Offer

By voting in favour of the Scheme, Shareholders will be regarded as having waived their rights to a general offer by the Offeror Concert Group to acquire the Shares by way of a voluntary general offer under Rule 15 of the Code and are agreeing to the Offeror Concert Group acquiring or consolidating effective control of the Company without having to make a voluntary general offer under Rule 15 of the Code.

Shareholders should note that if the Offeror Concert Group were to make a voluntary general offer to acquire Shares, Shareholders would be entitled to either accept or reject the voluntary general offer in respect of the Shares which they hold and their decision will not bind the other Shareholders. In the case of a voluntary general offer, Shareholders who accept the voluntary general offer before the close of the offer would transfer their Shares to the Offeror, whereas Shareholders who reject the general offer would be entitled to continue holding onto their Shares and will not be required to transfer their Shares to the Offeror. In addition, the Company may not be delisted if subsequent to the close of a voluntary general offer, the Offeror Concert Group does not hold Shares (including Shares acquired in the voluntary general offer) which collectively comprise more than 90% of the issued Shares of the Company, thus rendering the free float of the Company below 10% of the issued Shares.

However, in the case of the Scheme, in the event the requisite majority approval from Shareholders is received for the Scheme at the Scheme Meeting, upon the Scheme becoming effective, it will become binding on all Shareholders, whether or not they attended or voted at the Scheme Meeting (and If they attended and voted, whether or not they voted in favour of the Scheme), and all the Shares will be transferred to the Offeror, and the Company will certainly be delisted.

The consideration which Shareholders would receive for each Share, whether transferred pursuant to acceptance of a general offer from the Offeror or transferred pursuant to the Scheme becoming effective, assuming, *inter alia*, the Scheme has received the requisite majority approval from Shareholders, would be the same.

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(in compliance with Section 211 of the Companies Act)

4. IRREVOCABLE UNDERTAKINGS

Each Undertaking Shareholder has given an irrevocable undertaking to the Offeror to, *inter alia*:

- (a) vote in favour of the Scheme at the Scheme Meeting in respect of all his/its Undertaking Shares (to the extent he/it is not prohibited by applicable laws and regulations from doing so);
- (b) elect to receive Offeror Shares in consideration of all his/its Undertaking Shares; and
- (c) it/he will not, prior to the Effective Date, whether directly or indirectly, sell, transfer or otherwise dispose of any interest in any of its/his Undertaking Shares (or otherwise subject its/his Undertaking Shares to any Encumbrances).

The Undertaking Shareholders who are in the Offeror Concert Group, being Phua Chian Kin, Tay Kuek Lee and 4 P Investments Pte. Ltd., are required to abstain from voting on the Scheme. The independent Undertaking Shareholders (excluding the Offeror Concert Group) who are entitled to vote on the Scheme, being Bertie Cheng Shao Shiong, Cheng Wei Ling Deborah Anne, Lincoln Capital Private Limited, Yang Boon Kiat, Saw Chin Choo and Lum Tuck Seng, currently hold in aggregate 49,777,781 Shares, comprising approximately 9.92% of the issued Shares as at the Latest Practicable Date.

As such, assuming all independent Shareholders (including the independent Undertaking Shareholders but excluding the Offeror Concert Group) vote at the Scheme Meeting, whether in person or by proxy, the Scheme will be approved if a majority in number of such independent Shareholders, holding at least 150,426,707 Shares comprising approximately 29.97% of the issued Shares as at the Latest Practicable Date, vote in favour of the Scheme.

5. RATIONALE OF THE ACQUISITION AND THE OFFEROR'S INTENTIONS FOR THE COMPANY

The Offeror's stipulated rationale in undertaking the Acquisition as well as its intentions for the Company and future plans for the Group are set out in **paragraph 6** of the Offeror's Letter as set out in **Appendix 2** to the Scheme Document.

6. REGULATORY APPROVALS

6.1 SIC

The SIC has on 25 January 2017, 27 March 2017 and 10 April 2017 ruled, *inter alia*, that it:

- (a) confirms that it has no objections to the Conditions Precedent;
- (b) confirms that it has no objection to Shareholders being entitled to elect Offeror Shares in lieu of Cash Consideration;
- (c) exempts the Scheme from compliance with Rules 14, 15, 16, 17, 20.1, 22, 28, 29, 33.2 and Note 1(b) to Rule 19 of the Code, subject to the following conditions:
 - (i) the common substantial shareholder, if any, of the Offeror and the Company abstain from voting on the Scheme;
 - (ii) the Offeror and its concert parties abstain from voting on the Scheme;
 - (iii) the directors of the Company who are also directors of the Offeror, if any, abstain from making a recommendation on the Scheme to the Shareholders;
 - (iv) the Company appoints an independent financial adviser to advise Shareholders on the Scheme;

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- (v) the Scheme document contains advice to the effect that by voting for the Scheme, the Shareholders are agreeing to the Offeror and its concert parties acquiring or consolidating effective control of the Company without having to make a general offer for the Company; and
- (vi) this Scheme Document discloses the names of the Offeror and its concert parties, their current voting rights in the Company as of the Latest Practicable Date and their voting rights in the Company after the Scheme;
- (d) confirms that the Undertaking Shareholders will not be regarded as acting in concert with the Offeror by virtue only of their undertakings to vote in favour of and approve the Scheme and elect Offeror Shares in lieu of the Cash Consideration; and
- (e) exempts Mr Phua Boon Kin, who is a Director of the Company and the brother of Mr Phua Chian Kin and is a member of the Offeror Concert Group, from the requirement to make a recommendation on the Scheme to Shareholders under Note 1 on Rule 8.3 of the Code.

Notwithstanding SIC's rulings set out in **paragraphs 6.1(c)(iii) and 6.1(e)** of this Explanatory Statement, both Mr Phua Chian Kin and Mr Phua Boon Kin will continue to assume responsibility for the accuracy of the facts stated in documents and advertisements issued by, or on behalf of, the Company to the Shareholders in connection with the Scheme.

SIC's rulings above may be invalidated should there be material changes to the Conditions Precedent.

6.2 Court

The Scheme is subject to sanction by the Court.

In addition, the Scheme will only become effective and binding if all the Conditions Precedent have been satisfied (or where applicable, waived) in accordance with its terms and the Scheme Court Order has been lodged with ACRA.

6.3 SGX-ST

An application on 23 May 2017 was made to seek approval from the SGX-ST to delist the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms as set out in **paragraph 7** of this Explanatory Statement.

7. EFFECT OF THE SCHEME AND DELISTING

Upon the Scheme becoming effective and binding, all the Shares (excluding treasury Shares) will be owned by the Offeror.

The SGX-ST has on 11 July 2017 granted its in-principle approval that it has no objection to the Delisting, subject to: (a) compliance with the SGX-ST's listing requirements; (b) approval of the Scheme by a majority in number of Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority representing not less than three-fourths in value of the Shares voted at the Scheme Meeting, with the Offeror Concert Group abstaining; and (c) sanction of the Scheme by the Court.

The in-principle approval of SGX-ST to the Delisting is not to be taken as an indication of the merits of the Scheme, the Delisting, the Company, its subsidiaries and/or their securities.

Shareholders should note that the Shares will be delisted and withdrawn from the Official List of the SGX-ST after the Scheme has become effective and binding in accordance with its terms.

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8. SCHEME MEETING

8.1 Scheme Meeting

The Scheme, which is proposed pursuant to Section 210 of the Companies Act, is required to be approved by Shareholders at the Scheme Meeting. By an order of the Court, the Scheme Meeting was directed to be convened for the purpose of approving the Scheme.

By proposing that the Acquisition be implemented by way of a scheme of arrangement under Section 210 of the Companies Act, the Company is providing Shareholders with the opportunity to decide at the Scheme Meeting whether they consider the Scheme to be in their best interests.

The Scheme must be approved at the Scheme Meeting by a majority in number of the Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority holding not less than 75% in value of Shares voted at the Scheme Meeting.

When the Scheme, with or without modification, becomes effective, it will be binding on all the Shareholders, whether or not they were present in person or by proxy or voted at the Scheme Meeting.

8.2 Notice

The notice of the Scheme Meeting is set out in **Appendix 10** to the Scheme Document. Please take note of the date, time and place of the Scheme Meeting.

9. IFA ADVICE

Provenance Capital Pte. Ltd. has been appointed as the independent financial adviser as required under Rule 1309 of the Listing Manual as well as to advise the Non-Interested Directors in respect of the Scheme. Shareholders should consider carefully the recommendation of the Non-Interested Directors before deciding whether or not to vote in favour of the Scheme. The advice of the IFA is set out in the IFA Letter as set out in **Appendix 4** to this Scheme Document.

10. NON-INTERESTED DIRECTORS' RECOMMENDATION

The recommendation of the Non-Interested Directors in relation to the Scheme is set out in **paragraph 12.2** of the Letter to Shareholders.

11. DIRECTORS' INTERESTS

The interests of the Directors in the Shares as at the Latest Practicable Date are set out in **paragraph 5.3** of **Appendix 6** to the Scheme Document.

12. IMPLEMENTATION OF THE SCHEME

12.1 Application to Court for Sanction

An application will be made to the Court by the Company for sanction of the Scheme if the Scheme is approved by a majority in number of Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, and such majority holds not less than 75% in value of the Shares voted at the Scheme Meeting.

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12.2 Election in respect of Scheme Consideration

12.2.1 Election Forms

Each Entitled Shareholder may elect whether to receive the Cash Consideration for all of their Shares or Offeror Shares in respect of all of their Shares. The Election Forms will be despatched by the Offeror (or on its behalf) on the first day of the Election Period (which is expected to be 1 August 2017) to all Shareholders, at their respective Singapore addresses shown in the records of CDP (in respect of Shareholders who are Depositors) or the register of members (in respect of Shareholders who are Scrip Shareholders), as the case may be, at their own risk. They can also be collected at the Share Registrar's office situated at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 during the Election Period. The Entitled Shareholders should complete, sign and return the Election Forms in accordance with the procedures set out below and the provisions and instructions printed on the Election Forms during the Election Period:

(i) **Entitled Shareholders who are Scrip Shareholders.**

An Entitled Shareholder (being a Scrip Shareholder) who wishes to accept Offeror Shares should deliver the completed and signed Election Form to the Company c/o B.A.C.S. Private Limited, 8 Robinson Road, #03-00 ASO Building, Singapore 048544; and

(ii) **Entitled Shareholders who are Depositors.**

An Entitled Shareholder (being a Depositor) who wishes to accept the Offeror Shares should deliver the completed and signed Election Form to the Company c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588,

in either case so as to arrive no later than the end of the Election Period.

If an Entitled Shareholder wishes to receive the Scheme Consideration wholly in the form of the Cash Consideration in respect of all of his Shares, he does not need to complete and return the Election Form.

12.2.2 Receipt

The Election Forms must be received by the end of the Election Period, which is expected to be 17 August 2017 at 5.00 p.m. No acknowledgment of receipt of any Election Form will be given by the Offeror, the Company, CDP or the Share Registrar. Each Entitled Shareholder is permitted to submit only one Election Form and any subsequent submission of any Election Forms will be disregarded and deemed as invalid.

12.2.3 Deemed Election

If the Share Registrar or CDP (as the case may be) fails to receive, from any Entitled Shareholder, an Election Form by the end of the Election Period or receives an Election Form which does not comply with the instructions contained in the Election Form, or which is not complete or is invalid in any other respect, that Entitled Shareholder shall be deemed to have elected the Cash Consideration in exchange for all his Shares.

12.2.4 Discretion

The Offeror and the Company each reserve the right to treat Election Forms as valid if received by or on behalf of either of them at any place or places determined by them otherwise than as stated in this Scheme Document or in the Election Form, as the case may be, or if made otherwise than in accordance with the provisions of this Scheme Document and in the Election Form. CDP and the Share Registrar take no responsibility for any decision made by the Offeror and/or the Company.

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12.2.5 Disclaimer

The Offeror, the Company, CDP and the Share Registrar will each be authorised and entitled, in its absolute discretion, to reject any Election Form which is not entirely in order or does not comply with this Scheme Document or the provisions and instructions printed on the Election Form, or which is otherwise incomplete, incorrect, unsigned or invalid in any respect. The Offeror shall not be required to notify any Entitled Shareholder if his or her Election Form is not received or is not in compliance with the instructions contained in the Election Form, or is otherwise incomplete or invalid in any other respect. If you wish to receive the Offeror Shares, it is your responsibility to ensure that the Election Form is properly completed in all respects, signed and all required supporting documents, where applicable, are provided. Any decision to reject any acceptance will be final and binding and none of the Offeror, the Company, CDP or the Share Registrar accepts any responsibility or liability in relation to such rejection, including the consequences thereof.

12.2.6 Correspondences

All communications, certificates, notices, documents and remittances to be delivered or sent to you (or your designated agent or, in the case of joint Shareholders who have not designated any agent, to the one first named in the register of members of the Company) will be sent by ordinary post to your respective mailing addresses as maintained with CDP or as they appear in the register of members of the Company, as the case may be, at the risk of the person entitled thereto. The attention of Overseas Shareholders is also drawn to **paragraph 15** below.

12.3 Procedure for Implementation

If the Court sanctions the Scheme, the Offeror and the Company will (subject to the satisfaction (or, where applicable, waiver) of all the Conditions Precedent) take the necessary steps to render the Scheme effective and binding in accordance with its terms, and the following will be implemented:

- (a) the Shares held by Entitled Shareholders will be transferred to the Offeror for the Cash Consideration to be paid by the Offeror or the Offeror Shares to be transferred by the Offeror, as the case may be, to the Entitled Shareholders for each Share transferred as follows:
 - (i) in the case of Scrip Shareholders, the Company shall authorise any person to execute or effect on behalf of all such Scrip Shareholders, not later than three (3) Business Days after the Effective Date, an instrument or instruction of transfer of all the Shares held by such Scrip Shareholders and every such instrument or instruction of transfer so executed shall be effective as if it had been executed by the relevant Scrip Shareholders; and
 - (ii) in the case of Depositors, the Company shall instruct CDP, for and on behalf of such Depositors, to debit, not later than three (3) Business Days after the Effective Date, all the Shares standing to the credit of the Securities Account of such Depositors and credit all of such Shares to the Securities Account of the Offeror or such Securities Account(s) as directed by the Offeror;
- (b) the Scrip Shareholders are required to forward their existing share certificates relating to their Shares to the Share Registrar at 8 Robinson Road, #03-00, ASO Building, Singapore 048544;
- (c) on and from the Effective Date, all existing share certificates relating to the Shares held by Scrip Shareholders will be cancelled and will cease to be evidence of title of the Shares represented thereby whether or not they are returned to the Company for cancellation; and

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- (d) the Offeror shall, not later than seven (7) Business Days after the Effective Date, and against the transfer of the Shares by the Shareholders:
- (i) Cash Consideration. make payment of the aggregate Cash Consideration payable on the transfer of the Shares pursuant to the Scheme to:
- (A) each Scrip Shareholder by sending a cheque for the aggregate Cash Consideration payable to such Scrip Shareholder made out in favour of such Scrip Shareholder by ordinary post to his address in the register of members of the Company at the close of business on the Books Closure Date, at the sole risk of such Scrip Shareholder, or in the case of joint Scrip Shareholders, to the first named Scrip Shareholder made out in favour of such Scrip Shareholder by ordinary post to his address in the register of members of the Company at the close of business on the Books Closure Date, at the sole risk of such Scrip Shareholders; and
- (B) each Depositor by making payment of the aggregate Cash Consideration payable to such Depositor to CDP. CDP shall (aa) in the case of a Depositor who has registered for CDP's direct crediting service, credit the aggregate Cash Consideration payable to such Depositor, to the designated bank account of such Depositor; and (bb) in the case of a Depositor who has not registered for CDP's direct crediting service, send to such Depositor, by ordinary post to his mailing address in the Depository Register at the close of business on the Books Closure Date and at the sole risk of such Depositor, a cheque for the payment of such aggregate Cash Consideration made out in favour of such Depositor, or in the case of joint Depositors, to the first named Depositor made out in favour of such Depositor by ordinary post to his mailing address in the Depository Register at the close of business on the Books Closure Date, and at the sole risk of such Depositors; or
- (ii) Offeror Shares. allot and issue new Offeror Shares, credited as fully-paid, on the basis of one new Offeror Share at par value for every one Share held by such Entitled Shareholder who elects to receive the Scheme Consideration in the form of Offeror Shares for all their Shares, and the share certificates in respect of such Offeror Shares shall be delivered to the relevant person/entity recorded in the register of members or the Depository Register as at the close of business on the Books Closure Date, regardless of whether such Entitled Shareholder holds the Shares as custodian or nominee or otherwise, and the Offeror shall send the Offeror Share Certificates:
- (A) to each Scrip Shareholders by ordinary post to his address in the register of members at the close of business on the Books Closure Date (save that no Offeror Share Certificates will, in the case of Overseas Shareholders, be despatched in or into any overseas jurisdiction (please refer to **paragraph 15** of this Explanatory Statement for more information on the arrangements for Overseas Shareholders)), at the sole risk of such Scrip Shareholder, or in the case of joint Scrip Shareholders, to the first named Scrip Shareholder by ordinary post to his address in the register of members of the Company at the close of business on the Books Closure Date, at the sole risk of such Scrip Shareholders; and

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- (B) to each Depositor by ordinary post to his mailing address in the Depository Register at the close of business on the Books Closure Date (save that no Offeror Share Certificates will, in the case of Overseas Shareholders, be despatched in or into any overseas jurisdiction (please refer to **paragraph 15** of this Explanatory Statement for more information on the arrangements for Overseas Shareholders)), at the sole risk of such Depositor, or in the case of joint Depositors, to the first named Depositor by ordinary post to his mailing address in the Depository Register at the close of business on the Books Closure Date, and at the sole risk of such Depositors.

The despatch of the Offeror Share Certificates to each Entitled Shareholder's address in accordance with the above shall discharge the Offeror from any liability in respect of the delivery of the said certificates.

The new Offeror Shares to be allotted and issued pursuant to the Scheme shall be allotted and issued and credited as fully paid and, if and when allotted and issued, will rank *pari passu* in all respects with the then existing Offeror Shares.

The full terms and conditions of the Offeror Shares are set out in the memorandum and articles of association of the Offeror, which has been reproduced in **Appendix 3** to the Scheme Document. A summary of salient differences between rights of holders of Offeror Shares and rights of holders of Shares based on, *inter alia*, the extracts of the Company's constitution and extracts of the Offeror's memorandum and articles of association is set out at **paragraph 3.2 of Appendix 6** to the Scheme Document.

12.4 Retention and Release of Proceeds

On and after the day being six calendar months after the posting of such cheques relating to the Cash Consideration, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed (or has been returned uncashed) and shall place all such moneys in a bank account in the Company's name with a licensed bank in Singapore selected by the Company. The Company or its successor entity shall hold such moneys until the expiration of six years from the Effective Date and shall prior to such date make payments therefrom to persons who satisfy the Company or its successor entity that they are respectively entitled thereto. Any such determination shall be conclusive and binding upon all persons claiming an interest in the relevant moneys, and any payments made by the Company hereunder shall not include any interest accrued on such sums.

On the expiry of six years from the Effective Date, each of the Company and the Offeror shall be released from any further obligation to make any payments of the Cash Consideration under the Scheme and the Company or its successor entity shall transfer to the Offeror the balance (if any) of the sums payable by the Offeror for the Cash Consideration then standing to the credit of the said bank account including accrued interest subject, if applicable, to the deduction of interest, tax or any withholding tax or any other deduction required by law and subject to the deduction of any expenses.

13. CLOSURE OF BOOKS

13.1 Notice of Books Closure

Subject to the approval by Shareholders of the Scheme at the Scheme Meeting and the sanction of the Scheme by the Court, notice of the Books Closure Date will be given in due course for the purposes of determining the entitlements of Entitled Shareholders to the Scheme Consideration under the Scheme.

The Books Closure Date is tentatively scheduled on 22 August 2017 at 5.00 p.m.

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13.2 Books Closure

No transfer of Shares where the certificates relating thereto are not deposited with CDP may be effected after the Books Closure Date.

13.3 Trading in Shares on the SGX-ST

The Scheme is tentatively scheduled to become effective and binding on or about 29 August 2017 and accordingly (assuming the Scheme becomes effective and binding on 29 August 2017), the Shares are expected to be delisted and withdrawn from the SGX-ST after payment of the Scheme Consideration. It is therefore expected that, subject to the approval of the SGX-ST, the Shares will cease to be traded on the SGX-ST on or about 17 August 2017 at 5.00 p.m., being three clear Market Days before the expected Books Closure Date.

Scrip Shareholders holding physical share certificates who wish to trade their Shares on the SGX-ST are required to deposit with CDP their certificates relating to their Shares, together with the duly executed instruments of transfer in favour of CDP, 15 Market Days prior to the tentative last day for trading of the Shares.

14. SETTLEMENT AND REGISTRATION PROCEDURES

Subject to the Scheme becoming effective, the settlement and registration procedures set out below will apply.

14.1 Scrip Shareholders

Entitlements to the Scheme Consideration will be determined on the basis of the holdings of Shares of Scrip Shareholders appearing in the register of members of the Company as at 5.00 p.m. on the Books Closure Date.

Scrip Shareholders who have not already done so are requested to take the necessary action to ensure that the Shares owned by them are registered in their names with the Share Registrar by 5.00 p.m. on the Books Closure Date.

From the Effective Date, each existing share certificate representing a former holding of Shares by Scrip Shareholders will cease to be evidence of title to the Shares represented thereby. Within seven Business Days of the Effective Date, the Offeror shall make payment of the Scheme Consideration to each Scrip Shareholder based on his holding of the Shares as at 5.00 p.m. on the Books Closure Date.

14.2 Depositors

Entitlements to the Scheme Consideration will be determined on the basis of Depositors and the number of Shares standing to the credit of their Securities Account as at 5.00 p.m. on the Books Closure Date.

Depositors who have not already done so are requested to take the necessary action to ensure that the Shares owned by them are credited to their Securities Account by 5.00 p.m. on the Books Closure Date.

Following the Effective Date, CDP will debit all the Shares standing to the credit of each relevant Securities Account of each Depositor and credit all of such Shares to the Securities Account of the Offeror or such Securities Account(s) as directed by the Offeror. Within seven Business Days of the Effective Date, CDP shall make payment of the Scheme Consideration to each Depositor based on the number of Shares standing to the credit of his Securities Account as at 5.00 p.m. on the Books Closure Date.

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15. OVERSEAS SHAREHOLDERS

15.1 Overseas Shareholders

The sending of the Scheme Document to Shareholders whose addresses are outside Singapore, as shown in the register of members of the Company or, as the case may be, in the Depository Register (“**Overseas Shareholders**”), may be affected by the laws of the relevant overseas jurisdictions. Accordingly, Overseas Shareholders should inform themselves about and observe any applicable legal requirements in their own jurisdiction.

Where there are potential restrictions on sending the Scheme Document to any overseas jurisdiction, the Offeror reserves the right not to send such documents to the Shareholders in such overseas jurisdiction. For the avoidance of doubt, the Scheme is being proposed to all Shareholders (including the Overseas Shareholders), including those to whom the Scheme Document have not been, or will not be, sent, provided that the Scheme Document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful and the Scheme is not being proposed in any jurisdiction in which the introduction or implementation of the Scheme would not be in compliance with the laws of such jurisdiction.

15.2 Copies of Scheme Document

Shareholders, including Overseas Shareholders, may obtain copies of the Scheme Document and any related documents, during normal business hours on any day prior to the date of the Scheme Meeting, from the Share Registrar at 8 Robinson Road, #03-00, ASO Building, Singapore 048544. Alternatively, an Overseas Shareholder may write in to the Share Registrar at the same address to request for the Scheme Document and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to three Market Days prior to the date of the Scheme Meeting.

It is the responsibility of any Overseas Shareholder who wishes to request for the Scheme Document and any related documents 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. In requesting for the Scheme Document and any related documents, the Overseas Shareholder represents and warrants to the Offeror 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 doubt about his position should consult his professional adviser in the relevant jurisdiction.

15.3 Delivery of Offeror Share Certificates to Overseas Shareholders

Overseas Shareholders who wish to elect to receive Offeror Shares are required to provide the Share Registrar or CDP (as the case may be) with an address within Singapore for purposes of service of notices and delivery by the Offeror of the Offeror Share Certificates by the Books Closure Date.

Entitled Shareholders whose addresses as recorded in the register of members of the Company or the Depository Register (as the case may be) are not within Singapore and who do not provide the Company, CDP or the Share Registrar (as the case may be) with an address in Singapore prior to the end of the Election Period will be deemed to have elected the Cash Consideration in respect of all their Shares.

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15.4 Notice

The Offeror and the Company each reserves the right to notify any matter pertaining to the Scheme to any or all Shareholders (including Overseas Shareholders) by announcement on SGXNET or paid advertisement in a daily newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including Overseas Shareholders) to receive or see such announcement or advertisement. For the avoidance of doubt, for as long as the Company remains listed on the SGX-ST, it will continue to notify all Shareholders (including Overseas Shareholders) of any matter relating to the Scheme by announcement on SGXNET.

15.5 Foreign Jurisdiction

It is the responsibility of any Overseas Shareholder who wishes to participate in the Scheme 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. In participating in the Scheme, the Overseas Shareholder represents and warrants to the Offeror 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.

16. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the Scheme Meeting are requested to complete the enclosed Proxy Form in accordance with the instructions printed thereon and lodge them with the Share Registrar at 8 Robinson Road, #03-00, ASO Building, Singapore 048544, not less than 48 hours before the time fixed for the Scheme Meeting. Alternatively, the Proxy Form for the Scheme Meeting may be handed to the Chairman of the Scheme Meeting before the commencement of the Scheme Meeting. The Company may reject any proxy form lodged if such Shareholders are not shown to have Shares entered against their names in the register of members of the Company or the Depository Register (as the case may be) as at 48 hours before the time set for holding the Scheme Meeting.

The completion and lodgement of Proxy Forms will not prevent Shareholders from attending and voting in person at the Scheme Meeting if they subsequently wish to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.

17. INFORMATION RELATING TO CPFIS INVESTORS

CPFIS Investors who wish to attend the Scheme Meeting as an observer and/or vote are advised to consult their respective CPF Agent Banks for further information and if they are in any doubt as to the action they should take, CPFIS Investors should seek independent professional advice.

18. GENERAL INFORMATION

This Explanatory Statement should be read in conjunction with, and is qualified by, the full text of the Scheme Document, including the Appendices.

APPENDIX 2
LETTER FROM OFFEROR TO SHAREHOLDERS

OSCAR INVESTMENT PRIVATE LIMITED

(Incorporated in British Virgin Islands)
(Company Registration Number: 1932572)

14 July 2017

To: The Shareholders of the Company

Dear Sir / Madam

PROPOSED ACQUISITION OF TEE INTERNATIONAL LIMITED BY OSCAR INVESTMENT PRIVATE LIMITED BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 210 OF THE COMPANIES ACT, CHAPTER 50 OF SINGAPORE

1. INTRODUCTION

1.1 Implementation Agreement

On 1 April 2017, the Company entered into the Implementation Agreement with the Offeror in relation to the terms and conditions under which the Offeror and the Company will implement the Scheme in connection with the Acquisition.

The salient terms of the Implementation Agreement are set out in the Offeror's announcement on 1 April 2017, which is available on SGXNET.

1.2 Scheme Document

This letter should be read and construed together with the Scheme Document issued by the Company to Shareholders. Capitalised terms, unless otherwise defined, shall have the meanings ascribed in the Scheme Document.

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

2. INFORMATION ON THE COMPANY

Information on the Company is set out in **Appendix 6** to the Scheme Document.

3. INFORMATION ON THE OFFEROR

The Offeror is a private company incorporated on 28 December 2016 in the British Virgin Islands (Company Registration Number: 1932572) for the sole purpose of the Acquisition and the Scheme. The Offeror is wholly-owned by Mr Phua Chian Kin. Mr Phua Chian Kin is also the sole director of the Offeror.

4. SCHEME

4.1 Terms of the Scheme

The Acquisition will be effected by way of a Scheme pursuant to Section 210 of the Companies Act and in accordance with the Code and the terms and conditions of the Implementation Agreement. The Scheme involves the acquisition of all the Shares (excluding treasury Shares) of the Company by the Offeror.

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LETTER FROM OFFEROR TO SHAREHOLDERS

Under the Scheme, all the Shares will be transferred to the Offeror, fully paid, free from all Encumbrances and together with all rights, benefits and entitlements attaching thereto as of the date of the Implementation Agreement, 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 date of the Implementation Agreement.

The Company does not intend to declare any dividends, rights and other distributions, pending the completion or termination of the Scheme (as the case may be), unless otherwise agreed by the Offeror.

In consideration of the transfer of such Shares, each Shareholder as of the Books Closure Date may elect to receive one of the following from the Offeror:

- (a) the Cash Consideration, being **S\$0.215** in cash; or
- (b) one Offeror Share,

for each Share held by such Shareholder as of the Books Closure Date.

Shareholders should note that the Offeror is a private company and the Offeror Shares are not listed on any stock exchange. Shareholders should also note that as a private company, the memorandum and articles of association of the Offeror would not typically confer the same level of protection in favour of minority shareholders compared to those of a public listed company. In this regard, Shareholders should refer to the full text of the memorandum and articles of association of the Offeror as set out in Appendix 3 to this Scheme Document as well as the summary of comparison of key differences between the memorandum and articles of association of the Offeror and the constitution of the Company set out in paragraph 3.2 of Appendix 6 to this Scheme Document.

Entitled Shareholders may elect to receive entirely Cash Consideration or Offeror Shares for all **(and not part of)** their Shares held by them as at the Books Closure Date. Entitled Shareholders may make their election at any time prior to the end of the Election Period. **Entitled Shareholders who do not make any election will receive the Cash Consideration.**

Upon the Scheme becoming effective, it will be binding on all Shareholders, whether or not they attended or voted at the Scheme Meeting (and if they attended and voted, whether or not they voted in favour of the Scheme), and all the Shares will be transferred to the Offeror.

Shareholders are given the choice to elect to receive the Scheme Consideration by way of Offeror Shares to give them the opportunity to continue to participate in the Company after the Effective Date, albeit indirectly as a shareholder of the Offeror, if they wish to do so. Otherwise, as mentioned above, Entitled Shareholders who do not make any election as to the Scheme Consideration will by default receive the Cash Consideration. In proposing the Scheme, the Offeror's intention is that, subject to the requisite majority shareholder approval being obtained and the Scheme becoming effective, the Company shall be delisted and shall become a wholly-owned subsidiary of the Offeror, which gives the Offeror greater control over the Company as opposed to a general offer wherein there may be a considerable number of minority shareholders remaining in the Company.

4.2 Conditions Precedent

The Scheme is conditional upon the satisfaction (or where applicable, waiver) of the Conditions Precedent, as set out in **paragraph 3.3 of Appendix 1** to the Scheme Document, by no later than the Long Stop Date.

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In the event any Conditions Precedent is not satisfied (or where applicable, waived) by the Long Stop Date, the Scheme will terminate (except for certain surviving provisions such as those relating to costs and expenses and governing law and arbitration) and there shall be no other liability on the part of either the Company or the Offeror.

Shareholders can refer to **paragraph 3.3 of Appendix 1** to the Scheme Document for details and status of the Conditions Precedent.

4.3 Expiry of Warrants

As at the Joint Announcement Date, there were 186,385,684 outstanding Warrants, and it was set out in the Joint Announcement that the Offeror would make a proposal to holders of Warrants such that in consideration of a Warrantholder not exercising his Warrants into Shares, not exercising any of his rights as a Warrantholder and surrendering his Warrants for cancellation, such Warrantholder would receive a nominal cash amount of S\$0.00001 for each Warrant. As at 26 May 2017, the Warrants have expired, and in view thereof, the abovementioned proposal is no longer applicable.

5. DELISTING

Upon the Scheme becoming effective and binding, all Shares (excluding treasury Shares) will be owned by the Offeror. An application was made to seek approval from the SGX-ST to delist the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms. The SGX-ST has on 11 July 2017 granted its in-principle approval that it has no objection to the Delisting, subject to: (a) compliance with the SGX-ST's listing requirements; (b) approval of the Scheme by a majority in number of Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority representing not less than three-fourths in value of the Shares voted at the Scheme Meeting, with the Offeror Concert Group abstaining; and (c) sanction of the Scheme by the Court.

The in-principle approval of SGX-ST to the Delisting is not to be taken as an indication of the merits of the Scheme, the Delisting, the Company, its subsidiaries and/or their securities.

SHAREHOLDERS SHOULD THEREFORE NOTE THAT BY VOTING IN FAVOUR OF THE SCHEME, AND UPON THE SCHEME BECOMING EFFECTIVE AND BINDING, THE SHARES WILL BE DELISTED FROM THE SGX-ST.

6. RATIONALE FOR THE ACQUISITION AND THE OFFEROR'S INTENTIONS FOR THE COMPANY

6.1 Rationale for the Acquisition

The Acquisition and privatisation of the Company would provide the Offeror and key management with greater flexibility to manage and develop the existing businesses of the Group without the attendant cost, regulatory restrictions and compliance issues associated with its listed status on the SGX-ST.

The Company has over time, developed increasing investment in the infrastructure business by investing in assets in the water, power and asset management capabilities across South East Asia. Privatising the Company would enable fast tracking the group's growth strategically and opportunistically in this business, without having to be evaluated by short term impact from quarterly results.

The Company incurs additional compliance and associated costs in maintaining the Company's listing status. As a non-listed entity, the Group will be able to (a) achieve cost-savings by dispensing with costs associated with complying with the SGX-ST listing requirements and other regulatory requirements as well as human resources that have to be committed for such compliance; and (b) focus its resources on its business operations.

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6.2 Intentions for the Company

The Offeror intends to delist the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding. The Offeror believes that the privatisation of the Company would provide greater flexibility to the Offeror and key management to promote greater efficiency and competitiveness through changes in strategy or investments.

The Offeror intends to conduct a review of the Group's businesses subsequent to the Acquisition. Pending the aforesaid and save as announced by the Company, the Offeror has no current intention of (a) making material changes to the Group's existing business, (b) re-deploying the Group's fixed assets, or (c) discontinuing the employment of the employees of the Group, other than in the ordinary course of business. However, 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.

6.3 Opportunity for Shareholders to realise their Investment

The Acquisition also represents an opportunity for Shareholders to realise their investments in Shares.

The Cash Consideration represents a premium of 4.9%, 9.1%, 12.0% and 13.8%, respectively, over the 12-month, six-month, three-month and one-month VWAP of the Shares for the periods leading up to and including the Last Market Day. The Cash Consideration also represents a premium of approximately 12.6% to the last transacted price per Share on the SGX-ST on 24 March 2017, being the last market day on which the Shares were traded on the SGX-ST prior to the Joint Announcement Date, taking into account the trading halt (and extension thereof) of the Shares from 27 March 2017 to 31 March 2017.

7. GENERAL AND FINANCIAL INFORMATION RELATING TO THE COMPANY

7.1 Material Changes in the Financial Position of the Company

Save for the information of the Company which is publicly available (including, without limitation, its financial statements and announcements which are released by the Company on the SGXNET) and save as disclosed in the Scheme Document, there has not been, within the knowledge of the Offeror, any material change in the financial position or prospects of the Group since 31 May 2016.

7.2 Transfer Restrictions

The constitution of the Company does not contain any restrictions on the right to transfer the Shares, which has the effect of requiring holders of Shares, before transferring them, to offer them for purchase to members of the Company or to any person.

7.3 Additional Information

Additional general information in relation to the Company is set out in **Appendix 6** to the Scheme Document.

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8. GENERAL AND FINANCIAL INFORMATION RELATING TO THE OFFEROR

8.1 Directors of the Offeror

The name, address and designation of the sole director of the Offeror as at the Latest Practicable Date are as follows:

Name	Address	Designation
Phua Chian Kin	25 Bukit Batok Street 22 TEE Building Singapore 659591	Sole Director

8.2 Principal Activities

The Offeror is an investment holding company incorporated in the British Virgin Islands on 28 December 2016 and is wholly-owned by Mr Phua Chian Kin.

8.3 Share Capital

As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of US\$1.00, comprising 1 ordinary share, which is held by Mr Phua Chian Kin.

8.4 Summary of Financial Performance

As the Offeror is an investment holding company which has not carried on any business since its incorporation, no audited or unaudited financial statements of the Offeror have been prepared since the date of its incorporation as at the Latest Practicable Date.

9. CONFIRMATION OF FINANCIAL RESOURCES

The Offeror's Financial Adviser has confirmed that sufficient financial resources are available to the Offeror to satisfy in full the aggregate Cash Consideration payable by the Offeror for all the Shares to be acquired by it under the Scheme in the event all Shareholders (other than the Undertaking Shareholders) elect the Cash Consideration.

10. SPECIAL ARRANGEMENTS

10.1 Agreement having any Connection with or Dependence upon the Scheme

As at the Latest Practicable Date, save for the Implementation Agreement and the Undertakings, there is no agreement, arrangement or understanding between (a) the Offeror Concert Group and (b) any of the current or recent directors of the Company or any of the current or recent Shareholders or any other person having any connection with, or dependence or conditionality upon, the Scheme or its outcome.

10.2 Transfer of Shares

As at the Latest Practicable Date, there is no agreement, arrangement or understanding whereby any of the Shares acquired by the Offeror pursuant to the Scheme will be transferred to any other person.

10.3 Payment or Benefit to Directors of the Company

As at the Latest Practicable Date, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any director of the Company or of any of its related corporations as compensation for loss of office or otherwise in connection with the Scheme.

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LETTER FROM OFFEROR TO SHAREHOLDERS

11. DISCLOSURE OF HOLDINGS AND DEALINGS

11.1 Holdings

Save as disclosed in the Scheme Document and in this paragraph 11.1, as at the Latest Practicable Date, none of the Offeror Concert Group and their respective directors owns, controls or has agreed (other than pursuant to the Implementation Agreement) to acquire any Shares or Company Convertible Securities.

Name	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Offeror Director				
Phua Chian Kin ⁽²⁾	282,054,456	56.19	17,423,004	3.47
The Offeror				
	–	–	–	–
Other Parties Acting or Deemed to be Acting in Concert				
Phua Boon Kin ⁽³⁾	105,172	0.02	–	–
Tay Kuek Lee ⁽⁴⁾	10,742,080	2.14	–	–
4 P Investments Pte. Ltd. ⁽⁵⁾	6,680,924	1.33	–	–
Phua Joo Khing ⁽³⁾	501,066	0.10	–	–
Phua Yang Khing ⁽³⁾	624,518	0.12	–	–
Phua Cher Chuan ⁽⁶⁾	3,864	nm ⁽⁸⁾	–	–
Phua Cher Chew ⁽⁶⁾	666,556	0.13	–	–
Phua Lee Tiang ⁽⁷⁾	5,060	nm ⁽⁸⁾	–	–
<i>Total:</i>	<i>301,383,696</i>	<i>60.04</i>	<i>17,423,004</i>	<i>3.47</i>

Notes:

- (1) Based on 501,952,639 issued Shares (excluding 1,270,400 treasury Shares) as at the Latest Practicable Date.
- (2) Mr. Phua Chian Kin is deemed to have an interest in the 17,423,004 Shares held by his spouse, Mdm. Tay Kuek Lee and 4 P Investments Pte. Ltd., of which he is a shareholder. A total of 265,682,254 Shares held by Mr. Phua Chian Kin are registered in the name of Hong Leong Finance Nominees Pte Ltd, CIMB Securities (Singapore) Pte Ltd, SBS Nominees Pte Ltd, Phillip Securities Pte Ltd, OCBC Securities Private Limited and RHB Securities Singapore Pte Ltd and KGI Fraser Securities Pte Ltd, which include Shares which are charged in favour of such financial institutions for subsisting credit facilities in the ordinary course.
- (3) Mr Phua Joo Khing, Mr Phua Yang Khing and Mr Phua Boon Kin are the brothers of Mr Phua Chian Kin, the sole director and sole shareholder of the Offeror, and as such are deemed to be acting in concert with the Offeror.
- (4) Mdm Tay Kuek Lee is the spouse of Mr Phua Chian Kin, the sole director and sole shareholder of the Offeror, and as such is deemed to be acting in concert with the Offeror.
- (5) 4 P Investments Pte. Ltd. is a company effectively controlled by Mr Phua Chian Kin, the sole director and sole shareholder of the Offeror, and as such is deemed to be acting in concert with the Offeror.
- (6) Mr Phua Cher Chuan and Mr Phua Cher Chew are the sons of Mr Phua Yang Khing and the nephews of Mr Phua Chian Kin, the sole director and sole shareholder of the Offeror, and as such are deemed to be acting in concert with the Offeror.
- (7) Ms Phua Lee Tiang is the daughter of Mr Phua Yang Khing and the niece of Mr Phua Chian Kin, the sole director and sole shareholder of the Offeror, and as such is deemed to be acting in concert with the Offeror.
- (8) Not meaningful.

11.2 Other Disclosures

Save as disclosed in the Scheme Document, none of the Offeror Concert Group nor their respective directors, during the period commencing three months prior to the Joint Announcement Date and ending on the Latest Practicable Date:

- (a) owns, controls or has agreed (other than pursuant to the Implementation Agreement) to acquire any Shares or Company Convertible Securities;

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LETTER FROM OFFEROR TO SHAREHOLDERS

- (b) has dealt for value in any Shares or Company Convertible Securities;
- (c) save for the Undertakings, has received any irrevocable undertaking from any party in connection with the approval and/or implementation of the Scheme at the Scheme Meeting;
- (d) save for the Undertakings, 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 Shares or the Company Convertible Securities which may be an inducement to deal or refrain from dealing in the same; and
- (e) has granted any security interest relating to any Shares or Company Convertible Securities to another person, whether through a charge, pledge or otherwise, borrowed any Shares or Company Convertible Securities from another person (excluding borrowed Shares or Company Convertible Securities which have been on-lent or sold), or lent any Shares or Company Convertible Securities to another person.

12. IMPLEMENTATION OF THE SCHEME

12.1 Implementation, Settlement and Registration Procedures

Details of the procedures for implementation of the Scheme are set out in **paragraph 12** of the Explanatory Statement, and details of the settlement and registration procedures of the Scheme are set out in **paragraph 14** of the Explanatory Statement.

12.2 Election

In particular, details of the procedures for election by Entitled Shareholders whether to receive the Scheme Consideration in the form of the Cash Consideration or Offeror Shares are set out in **paragraph 12.2** of the Explanatory Statement.

13. MARKET QUOTATIONS

13.1 Closing Prices

The following table sets out the closing prices of Shares on the SGX-ST (as reported by Bloomberg) on (a) the Latest Practicable Date, (b) 24 March 2017, being the Last Market Day, and (c) the last Market Day of each month from October 2016 to March 2017 (being six months preceding the Joint Announcement Date) and the corresponding premium based on the Scheme Consideration:

Date	Closing Price (S\$)	Premium (%)
6 July 2017 (Latest Practicable Date)	0.205	4.9
24 March 2017 (Last Market Day)	0.191	12.6
March 2017	0.191	12.6
February 2017	0.190	13.2
January 2017	0.186	15.6
December 2016	0.195	10.3
November 2016	0.205	4.9
October 2016	0.205	4.9

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13.2 Highest and Lowest Prices

The highest and lowest closing prices of Shares on the SGX-ST (as reported by Bloomberg) during the period commencing six months prior to the Joint Announcement Date and ending on the Latest Practicable Date and the corresponding premium based on the Scheme Consideration are as follows:

	Closing Price (S\$)	Date(s)	Premium (%)
Highest closing price	0.215	3, 4, 5, 6, 7, 10,11, 12, 13, 17 and 28 October 2016, 4, 7, 21 and 28 April 2017, 15, 16, 17, 18, 19, 22 and 24 May 2017, 19, 20, 21, 27, 28, 29 and 30 June 2017 and 3 July 2017	0
Lowest closing price	0.185	27 December 2016 and 15 March 2017	16.2

14. CONSENT

The Offeror's Financial Adviser has given and has not withdrawn its written consent to the issue of this letter with the inclusion herein of its name and all references to its name in the form and context in which it appears in this letter.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Please refer to **paragraph 14 of Appendix 6** to the Scheme Document for the list of documents available for inspection by Shareholders.

16. RESPONSIBILITY STATEMENT

The sole director of the Offeror accepts full responsibility for the accuracy of the information given in this letter (other than any information relating to or opinions expressed by the Group and/or the IFA) and confirm after making all reasonable enquiries that, to the best of his knowledge and belief, this letter constitutes full and true disclosure of all material facts about the Acquisition and the Scheme, and the sole director is not aware of any facts the omission of which would make any statement in this letter misleading. Where information in this letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the sole director of the Offeror has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from such sources and/or reproduced in this letter in its proper form and context.

The information in this letter is a summary of the Scheme, and must be read together with the full information contained in the Scheme Document.

Yours faithfully
For and on behalf of
Oscar Investment Private Limited

Phua Chian Kin
Director

APPENDIX 3
MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE OFFEROR

BC No.



TERRITORY OF THE BRITISH VIRGIN ISLANDS
BVI BUSINESS COMPANIES ACT, 2004

MEMORANDUM AND ARTICLES OF ASSOCIATION OF

Oscar Investment Private Limited

INCORPORATED 28 December 2016



TMF (B.V.I.) Ltd.
Palm Grove House, P. O. Box 438
Road Town, Tortola, VG 1110
British Virgin Islands

APPENDIX 3
MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE OFFEROR

Company Number: 1932572

Oscar Investment Private Limited


CERTIFIED COPY OF EXTRACT OF RESOLUTION
ADOPTED BY THE SOLE MEMBER PURSUANT TO
THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF
THE COMPANY ON THE 21ST DAY OF MARCH 2017

AMENDMENT TO MEMORANDUM OF ASSOCIATION

RESOLVED THAT Clause 7.1 of the Memorandum of Association of the Company be deleted in their entirety and the following be substituted in lieu thereof:

7.1. The Company is authorised to issue a maximum of 600,000,000 no par value Shares of a single class.

Dated this 24th day of March, 2017



Vistra (BVI) Limited
Registered Agent

(Resolution dated 21st March, 2017 was filed on 24th March, 2017)

APPENDIX 3
MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE OFFEROR

TERRITORY OF THE BRITISH VIRGIN ISLANDS
THE BVI BUSINESS COMPANIES ACT 2004

MEMORANDUM OF ASSOCIATION

OF

Oscar Investment Private Limited

A COMPANY LIMITED BY SHARES

1. DEFINITIONS AND INTERPRETATION

- 1.1. In this Memorandum of Association and the attached Articles of Association, if not inconsistent with the subject or context:

"Act" means the BVI Business Companies Act (No. 16 of 2004) and includes the BVI Business Companies Regulations, 2012 and any other regulations made under the Act;

"Articles" means the Company's articles of association (attached to this Memorandum), and **"Article"** shall be construed accordingly;

Chairman of the Board" has the meaning specified in Regulation 12;

"Distribution" in relation to a distribution by the Company means the direct or indirect transfer of an asset, other than Shares, to or for the benefit of the Shareholder in relation to Shares held by a Shareholder, and whether by means of a purchase of an asset, the redemption or other acquisition of Shares, a distribution of indebtedness or otherwise, and includes a dividend;

"Eligible Person" means individuals, corporations, trusts, the estates of deceased individuals, partnerships and unincorporated associations of persons;

"Memorandum" means this memorandum of association of the Company;

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MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE OFFEROR

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"person" includes individuals, corporations, trusts, the estates of deceased individuals, partnerships and unincorporated associations of persons;

"Registrar" means the Registrar of Corporate Affairs in the British Virgin Islands, appointed under the Act;

"Resolution of Directors" means either:

- (a) a resolution approved at a duly convened and constituted meeting of directors of the Company or of a committee of directors of the Company by the affirmative vote of a majority of the directors present at the meeting who voted except that where a director is given more than one vote, he shall be counted by the number of votes he casts for the purpose of establishing a majority; or
- (b) a resolution consented to in writing by a majority of directors or by a majority of members of a committee of directors of the Company, as the case may be;

"Resolution of Shareholders" means either:

- (a) a resolution approved at a duly convened and constituted meeting of the Shareholders of the Company by the affirmative vote of a majority of the votes of the Shares entitled to vote thereon which were present at the meeting and were voted; or
- (b) a resolution consented to in writing by a majority of the votes of Shares entitled to vote thereon;

"Seal" means any seal which has been duly adopted as the common seal of the Company, and shall include reference to an electronic seal which satisfies the requirements of the Electronic Transactions Act, 2001;

"Securities" means Shares and debt obligations of every kind of the Company, and including without limitation options, warrants and rights to acquire shares or debt obligations;

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MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE OFFEROR

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"Share" means a share issued or to be issued by the Company;

"Shareholder" means an Eligible Person whose name is entered in the register of members of the Company as the holder of one or more Shares or fractional Shares;

"Treasury Share" means a Share that was previously issued but was repurchased, redeemed or otherwise acquired by the Company and not cancelled; and

"written" or any term of like import includes all forms of writing, including all electronic records which satisfy the requirements of the Electronic Transactions Act, 2001, including (but not limited to) information generated, sent, received or stored by electronic, electrical, digital, magnetic, optical, electromagnetic, biometric or photonic means, including electronic data interchange, electronic mail, telegram, telex or telecopy, and "in writing" shall be construed accordingly.

- 1.2. In the Memorandum and the Articles, unless the context otherwise requires a reference to:
- (a) a **"Regulation"** or **"Sub-Regulation"** is a reference to a regulation or sub-regulation of the Articles;
 - (b) a **"Clause"** is a reference to a clause of the Memorandum;
 - (c) voting by Shareholders is a reference to the casting of the votes attached to the Shares held by the Shareholder voting;
 - (d) reference to a thing being **"signed"** or to a person's **"signature"** shall include reference to an electronic signature which satisfies the requirements of the Electronic Transactions Act, 2001;
 - (e) the Act, the Memorandum or the Articles is a reference to the Act or those documents as amended from time to time or, in the case of the Act any re-enactment thereof; and
 - (f) the singular includes the plural and vice versa, the masculine shall include the feminine and the neuter and references to persons shall include corporations, companies and all entities capable of having a legal existence.

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MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE OFFEROR

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- 1.3. Any words or expressions defined in the Act shall have the same meaning in the Memorandum and Articles and unless otherwise required by the context or unless otherwise defined in this Memorandum or the Articles.
- 1.4. Where a period of time is expressed as a number of days, the days on which the period begins and ends are not included in the computation of the number of days.
- 1.5. Any reference to a "month" shall be construed as a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month and a reference to a period of several months shall be construed accordingly.
- 1.6. Headings are inserted for convenience only and shall be disregarded in the construction of or the interpretation of the Memorandum and Articles.
- 1.7. Reference to a provision of law is a reference to that provision as extended, applied, amended or re-enacted and includes any subordinate legislation.
- 2. NAME**
- 2.1 The name of the Company is Oscar Investment Private Limited.
- 2.2 The directors or shareholders may from time to time change the Company's name by Resolution of Directors or Resolution of Shareholders. The directors shall give notice of such resolution to the registered agent of the Company, and authorise and instruct the registered agent to file an application for change of name with the Registrar, and any such change will take effect from the date of the certificate of change of name issued by the Registrar.
- 3. STATUS**
- 3.1. The Company is a company limited by shares.
- 3.2. The liability of each Shareholder is limited to:
- (a) the amount from time to time unpaid on that Shareholder's shares;
 - (b) any liability expressly provided for in the Memorandum or the Articles; and

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MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE OFFEROR

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(c) any liability to repay a distribution pursuant to section 58(1) of the Act.

4. REGISTERED AGENT

4.1 The first registered agent of the Company is TMF (B.V.I.) Ltd. of Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

4.2 The directors or Shareholders may from time to time change the Company's registered agent by Resolution of Directors or Resolution of Shareholders. The directors shall give notice of such resolution to the registered agent of the Company (meaning the existing registered agent), and authorise and instruct the registered agent to file a notice of change of registered agent with the Registrar, and any such change of registered agent will take effect from the date of the registration by the Registrar of such notice.

5. REGISTERED OFFICE

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

5.2 The directors or Shareholders may from time to time change the Company's registered office by Resolution of Directors or Resolution of Shareholders, provided that the Company's registered office shall at all times be the office of the registered agent. The directors shall give notice of such resolution to the registered agent of the Company, and authorise and instruct the registered agent to file a notice of change of registered office with the Registrar, and any such change of registered office will take effect from the date of the registration by the Registrar of such notice.

6. CAPACITY AND POWERS

6.1 Subject to the Act and any other British Virgin Islands legislation, the Company has, irrespective of corporate benefit:

- (a) full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and
- (b) for the purposes of paragraph (a), full rights, powers and privileges.

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MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE OFFEROR

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6.2. For the purposes of section 9(4) of the Act, there are no limitations on the business that the Company may carry on.

7. NUMBER AND CLASSES OF SHARES

7.1 The Company is authorised to issue a maximum of 50,000 no par value Shares of a single class.

7.2 The Company may issue fractional Shares and a fractional Share shall have the corresponding fractional rights, obligations and liabilities of a whole share of the same class or series of shares.

7.3 The Company may issue a class of Shares in one or more series. The division of a class of Shares into one or more series and the designation to be made to each series shall be determined by the directors from time to time.

8. RIGHTS CONFERRED BY SHARES

8.1 Each Share in the Company confers upon the Shareholder:

- (a) the right to one vote on any Resolution of Shareholders;
- (b) the right to an equal share in any dividend paid by the Company; and
- (c) the right to an equal share in the distribution of the surplus assets of the Company on its liquidation.

8.2 The directors may at their discretion by Resolution of Directors redeem, purchase or otherwise acquire all or any of the Shares in the Company subject to Regulation 3 of the Articles.

9. VARIATION OF RIGHTS

The rights conferred upon the holders of the Shares of any class may only be varied, whether or not the Company is in liquidation, with the consent in writing of the holders of a majority of the Issued Shares of that class or by a resolution approved at a duly convened

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MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE OFFEROR

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and constituted meeting of the Shares of that class by the affirmative vote of a majority of the votes of the Shares of that class which were present at the meeting and were voted.

10. RIGHTS NOT VARIED BY THE ISSUE OF SHARES PARI PASSU

The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

11. REGISTERED SHARES

11.1 The Company shall issue registered shares only.

11.2 The Company is not authorised to issue bearer shares, convert registered shares to bearer shares or exchange registered shares for bearer shares.

12. TRANSFER OF SHARES

12.1 The Company shall, on receipt of an instrument of transfer complying with Sub-Regulation 6.1 of the Articles, enter the name of the transferee of a Share in the register of members unless the directors resolve to refuse or delay the registration of the transfer for reasons that shall be specified in a Resolution of Directors.

12.2 The directors may not resolve to refuse or delay the transfer of a Share unless the Shareholder has failed to pay an amount due in respect of the Share.

13. AMENDMENT OF MEMORANDUM AND ARTICLES

13.1 Subject to Clause 9, the Company may amend its Memorandum or Articles by a Resolution of Shareholders or by a Resolution of Directors, save that no amendment may be made by a Resolution of Directors:

- (a) to restrict the rights or powers of the Shareholders to amend the Memorandum or Articles; or

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MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE OFFEROR

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- (b) to change the percentage of Shareholders required to pass a Resolution of Shareholders to amend the Memorandum or Articles; or
- (c) in circumstances where the Memorandum or Articles cannot be amended by the Shareholders; or
- (d) to Clauses 8, 9, 10 or this Clause 13.

13.2 Any amendment of this Memorandum or the Articles will take effect from the date that the notice of amendment, or restated Memorandum and Articles incorporating the amendment, is registered by the Registrar or from such other date as determined pursuant to the Act.

We, TMF (B.V.I.) Ltd. of Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands for the purpose of incorporating a BVI Business Company under the laws of the British Virgin Islands hereby sign this Memorandum of Association this 28th day of December 2016.

Incorporator


.....

Nichola Dunkley
Authorised Signatory
TMF (B.V.I.) Ltd.

APPENDIX 3
MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE OFFEROR

TERRITORY OF THE BRITISH VIRGIN ISLANDS
THE BVI BUSINESS COMPANIES ACT 2004

ARTICLES OF ASSOCIATION
OF
Oscar Investment Private Limited
A COMPANY LIMITED BY SHARES

1. REGISTERED SHARES

- 1.1. Every Shareholder is entitled to a certificate signed by a director of the Company or under the Seal specifying the number of Shares held by him and the signature of the director and the Seal may be facsimiles.
- 1.2. Any Shareholder receiving a certificate shall indemnify and hold the Company and its directors and officers harmless from any loss or liability which it or they may incur by reason of any wrongful or fraudulent use or representation made by any person by virtue of the possession thereof. If a certificate for Shares is worn out or lost it may be renewed on production of the worn out certificate or on satisfactory proof of its loss together with such indemnity as may be required by a Resolution of Directors.
- 1.3. If several Eligible Persons are registered as joint holders of any Shares, any one of such Eligible Persons may give an effectual receipt for any Distribution.

2. SHARES

- 2.1. Shares and other Securities may be issued at such times, to such Eligible Persons, for such consideration and on such terms as the directors may by Resolution of Directors determine.
- 2.2. Section 46 of the Act (*Pre-emptive rights*) does not apply to the Company.
- 2.3. A Share may be issued for consideration in any form, including money, a promissory note, or other written obligation to contribute money or property, real property, personal property (including goodwill and knowhow), services rendered or a contract for future services.
- 2.4. No Shares may be issued for a consideration other than money, unless a Resolution of Directors has been passed stating:
 - (a) the amount to be credited for the issue of the Shares;
 - (b) their determination of the reasonable present cash value of the non-money consideration for the issue; and

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- (c) that, in their opinion, the present cash value of the non-money consideration for the issue is not less than the amount to be credited for the issue of the Shares.
- 2.5. The Company shall keep a register (the “register of members”) containing:
- (a) the names and addresses of the Eligible Persons who hold Shares;
 - (b) the number of each class and series of Shares held by each Shareholder;
 - (c) the date on which the name of each Shareholder was entered in the register of members; and
 - (d) the date on which any Eligible Person ceased to be a Shareholder.
- 2.6. The register of members may be in any such form as the directors may approve, but if it is in magnetic, electronic or other data storage form, the Company must be able to produce legible evidence of its contents. Until the directors otherwise determine, the magnetic, electronic or other data storage form shall be the original register of members.
- 2.7. A Share is deemed to be issued when the name of the Shareholder is entered in the register of members.
- 3. REDEMPTION OF SHARES AND TREASURY SHARES**
- 3.1. The Company may purchase, redeem or otherwise acquire and hold its own Shares save that the Company may not purchase, redeem or otherwise acquire its own Shares without the consent of Shareholders whose Shares are to be purchased, redeemed or otherwise acquired unless the Company is permitted by the Act or any other provision in the Memorandum or Articles to purchase, redeem or otherwise acquire the Shares without their consent.
- 3.2. The Company may only offer to purchase, redeem or otherwise acquire Shares if the Resolution of Directors authorising the purchase, redemption or other acquisition contains a statement that the directors are satisfied, on reasonable grounds, that immediately after the acquisition the value of the Company’s assets will exceed its liabilities and the Company will be able to pay its debts as they fall due.
- 3.3. Sections 60 (*Process for acquisition of own shares*), 61 (*Offer to one or more shareholders*) and 62 (*Shares redeemed otherwise than at the option of company*) of the Act shall not apply to the Company.
- 3.4. Shares that the Company purchases, redeems or otherwise acquires may be cancelled or held as Treasury Shares provided that the number of Shares purchased, redeemed or otherwise acquired and held as Treasury Shares, when aggregated with shares of the same class already held by the company as Treasury Shares, may not exceed 50% of the Shares of that class previously issued by the Company, excluding Shares that have been cancelled. Shares which have been cancelled shall be available for reissue.
- 3.5. All rights and obligations attaching to a Treasury Share are suspended and shall not be exercised by the Company while it holds the Share as a Treasury Share.

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3.6. Treasury Shares may be transferred or disposed of by the Company on such terms and conditions (not otherwise inconsistent with the Memorandum and Articles) as the Company may by Resolution of Directors determine.

3.7. Where Shares are held by another body corporate of which the Company holds, directly or indirectly, shares having more than 50 per cent of the votes in the election of directors of the other body corporate, all rights and obligations attaching to the Shares held by the other body corporate are suspended and shall not be exercised by the other body corporate.

4. MORTGAGES AND CHARGES OF SHARES

4.1. Shareholders may mortgage or charge their Shares.

4.2. There shall be entered in the register of members at the written request of the Shareholder:

- (a) a statement that the Shares held by him are mortgaged or charged;
- (b) the name of the mortgagee or chargee; and
- (c) the date on which the particulars specified in subparagraphs (a) and (b) are entered in the register of members.

4.3. Where particulars of a mortgage or charge are entered in the register of members, such particulars may be cancelled:

- (a) with the written consent of the named mortgagee or chargee or anyone authorised to act on his behalf; or
- (b) upon evidence satisfactory to the directors of the discharge of the liability secured by the mortgage or charge and the issue of such indemnities as the directors shall consider necessary or desirable.

4.4. Whilst particulars of a mortgage or charge over Shares are entered in the register of members pursuant to this Regulation:

- (a) no transfer of any Share the subject of those particulars shall be effected;
- (b) the Company may not purchase, redeem or otherwise acquire any such Share; and
- (c) no replacement certificate shall be issued in respect of such Shares,

without the written consent of the named mortgagee or chargee.

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5. FORFEITURE

- 5.1. Shares that are not fully paid on issue are subject to the forfeiture provisions set forth in this Regulation and for this purpose Shares issued for a promissory note or a contract for future services are deemed to be not fully paid.
- 5.2. A written notice of call specifying the date for payment to be made shall be served on the Shareholder who defaults in making payment in respect of the Shares.
- 5.3. The written notice of call referred to in Sub-Regulation 5.2 shall name a further date not earlier than the expiration of 14 days from the date of service of the notice on or before which the payment required by the notice is to be made and shall contain a statement that in the event of non-payment at or before the time named in the notice the Shares, or any of them, in respect of which payment is not made will be liable to be forfeited.
- 5.4. Where a written notice of call has been issued pursuant to Sub-Regulation 5.3 and the requirements of the notice have not been complied with, the directors may, at any time before tender of payment, forfeit and cancel the Shares to which the notice relates.
- 5.5. The Company is under no obligation to refund any moneys to the Shareholder whose Shares have been cancelled pursuant to Sub-Regulation 5.4 and that Shareholder shall be discharged from any further obligation to the Company.

6. TRANSFER OF SHARES

- 6.1. Shares may be transferred by a written instrument of transfer signed by the transferor and containing the name and address of the transferee, which shall be sent to the Company at the office of its registered agent for registration.
- 6.2. The transfer of a Share is effective when the name of the transferee is entered on the register of members.
- 6.3. If the directors of the Company are satisfied that an instrument of transfer relating to Shares has been signed but that the instrument has been lost or destroyed, they may resolve by Resolution of Directors:
- (a) to accept such evidence of the transfer of Shares as they consider appropriate; and
 - (b) that the transferee's name should be entered in the register of members notwithstanding the absence of the instrument of transfer.
- 6.4. Subject to the Memorandum, the personal representative of a deceased Shareholder may transfer a Share even though the personal representative is not a Shareholder at the time of the transfer.

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7. MEETINGS AND CONSENTS OF SHAREHOLDERS

- 7.1. Any director of the Company may convene meetings of the Shareholders at such times and in such manner and places within or outside the British Virgin Islands as the director considers necessary or desirable.
- 7.2. Upon the written request of Shareholders entitled to exercise 30 per cent or more of the voting rights in respect of the matter for which the meeting is requested the directors shall convene a meeting of Shareholders.
- 7.3. The director convening a meeting shall give not less than 7 days' notice of a meeting of Shareholders to:
- (a) those Shareholders whose names on the date the notice is given appear as Shareholders in the register of members of the Company and are entitled to vote at the meeting; and
 - (b) the other directors.
- 7.4. The director convening a meeting of Shareholders may fix as the record date for determining those Shareholders that are entitled to vote at the meeting the date notice is given of the meeting, or such other date as may be specified in the notice, being a date not earlier than the date of the notice.
- 7.5. A meeting of Shareholders held in contravention of the requirement to give notice is valid if Shareholders holding at least 90 per cent of the total voting rights on all the matters to be considered at the meeting have waived notice of the meeting and, for this purpose, the presence of a Shareholder at the meeting shall constitute waiver in relation to all the Shares which that Shareholder holds.
- 7.6. The inadvertent failure of a director who convenes a meeting to give notice of a meeting to a Shareholder or another director, or the fact that a Shareholder or another director has not received notice, does not invalidate the meeting.
- 7.7. A Shareholder may be represented at a meeting of Shareholders by a proxy who may speak and vote on behalf of the Shareholder.
- 7.8. The instrument appointing a proxy shall be produced at the place designated for the meeting before the time for holding the meeting at which the person named in such instrument proposes to vote. The notice of the meeting may specify an alternative or additional place or time at which the proxy shall be presented.
- 7.9. The instrument appointing a proxy shall be in substantially the following form or such other form as the chairman of the meeting shall accept as properly evidencing the wishes of the Shareholder appointing the proxy.

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[Name of Company]
I/We being a Shareholder of the above Company HEREBY APPOINT of or failing him of to be my/our proxy to vote for me/us at the meeting of Shareholders to be held on the day of, 20..... and at any adjournment thereof.
(Any restrictions on voting to be inserted here.)
Signed this day of, 20.....
.....
Shareholder

- 7.10. The following applies where Shares are jointly owned:
- (a) if two or more persons hold Shares jointly each of them may be present in person or by proxy at a meeting of Shareholders and may speak as a Shareholder;
 - (b) if only one of the joint owners is present in person or by proxy he may vote on behalf of all joint owners; and
 - (c) If two or more of the joint owners are present in person or by proxy they must vote as one.
- 7.11. A Shareholder shall be deemed to be present at a meeting of Shareholders if he participates by telephone or other electronic means and all Shareholders participating in the meeting are able to hear each other.
- 7.12. A meeting of Shareholders is duly constituted if, at the commencement of the meeting, there are present in person or by proxy not less than 50 per cent of the votes of the Shares or class or series of Shares entitled to vote on Resolutions of Shareholders to be considered at the meeting. A quorum may comprise a single Shareholder or proxy and then such person may pass a Resolution of Shareholders and a certificate signed by such person accompanied where such person be a proxy by a copy of the proxy instrument shall constitute a valid Resolution of Shareholders.
- 7.13. If within two hours from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Shareholders, shall be dissolved; in any other case it shall stand adjourned to the next business day in the jurisdiction in which the meeting was to have been held at the same time and place or to such other time and place as the directors may determine, and if at the adjourned meeting there are present within one hour from the time appointed for the meeting in person or by proxy not less than one third of the votes of the Shares or each class or series of Shares entitled to vote on the matters to be considered by the meeting, those present shall constitute a quorum but otherwise the meeting shall be dissolved.
- 7.14. At every meeting of Shareholders, the Chairman of the Board shall preside as chairman of the meeting. If there is no Chairman of the Board or if the Chairman of the Board is not present at the meeting, the

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Shareholders present shall choose one of their number to be the chairman. If the Shareholders are unable to choose a chairman for any reason, then the person representing the greatest number of voting Shares present in person or by proxy at the meeting shall preside as chairman failing which the oldest individual Shareholder or representative of a Shareholder present shall take the chair.

- 7.15. The chairman may, with the consent of the meeting, adjourn any meeting from time to time, and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- 7.16. At any meeting of the Shareholders the chairman is responsible for deciding in such manner as he considers appropriate whether any resolution proposed has been carried or not and the result of his decision shall be announced to the meeting and recorded in the minutes of the meeting. If the chairman has any doubt as to the outcome of the vote on a proposed resolution, he shall cause a poll to be taken of all votes cast upon such resolution. If the chairman fails to take a poll then any Shareholder present in person or by proxy who disputes the announcement by the chairman of the result of any vote may immediately following such announcement demand that a poll be taken and the chairman shall cause a poll to be taken. If a poll is taken at any meeting, the result shall be announced to the meeting and recorded in the minutes of the meeting.
- 7.17. Subject to the specific provisions contained in this Regulation for the appointment of representatives of Eligible Persons other than individuals the right of any individual to speak for or represent a Shareholder shall be determined by the law of the jurisdiction where, and by the documents by which, the Eligible Person is constituted or derives its existence. In case of doubt, the directors may in good faith seek legal advice from any qualified person and unless and until a court of competent jurisdiction shall otherwise rule, the directors may rely and act upon such advice without incurring any liability to any Shareholder or the Company.
- 7.18. Any Eligible Person other than an individual which is a Shareholder may by resolution of its directors or other governing body authorise such individual as it thinks fit to act as its representative at any meeting of Shareholders or of any class of Shareholders, and the individual so authorised shall be entitled to exercise the same rights on behalf of the Eligible Person which he represents as that Eligible Person could exercise if it were an individual.
- 7.19. The chairman of any meeting at which a vote is cast by proxy or on behalf of any Eligible Person other than an individual may call for a notarially certified copy of such proxy or authority which shall be produced within 7 days of being so requested or the votes cast by such proxy or on behalf of such Eligible Person shall be disregarded.
- 7.20. Directors of the Company may attend and speak at any meeting of Shareholders and at any separate meeting of the holders of any class or series of Shares.
- 7.21. An action that may be taken by the Shareholders at a meeting may also be taken by a Resolution of Shareholders consented to in writing by a majority of the votes of Shares entitled to vote and voting thereon, without the need for any notice, but if any Resolution of Shareholders is adopted otherwise than by the unanimous written consent of all Shareholders, a copy of such resolution shall forthwith be

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sent to all Shareholders not consenting to such resolution. The consent may be in the form of counterparts, each counterpart being signed by one or more Shareholders. If the consent is in one or more counterparts, and the counterparts bear different dates, then the resolution shall take effect on the earliest date upon which Eligible Persons holding a sufficient number of votes of Shares to constitute a Resolution of Shareholders have consented to the resolution by signed counterparts.

8. DIRECTORS

- 8.1. The first directors of the Company shall be appointed by the first registered agent within 6 months of the date of incorporation of the Company; and thereafter, the directors shall be elected by Resolution of Shareholders or by Resolution of Directors. If, before the Company has any members, all of the directors appointed by the registered agent resign or die or otherwise cease to exist, the registered agent may appoint one or more further persons as directors of the Company.
- 8.2. No person shall be appointed as a director or alternate director, or nominated as a reserve director, of the Company unless he has consented in writing to be a director or alternate director, or to be nominated as a reserve director.
- 8.3. Subject to Sub-Regulation 8.1, the minimum number of directors shall be one and there shall be no maximum number.
- 8.4. Each director holds office for the term, if any, fixed by the Resolution of Shareholders or Resolution of Directors appointing him, or until his earlier death, resignation or removal. If no term is fixed on the appointment of a director, the director serves indefinitely until his earlier death, resignation or removal.
- 8.5. A director may be removed from office,
- (a) with or without cause, by a Resolution of Shareholders passed at a meeting of Shareholders called for the purposes of removing the director or for purposes including the removal of the director or by a written resolution passed by a least seventy five per cent of the Shareholders of the Company entitled to vote; or
 - (b) with cause, by a Resolution of Directors passed at a meeting of directors called for the purpose of removing the director or for purposes including the removal of the director.
- 8.6. A director may resign his office by giving written notice of his resignation to the Company and the resignation has effect from the date the notice is received by the Company at the office of its registered agent or from such later date as may be specified in the notice. A director shall resign forthwith as a director if he is, or becomes, disqualified from acting as a director under the Act.
- 8.7. The directors may at any time appoint any person to be a director either to fill a vacancy or as an addition to the existing directors. Where the directors appoint a person as director to fill a vacancy, the term shall not exceed the term that remained when the person who has ceased to be a director ceased to hold office.

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- 8.8. A vacancy in relation to directors occurs if a director dies or otherwise ceases to hold office prior to the expiration of his term of office.
- 8.9. Where the Company only has one Shareholder who is an individual and that Shareholder is also the sole director of the Company, the sole Shareholder/director may, by instrument in writing, nominate a person who is not disqualified from being a director of the Company as a reserve director of the Company to act in the place of the sole director in the event of his death.
- 8.10. The nomination of a person as a reserve director of the Company ceases to have effect if:
- (a) before the death of the sole Shareholder/director who nominated him,
 - (i) he resigns as reserve director, or
 - (ii) the sole Shareholder/director revokes the nomination in writing; or
 - (b) the sole Shareholder/director who nominated him ceases to be able to be the sole Shareholder/director of the Company for any reason other than his death.
- 8.11. The Company shall keep a register ("**register of directors**") containing:
- (a) the names and addresses of the persons who are directors of the Company or who have been nominated as reserve directors of the Company;
 - (b) the date on which each person whose name is entered in the register was appointed as a director, or nominated as a reserve director, of the Company;
 - (c) the date on which each person named as a director ceased to be a director of the Company;
 - (d) the date on which the nomination of any person nominated as a reserve director ceased to have effect; and
 - (e) such other information as may be prescribed by the Act.
- 8.12. The register of directors may be kept in any such form as the directors may approve, but if it is in magnetic, electronic or other data storage form, the Company must be able to produce legible evidence of its contents. Until a Resolution of Directors determining otherwise is passed, the magnetic, electronic or other data storage shall be the original register of directors.
- 8.13. The directors may, by a Resolution of Directors, fix the emoluments of directors with respect to services to be rendered in any capacity to the Company.
- 8.14. A director is not required to hold a Share as a qualification to office.

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9. POWERS OF DIRECTORS

- 9.1. The business and affairs of the Company shall be managed by, or under the direction or supervision of, the directors of the Company. The directors of the Company have all the powers necessary for managing, and for directing and supervising, the business and affairs of the Company. The directors may pay all expenses incurred preliminary to and in connection with the incorporation of the Company and may exercise all such powers of the Company as are not by the Act or by the Memorandum or the Articles required to be exercised by the Shareholders.
- 9.2. Each director shall exercise his powers for a proper purpose and shall not act or agree to the Company acting in a manner that contravenes the Memorandum, the Articles or the Act. Each director, in exercising his powers or performing his duties, shall act honestly and in good faith in what the director believes to be the best interests of the Company.
- 9.3. If the Company is the wholly owned subsidiary of a holding company, a director of the Company may, when exercising powers or performing duties as a director, act in a manner which he believes is in the best interests of the holding company even though it may not be in the best interests of the Company.
- 9.4. Any director which is a body corporate may appoint any individual as its duly authorised representative for the purpose of representing it at meetings of the directors, with respect to the signing of consents or otherwise.
- 9.5. The continuing directors may act notwithstanding any vacancy in their body.
- 9.6. The directors may by Resolution of Directors exercise all the powers of the Company to incur indebtedness, liabilities or obligations and to secure indebtedness, liabilities or obligations whether of the Company or of any third party.
- 9.7. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as shall from time to time be determined by Resolution of Directors.
- 9.8. For the purposes of Section 175 (Disposition of assets) of the Act, the directors may by Resolution of Directors determine that any sale, transfer, lease, exchange or other disposition is in the usual or regular course of the business carried on by the Company and such determination is, in the absence of fraud, conclusive.

10. PROCEEDINGS OF DIRECTORS

- 10.1. Any one director of the Company may call a meeting of the directors by sending a written notice to each other director.
- 10.2. The directors of the Company or any committee thereof may meet at such times and in such manner and places within or outside the British Virgin Islands as the directors may determine to be necessary or desirable.

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- 10.3. A director is deemed to be present at a meeting of directors if he participates by telephone or other electronic means and all directors participating in the meeting are able to hear each other.
- 10.4. A director shall be given not less than 3 days' notice of meetings of directors, but a meeting of directors held without 3 days' notice having been given to all directors shall be valid if all the directors entitled to vote at the meeting who do not attend waive notice of the meeting, and for this purpose the presence of a director at a meeting shall constitute waiver by that director. The inadvertent failure to give notice of a meeting to a director, or the fact that a director has not received the notice, does not invalidate the meeting.
- 10.5. A director may by a written instrument appoint an alternate who need not be a director and the alternate shall be entitled to attend meetings in the absence of the director who appointed him and to vote or consent in place of the director until the appointment lapses or is terminated.
- 10.6. The appointment and termination of an alternate director must be in writing, and written notice of the appointment and termination must be given by the appointing director to the Company as soon as reasonably practicable.
- 10.7. An alternate director has the same rights as the appointing director in relation to any directors' meeting and any written resolution circulated for written consent. An alternate director has no power to appoint a further alternate, whether of the appointing director or of the alternate director, and the alternate does not act as an agent of or for the appointing director.
- 10.8. The appointing director may, at any time, voluntarily terminate the alternate director's appointment. The voluntary termination of the appointment of an alternate shall take effect from the time when written notice of the termination is given to the Company. The rights of an alternate shall automatically terminate if the appointing director dies or otherwise ceases to hold office.
- 10.9. A meeting of directors is duly constituted for all purposes if at the commencement of the meeting there are present in person or by alternate not less than one-half of the total number of directors, unless there are only 2 directors in which case the quorum is 2.
- 10.10. If the Company has only one director the provisions herein contained for meetings of directors do not apply and such sole director has full power to represent and act for the Company in all matters as are not by the Act, the Memorandum or the Articles required to be exercised by the Shareholders. In lieu of minutes of a meeting the sole director shall record in writing and sign a note or memorandum of all matters requiring a Resolution of Directors. Such a note or memorandum constitutes sufficient evidence of such resolution for all purposes.
- 10.11. At meetings of directors at which the Chairman of the Board is present, he shall preside as chairman of the meeting. If there is no Chairman of the Board or if the Chairman of the Board is not present, the directors present shall choose one of their number to be chairman of the meeting.
- 10.12. An action that may be taken by the directors or a committee of directors at a meeting may also be taken by a Resolution of Directors or a resolution of a committee of directors consented to in writing by a majority of directors or by a majority of the members of the committee, as the case may be,

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without the need for any notice. The consent may be in the form of counterparts each counterpart being signed by one or more directors. If the consent is in one or more counterparts, and the counterparts bear different dates, then the resolution shall take effect on the date upon which the last director has consented to the resolution by signed counterparts.

11. COMMITTEES

- 11.1. The directors may, by Resolution of Directors, designate one or more committees, each consisting of one or more directors, and delegate one or more of their powers, including the power to affix the Seal, to the committee.
- 11.2. The directors have no power to delegate to a committee of directors any of the following powers to:
- (a) amend the Memorandum or the Articles; or
 - (b) designate committees of directors; or
 - (c) delegate powers to a committee of directors; or
 - (d) appoint or remove directors; or
 - (e) appoint or remove an agent; or
 - (f) approve a plan of merger, consolidation or arrangement; or
 - (g) make a declaration of solvency or to approve a liquidation plan; or
 - (h) make a determination that immediately after a proposed distribution the value of the Company's assets will exceed its liabilities and the Company will be able to pay its debts as they fall due.
- 11.3. A committee of directors, where authorised by the Resolution of Directors appointing such committee or by a subsequent Resolution of Directors, may appoint a sub-committee and delegate powers exercisable by the committee to the sub-committee.
- 11.4. The meetings and proceedings of each committee of directors consisting of 2 or more directors shall be governed *mutatis mutandis* by the provisions of the Articles regulating the proceedings of directors so far as the same are not superseded by any provisions in the Resolution of Directors establishing the committee.
- 11.5. Where the directors delegate their powers to a committee of directors they remain responsible for the exercise of that power by the committee, unless they believed on reasonable grounds at all times before the exercise of the power that the committee would exercise the power in conformity with the duties imposed on directors of the Company under the Act.

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12. OFFICERS AND AGENTS

- 12.1. The Company may by Resolution of Directors appoint officers of the Company at such times as may be considered necessary or expedient. Such officers may consist of a Chairman of the Board of Directors, a president and one or more vice-presidents, secretaries and treasurers and such other officers as may from time to time be considered necessary or expedient. Any number of offices may be held by the same person.
- 12.2. The officers shall perform such duties as are prescribed at the time of their appointment subject to any modification in such duties as may be prescribed thereafter by Resolution of Directors. In the absence of any specific prescription of duties it shall be the responsibility of the Chairman of the Board to preside at meetings of directors and Shareholders, the president to manage the day to day affairs of the Company, the vice-presidents to act in order of seniority in the absence of the president but otherwise to perform such duties as may be delegated to them by the president, the secretaries to maintain the register of members, minute books and records (other than financial records) of the Company and to ensure compliance with all procedural requirements imposed on the Company by applicable law, and the treasurer to be responsible for the financial affairs of the Company.
- 12.3. The emoluments of all officers shall be fixed by Resolution of Directors.
- 12.4. The officers of the Company shall hold office until their successors are duly appointed, but any officer elected or appointed by the directors may be removed at any time, with or without cause, by Resolution of Directors. Any vacancy occurring in any office of the Company may be filled by Resolution of Directors.
- 12.5. The directors may, by a Resolution of Directors, appoint any person, including a person who is a director, to be an agent of the Company.
- 12.6. An agent of the Company shall have such powers and authority of the directors, including the power and authority to affix the Seal, as are set forth in the Articles or in the Resolution of Directors appointing the agent, except that no agent has any power or authority with respect to the following:
- (a) the proscribed powers detailed in Sub-Regulation 11.2;
 - (b) to change the registered office or agent;
 - (c) to fix emoluments of directors; or
 - (d) to authorise the Company to continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands.
- 12.7. The Resolution of Directors appointing an agent may authorise the agent to appoint one or more substitutes or delegates to exercise some or all of the powers conferred on the agent by the Company.
- 12.8. The directors may remove an agent appointed by the Company and may revoke or vary a power conferred on him.

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13. CONFLICT OF INTERESTS

- 13.1. A director of the Company shall, forthwith after becoming aware of the fact that he is interested in a transaction entered into or to be entered into by the Company, disclose the interest to all other directors of the Company.
- 13.2. For the purposes of Sub-Regulation 13.1, a disclosure to all other directors to the effect that a director is a member, director or officer of another named entity or has a fiduciary relationship with respect to the entity or a named individual and is to be regarded as interested in any transaction which may, after the date of the entry or disclosure, be entered into with that entity or individual, is a sufficient disclosure of interest in relation to that transaction.
- 13.3. A director of the Company who is interested in a transaction entered into or to be entered into by the Company may:
- (a) vote on a matter relating to the transaction;
 - (b) attend a meeting of directors at which a matter relating to the transaction arises and be included among the directors present at the meeting for the purposes of a quorum; and
 - (c) sign a document on behalf of the Company, or do any other thing in his capacity as a director, that relates to the transaction,

and, subject to compliance with the Act shall not, by reason of his office be accountable to the Company for any benefit which he derives from such transaction and no such transaction shall be liable to be avoided on the grounds of any such interest or benefit.

14. INDEMNIFICATION

- 14.1. Subject to the limitations hereinafter provided the Company shall indemnify against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings any person who:
- (a) is or was a party or is threatened to be made a party to any threatened, pending or completed proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that the person is or was a director of the Company; or
 - (b) is or was, at the request of the Company, serving as a director of, or in any other capacity is or was acting for, another company or a partnership, joint venture, trust or other enterprise.
- 14.2. The indemnity in Sub-Regulation 14.1 only applies if the person acted honestly and in good faith with a view to the best interests of the Company and, in the case of criminal proceedings, the person had no reasonable cause to believe that their conduct was unlawful.
- 14.3. The decision of the directors as to whether the person acted honestly and in good faith and with a view to the best interests of the Company and as to whether the person had no reasonable cause to

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believe that his conduct was unlawful is, in the absence of fraud, sufficient for the purposes of the Articles, unless a question of law is involved.

- 14.4. The termination of any proceedings by any judgment, order, settlement, conviction or the entering of a *nolle prosequi* does not, by itself, create a presumption that the person did not act honestly and in good faith and with a view to the best interests of the Company or that the person had reasonable cause to believe that his conduct was unlawful.
- 14.5. Expenses, including legal fees, incurred by a director in defending any legal, administrative or investigative proceedings may be paid by the Company in advance of the final disposition of such proceedings upon receipt of an undertaking by or on behalf of the director to repay the amount if it shall ultimately be determined that the director is not entitled to be indemnified by the Company in accordance with Sub-Regulation 14.1.
- 14.6. Expenses, including legal fees, incurred by a former director in defending any legal, administrative or investigative proceedings may be paid by the Company in advance of the final disposition of such proceedings upon receipt of an undertaking by or on behalf of the former director to repay the amount if it shall ultimately be determined that the former director is not entitled to be indemnified by the Company in accordance with Sub-Regulation 14.1 and upon such terms and conditions, if any, as the Company deems appropriate.
- 14.7. The indemnification and advancement of expenses provided by, or granted pursuant to, this section is not exclusive of any other rights to which the person seeking indemnification or advancement of expenses may be entitled under any agreement, Resolution of Shareholders, resolution of disinterested directors or otherwise, both as to acting in the person's official capacity and as to acting in another capacity while serving as a director of the Company.
- 14.8. If a person referred to in Sub-Regulation 14.1 has been successful in defence of any proceedings referred to in Sub-Regulation 14.1, the person is entitled to be indemnified against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred by the person in connection with the proceedings.
- 14.9. The Company may purchase and maintain insurance in relation to any person who is or was a director, officer or liquidator of the Company, or who at the request of the Company is or was serving as a director, officer or liquidator of, or in any other capacity is or was acting for, another body corporate or a partnership, joint venture, trust or other enterprise, against any liability asserted against the person and incurred by the person in that capacity, whether or not the Company has or would have had the power to indemnify the person against the liability as provided in the Articles.

15. RECORDS

- 15.1. The Company shall keep the following documents at the office of its registered agent:
 - (a) the Memorandum and the Articles;
 - (b) the register of members, or a copy of the register of members;

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- (c) the register of directors, or a copy of the register of directors; and
 - (d) copies of all notices and other documents filed by the Company with the Registrar in the previous 10 years.
- 15.2. Until the directors determine otherwise by Resolution of Directors the Company shall keep the original register of members and original register of directors at the office of its registered agent.
- 15.3. If the Company maintains only a copy of the register of members or a copy of the register of directors at the office of its registered agent, it shall:
- (a) within 15 days of any change in either register, notify the registered agent in writing of the change; and
 - (b) provide the registered agent with a written record of the physical address of the place or places at which the original register of members or the original register of directors is kept.
- 15.4. The Company shall keep the following records at the office of its registered agent or at such other place or places, within or outside the British Virgin Islands, as the directors may determine:
- (a) minutes of meetings and Resolutions of Shareholders and classes of Shareholders;
 - (b) minutes of meetings and Resolutions of Directors and committees of directors; and
 - (c) an Impression of the Seal, if any.
- 15.5. Where any original records referred to in this Regulation are maintained other than at the office of the registered agent of the Company, and the place at which the original records is changed, the Company shall provide the registered agent with the physical address of the new location of the records of the Company within 14 days of the change of location.
- 15.6. The records kept by the Company under this Regulation shall be in written form or either wholly or partly as electronic records complying with the requirements of the Electronic Transactions Act (No. 5 of 2001) as from time to time amended or re-enacted.

16. REGISTERS OF CHARGES

The Company shall maintain at the office of its registered agent a register of charges in which there shall be entered the following particulars regarding each mortgage, charge and other encumbrance created by the Company:

- (a) the date of creation of the charge;
- (b) a short description of the liability secured by the charge;
- (c) a short description of the property charged;

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- (d) the name and address of the trustee for the security or, if there is no such trustee, the name and address of the chargee;
- (e) unless the charge is a security to bearer, the name and address of the holder of the charge; and
- (f) details of any prohibition or restriction contained in the instrument creating the charge on the power of the Company to create any future charge ranking in priority to or equally with the charge.

17. SEAL

The Company may have more than one Seal and references herein to the Seal shall be references to every Seal which shall have been duly adopted by Resolution of Directors. The directors shall provide for the safe custody of the Seal and for an imprint thereof to be kept at the registered office. Except as otherwise expressly provided herein the Seal when affixed to any written instrument shall be witnessed and attested to by the signature of any one director or other person so authorised from time to time by Resolution of Directors. Such authorisation may be before or after the Seal is affixed, may be general or specific and may refer to any number of sealings. The directors may provide for a facsimile of the Seal and of the signature of any director or authorised person which may be reproduced by printing or other means on any instrument and it shall have the same force and validity as if the Seal had been affixed to such instrument and the same had been attested to as hereinbefore described.

18. DISTRIBUTIONS BY WAY OF DIVIDEND

- 18.1. The directors of the Company may, by Resolution of Directors, authorise a distribution by way of dividend at a time and of an amount they think fit if they are satisfied, on reasonable grounds, that, immediately after the distribution, the value of the Company's assets will exceed its liabilities and the Company will be able to pay its debts as they fall due.
- 18.2. Dividends may be paid in money, shares, or other property.
- 18.3. Notice of any dividend that may have been declared shall be given to each Shareholder as specified in Sub-Regulation 20.1 and all dividends unclaimed for 3 years after having been declared may be forfeited by Resolution of Directors for the benefit of the Company.
- 18.4. No dividend shall bear interest as against the Company and no dividend shall be paid on Treasury Shares.

19. ACCOUNTS AND AUDIT

- 19.1. The Company shall keep records that are sufficient to show and explain the Company's transactions and that will, at any time, enable the financial position of the Company to be determined with reasonable accuracy.

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- 19.2. The Company may by Resolution of Shareholders call for the directors to prepare periodically and make available a profit and loss account and a balance sheet. The profit and loss account and balance sheet shall be drawn up so as to give respectively a true and fair view of the profit and loss of the Company for a financial period and a true and fair view of the assets and liabilities of the Company as at the end of a financial period.
- 19.3. The Company may by Resolution of Shareholders call for the accounts to be examined by auditors.
- 19.4. The first auditors shall be appointed by Resolution of Directors; subsequent auditors shall be appointed by a Resolution of Shareholders.
- 19.5. The auditors may be Shareholders, but no director or other officer shall be eligible to be an auditor of the Company during their continuance in office.
- 19.6. The remuneration of the auditors of the Company:
- (a) in the case of auditors appointed by the directors, may be fixed by Resolution of Directors; and
 - (b) subject to the foregoing, shall be fixed by Resolution of Shareholders or in such manner as the Company may by Resolution of Shareholders determine.
- 19.7. The auditors shall examine each profit and loss account and balance sheet required to be laid before a meeting of the Shareholders or otherwise given to Shareholders and shall state in a written report whether or not:
- (a) in their opinion the profit and loss account and balance sheet give a true and fair view respectively of the profit and loss for the period covered by the accounts, and of the assets and liabilities of the Company at the end of that period; and
 - (b) all the information and explanations required by the auditors have been obtained.
- 19.8. The report of the auditors shall be annexed to the accounts and shall be read at the meeting of Shareholders at which the accounts are laid before the Company or shall be otherwise given to the Shareholders.
- 19.9. Every auditor of the Company shall have a right of access at all times to the books of account and vouchers of the Company, and shall be entitled to require from the directors and officers of the Company such information and explanations as he thinks necessary for the performance of the duties of the auditors.
- 19.10. The auditors of the Company shall be entitled to receive notice of, and to attend any meetings of Shareholders at which the Company's profit and loss account and balance sheet are to be presented.

20. NOTICES

- 20.1. Any notice, information or written statement to be given by the Company to Shareholders shall be in writing and may be given by personal service, mail, courier, email, or fax to such Shareholder's address

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as shown in the register of members or to such Shareholder's email address or fax number as notified by the Shareholder to the Company in writing from time to time.

- 20.2. Any summons, notice, order, document, process, information or written statement to be served on the Company may be served by leaving it, or by sending it by registered mail addressed to the Company, at its registered office, or by leaving it with, or by sending it by registered mail to, the registered agent of the Company.
- 20.3. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing notice, and shall be deemed to be received on the fifth business day following the day on which the notice was posted. Where a notice is sent by fax or email, notice shall be deemed to be effected by transmitting the email or fax to the address or number provided by the intended recipient and service of the notice shall be deemed to have been received on the same day that it was transmitted.

21. VOLUNTARY WINDING UP AND DISSOLUTION

Subject to the Act, the Company may by Resolution of Shareholders or by Resolution of Directors appoint an eligible individual as voluntary liquidator alone or jointly with one or more other voluntary liquidators.

22. CONTINUATION

The Company may by Resolution of Shareholders or by a resolution passed unanimously by all directors of the Company continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands in the manner provided under those laws.

We, **TMF (B.V.I.) Ltd. of Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands** in our capacity as registered agent for the Company hereby apply to the Registrar for the incorporation of the Company this 28th day of December 2016.

Incorporator



.....
Nichola Dunkley
Authorised Signatory
TMF (B.V.I.) Ltd.

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PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)
96 Robinson Road #13-01 SIF Building
Singapore 068899

14 July 2017

To: The Non-Interested Directors of TEE International Limited
(deemed to be independent in respect of the Scheme)

Mr Bertie Cheng Shao Shiong (Chairman and Independent Director)
Mr Lee Ah Fong (Independent Director)
Mr Gn Hiang Meng (Independent Director)
Mr Aric Loh Siang Khee (Independent Director)
Ms Saw Chin Choo (Executive Director)

Dear Sirs/Madam,

PROPOSED ACQUISITION OF TEE INTERNATIONAL LIMITED BY OSCAR INVESTMENT PRIVATE LIMITED BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 210 OF THE COMPANIES ACT, CHAPTER 50 OF SINGAPORE

*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meaning as defined in the scheme document of the Company dated 14 July 2017 ("**Scheme Document**").*

1. INTRODUCTION

On 1 April 2017 ("**Joint Announcement Date**"), Oscar Investment Private Limited ("**Offeror**") and TEE International Limited ("**Company**" or "**TEE International**", and together with its subsidiaries, "**Group**") jointly announced the proposed acquisition ("**Acquisition**") of all the issued and paid-up ordinary shares in the capital of the Company ("**Shares**") (excluding treasury Shares) by the Offeror to be effected by way of a scheme of arrangement ("**Scheme**") pursuant to Section 210 of the Companies Act (Chapter 50) of Singapore ("**Companies Act**") and the Singapore Code on Take-overs and Mergers ("**Code**") ("**Joint Announcement**").

The Offeror is a private company incorporated in the British Virgin Islands on 28 December 2016 for the sole purpose of the Acquisition and the Scheme. Mr Phua Chian Kin, the Group Chief Executive and Managing Director, is the sole shareholder and director of the Offeror.

In connection with the Acquisition, the Offeror and the Company have, on the Joint Announcement Date, entered into an implementation agreement ("**Implementation Agreement**") setting out the terms and conditions upon which the Offeror and the Company will implement the Scheme. Pursuant to the Scheme, shareholders of the Company ("**Shareholders**") shall be entitled to elect to receive one of the following ("**Scheme Consideration**"):

- (a) **S\$0.215** in cash ("**Cash Consideration**"); or
- (b) one new ordinary share in the capital of the Offeror ("**Offeror Share**"),

for each Share held by such Shareholder as of the books closure date to be announced ("**Books Closure Date**").

The Scheme is also subject to various conditions precedent ("**Conditions Precedent**"), including the approval of the Scheme by Shareholders at the Scheme meeting of Shareholders to be convened ("**Scheme Meeting**") and the sanction of the Scheme by the High Court of the Republic of Singapore ("**Court**"). In this regard, certain existing Shareholders ("**Undertaking Shareholders**") who hold, in aggregate 349,255,241 Shares

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representing approximately 69.58% of the total number of issued Shares, have each given an irrevocable undertaking ("**Irrevocable Undertaking**") to, *inter alia*, vote in favour of the Scheme (to the extent they are not prohibited by applicable laws and regulations from doing so) and accept the Offeror Shares as consideration for all their Shares.

The Company had sought certain rulings from the Securities Industry Council ("**SIC**") in relation to the Scheme. On 25 January 2017 and 27 March 2017, the SIC confirmed, *inter alia*, that:

- (i) the Scheme is exempted from certain rules of the Code on condition that, *inter alia*, the Company appoints an independent financial adviser ("**IFA**") to advise the Shareholders on the Scheme;
- (ii) Mr Phua Chian Kin, as a Director of the Company and the sole director of the Offeror, shall abstain from making a recommendation on the Scheme to the Shareholders.

On 10 April 2017, the SIC had also ruled that Mr Phua Boon Kin is exempted from the requirement to make a recommendation on the Scheme to Shareholders as he is deemed to be acting in concert with the Offeror.

Mr Phua Chian Kin, who is the Group Chief Executive and Managing Director of the Company, is the sole shareholder and director of the Offeror. Mr Phua Boon Kin, who is the Deputy Group Managing Director of the Company, is the brother of Mr Phua Chian Kin.

The remaining Directors, namely, Mr Bertie Cheng Shao Shiong, Mr Lee Ah Fong, Mr Gn Hiang Meng, Mr Aric Loh Siang Khee and Ms Saw Chin Choo are deemed to be independent for the purpose of making a recommendation to the Shareholders in respect of the Scheme ("**Non-Interested Directors**").

Arising from the above, the Company has appointed Provenance Capital Pte. Ltd. ("**Provenance Capital**") as the IFA to advise the Non-Interested Directors on the Scheme.

This letter ("**Letter**") is therefore addressed to the Non-Interested Directors and sets out, *inter alia*, our views and evaluation of the Scheme and our recommendations. This Letter forms part of the Scheme Document which provides, *inter alia*, the details of the Scheme and the recommendations of the Non-Interested Directors in respect of the Scheme.

2. TERMS OF REFERENCE

Provenance Capital has been appointed as the IFA to advise the Non-Interested Directors in respect of their recommendation to the Shareholders in relation to the Scheme.

We have confined our evaluation and assessment to the financial terms of the Scheme and related matters and have not taken into account the commercial risks or commercial merits of the Scheme and other related matters. In addition, we have not been requested, and we do not express any advice or give any opinion on the merits of the Scheme relative to any other alternative. We were not involved in the negotiations pertaining to the Scheme nor were we involved in the deliberation leading up to the decision to put forth the Scheme.

The scope of our appointment does not require us to express, and we do not express, any view on the future growth prospects, financial position or earnings potential of the Company and Group. Such evaluation or comments remain the responsibility of the Directors although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion. The opinion set forth herein is based solely on publicly available information as well as information provided by the Directors, and is predicated upon the economic and market conditions prevailing as at 6 July 2017, being the Latest Practicable Date referred to in the Scheme Document. This Letter therefore does not reflect any projections on the future financial performance of the Group.

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We have not been requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares. In this regard, we have not addressed the relative merits of the Scheme in comparison with any alternative transaction that the Company may consider in the future. Therefore, we do not express any views in these areas in arriving at our recommendation.

In formulating our opinion and recommendation, we have held discussions with the Directors, the management of the Company ("**Management**") and their professional advisers and have relied to a considerable extent on the information set out in the Scheme Document, other public information collated by us and the information, representations, opinions, facts and statements provided to us, whether written or verbal, by the Company and its professional advisers. Whilst care has been exercised in reviewing the information we have relied upon, we have not independently verified the information both written and verbal and accordingly cannot and do not make any representation or warranty, expressly or impliedly, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We nevertheless have made such reasonable enquiries and judgment as were deemed necessary and have found no reason to doubt the accuracy of the information and representations.

The Directors have confirmed, after making all reasonable enquiries that to the best of their knowledge and belief, all material information in connection with the Scheme and related matters, the Company and/or the Group have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other material information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company and/or Group stated in the Scheme Document to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

We have not made an independent evaluation or appraisal of the assets or liabilities of the Company or the Group (including without limitation, real properties). However, the Group had commissioned various valuers ("**Valuers**") to carry out an independent market valuation of substantially all the development properties, completed property held for sale, assets classified as held for sale, property classified under property, plant and equipment ("**PPE**") and investment properties owned by the Group on or around 31 March 2017 for financial reporting, audit, bank loan valuation and/or revaluation purposes. These properties held by the Group includes properties held by its listed subsidiary, TEE Land Limited ("**TEE Land**") and its subsidiaries ("**TEE Land Group**") as these assets are consolidated in the financial statements of the Group.

We have been furnished with the summary letters of the property valuation reports or valuation certificates by the Valuers ("**Valuation Summary Letters**") on the following properties of the Group:

No.	Properties	Description	Valuers
<u>Held by TEE International</u>			
Investment property			
1.	33 Changi North Crescent Singapore 499640 ("33 CNC")	4-storey purpose-built factory building with ancillary offices for rental, currently untenanted	CKS Property Consultants Pte Ltd ("CKS Property Consultants")
<u>Held by TEE Land Group</u>			
Development Properties			
1.	241 Pasir Panjang Road, Singapore ("241 Pasir Panjang Road")	Vacant land for a proposed 24-unit 5-storey residential development with basement and attic level and communal facilities	Suntec Real Estate Consultants Pte Ltd ("Suntec Real Estate Consultants")

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No.	Properties	Description	Valuers
2.	20 Lorong 35 Geylang, Singapore ("20 Lorong 35 Geylang")	Vacant land for a proposed 44-unit 8-storey residential development with swimming pool	Suntec Real Estate Consultants
3.	183 LONGHAUS, 183 Upper Thomson Road, Singapore ("183 LONGHAUS")	Currently under construction, a proposed 40 residential units and 10 commercial units, expected to be completed in October 2020 Remaining 6 unsold residential units and 10 commercial units	Suntec Real Estate Consultants
4.	31 & 31A, Harvey Avenue, Singapore ("31 & 31A Harvey Avenue")	Currently under construction, a proposed 2 units of 3-storey houses, expected to be completed in December 2017	Suntec Real Estate Consultants
5.	Hilbre 28 64,66,68,70,72,72,76,78 and 80 Hillside Drive, Hillside Gardens, Singapore ("Hilbre 28")	Currently under construction, a proposed 28-unit 5-storey residential apartment, expected to be completed in December 2018 Remaining 12 unsold units	Suntec Real Estate Consultants
6.	Third Avenue, PT 12059 Mukim of Dengkil, District of Sepang Selangor Darul Ehsan, Malaysia ("Third Avenue")	Currently under construction, a proposed 701 residential units and 31 commercial units, expected to be completed in June 2018 Remaining unsold units comprising 59 SOHO units, 1 retail shop and 1 17-storey office tower	Laurelcap Sdn Bhd ("Laurelcap")
Completed property held for sale			
7.	The Peak @ Cairnhill I, 47, 49 and 51 Cairnhill Circle, Singapore ("The Peak @ Cairnhill I")	5 remaining unsold units of residential apartment held for sale	Suntec Real Estate Consultants
Assets classified as held for sale			
8.	Quality Hotel CKS Sydney Airport, 33 Levey Street, Wollie Creek Sydney, NSW 2205, Australia ("Quality Hotel CKS Sydney Airport")	A 4.5 star hotel with 121 rooms Subsequently entered into a contract for sale of the hotel on 13 April 2017	CBRE Valuations Pty Limited ("CBRE") As the hotel has been sold, we have used the sale consideration of A\$32.0 million instead of CBRE's valuation of the hotel for the purpose of our assessment. Hence, CBRE's valuation summary letter on the hotel have been disregarded.
9.	Larmont Hotel, 2-14 Kings Cross Road, Potts Point, NSW 111, Australia ("Larmont Hotel")	Comprise the hotel with 103 guest rooms and 5 commercial suites for rental	LandMark White (Sydney) Pty Ltd ("LandMark")
Classified under PPE			
10.	TEE Building, 25 Bukit Batok Street 22, Singapore ("TEE Building")	A 6-storey factory building with ancillary office, for office and rental use	Suntec Real Estate Consultants
Investment properties			
11.	Workotel and Thistle Guesthouse 15-21 Main South Road, Upper Riccarton, Christchurch, New Zealand ("Workotel and Thistle Guesthouse")	107 accommodation units and 5 dwellings including Thistle Guesthouse for rental	Jones Lang Laselle Ltd ("JLL")
12.	Chewathai Ratchaprarop Condominium, No. 11 Rachaprarop Road, Makkasan Sub-district, Ratchathewi District, Bangkok, Thailand ("CRC")	3 condominium apartment units for rental	UK Valuations and Agency Co., Ltd ("UK Valuations")

Notwithstanding that the Valuation Summary Letters were prepared for financial reporting, audit, bank loan valuation and/or revaluation purposes, the Company had sought confirmation from its Valuer, CKS Property Consultants, and through TEE Land, confirmations, wherever

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possible, from its various Valuers, that the respective market valuations of the above properties held by the Group are still valid and unchanged for the purpose of the Scheme. They have also confirmed that the valuation methodologies used for the valuation do not vary due to the different purposes of the valuation.

Copies of the Valuation Summary Letters are attached as Appendix 5 to the Scheme Document.

We are not experts in the evaluation or appraisal of the assets concerned and we have placed sole reliance on the independent market valuations by the Valuers for such asset appraisal and have not made any independent verification of the contents thereof. In particular, we do not assume any responsibility to enquire about the basis of the valuation contained in the Valuation Summary Letters or if the contents thereof have been prepared and/or included in the Scheme Document in accordance with all applicable regulatory requirements including the Code.

The information which we relied on in the assessment of the Scheme was based on market, economic, industry, monetary and other conditions prevailing as at the Latest Practicable Date, which may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion or assumptions in light of any subsequent development after the Latest Practicable Date that may affect our opinion or assumptions contained herein. Shareholders should take note of any announcements relevant to their consideration of the Scheme which may be released after the Latest Practicable Date.

In rendering our advice and giving our recommendation, we have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints of any Shareholder. As each Shareholder may have different investment objectives and profile, we advise the Directors to recommend that any 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.

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

Whilst a copy of this Letter may be reproduced in the Scheme Document, neither the Company, the Directors nor any other person may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose other than for the purpose of the Scheme Meeting and for the purpose of the Scheme, at any time and in any manner without the prior written consent of Provenance Capital in each specific case.

Our opinion is addressed to the Non-Interested Directors for their benefit and deliberation of the Scheme. The recommendation made to the Shareholders in relation to the Scheme shall remain the responsibility of the Non-Interested Directors.

Our recommendation in relation to the Scheme should be considered in the context of the entirety of this Letter and the Scheme Document.

3. INFORMATION ON THE OFFEROR

The Offeror is a private company incorporated in the British Virgin Islands on 28 December 2016 for the sole purpose of the Acquisition and the Scheme. Mr Phua Chian Kin, the Group Chief Executive and Managing Director, is the sole shareholder and director of the Offeror.

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As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of US\$1.00, comprising 1 ordinary share, which is held by Mr Phua Chian Kin. In connection with the Scheme, new Offeror Shares to be issued to Shareholders who elect the Offeror Share instead of the Cash Consideration will be issued on the basis of one new Offeror Share for every one Share held by the Shareholder who elected the Offeror Share.

As at the Latest Practicable Date, the Offeror does not own any Shares or securities which carry voting rights in the Company, or convertible securities, warrants, options or derivatives in respect of the Shares or securities which carry voting rights in the Company. However, the Offeror has obtained the Irrevocable Undertakings from the following Undertaking Shareholders, holding an aggregate 349,255,241 Shares, representing 69.58% of the total number of issued Shares, to, *inter alia*, vote in favour of the Scheme (to the extent they are not prohibited by applicable laws and regulations from doing so) and elect to receive Offeror Shares as consideration for all their Shares:

Shareholder	Number of Shares	Percentage Shareholding ⁽¹⁾ (%)
Mr Phua Chian Kin	282,054,456	56.19
Mdm Tay Kuek Lee	10,742,080	2.14
4 P Investments Pte. Ltd.	6,680,924	1.33
Mr Bertie Cheng Shao Shiong	11,400,000	2.27
Ms Cheng Wei Ling, Deborah Anne	1,125,000	0.22
Lincoln Capital Private Limited	25,967,321	5.17
Mr Yang Boon Kiat	5,979,900	1.19
Ms Saw Chin Choo	1,390,000	0.28
Mr Lum Tuck Seng	3,915,560	0.78
Total	349,255,241	69.58⁽²⁾

Notes:

- (1) Based on 501,952,639 issued Shares (excluding treasury Shares) as at Latest Practicable Date; and
(2) Does not add up due to rounding.

The Offeror's intention is to delist the Company from the Singapore Exchange Securities Trading Limited ("SGX-ST") by way of the Scheme. Upon the Scheme become effective and binding, the Company will be wholly-owned by the Offeror. The Company will thereafter be delisted from the Official List of the SGX-ST upon receipt of the approval from the SGX-ST. Post-Acquisition, the Undertaking Shareholders will hold shares in the capital of the Offeror.

The SIC had confirmed that the Undertaking Shareholders will not be regarded as acting in concert with the Offeror by virtue only of their undertakings to vote in favour of and approve the Scheme, and elect the Offeror Shares in lieu of the Cash Consideration.

Mr Phua Chian Kin is the sole shareholder and director of the Offeror. Mdm Tay Kuek Lee is the wife of Mr Phua Chian Kin. Mr Phua Chian Kin is deemed to have an interest in 4 P Investments Pte. Ltd. where he is a shareholder. The above Undertaking Shareholders, with an aggregate interest of 59.66% are deemed acting in concert with the Offeror. The Company has confirmed that the remaining Undertaking Shareholders with an aggregate interest of 9.92% are therefore not deemed acting in concert with the Offeror.

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On 6 June 2017, the Company and the Offeror made a joint announcement to, *inter alia*, clarify that the Offeror and its concert parties held in aggregate 60.04% of the total number of issued Shares (excluding treasury Shares) and, pursuant to the SIC ruling, is required to abstain from voting on the Scheme. Assuming all independent Shareholders (including the independent Undertaking Shareholders but excluding the Offeror and its concert parties) vote at the Scheme Meeting, whether in person or by proxy, the Scheme will only be approved if a majority in number of such independent Shareholders, holding at least 150,426,707 Shares comprising approximately 29.97% of the total number of issued Shares, vote in favour of the Scheme.

Further details on the Undertaking Shareholders and the Offeror are set out in Section 3 of the "Letter to Shareholders" of the Scheme Document and Appendix 2 to the Scheme Document.

4. INFORMATION ON THE COMPANY AND THE GROUP

The Company was incorporated in Singapore on 15 August 2000 and was listed on SESDAQ (now known as Catalyst) of the SGX-ST on 22 March 2001. On 3 September 2008, the Company was transferred to the Mainboard of the SGX-ST.

The principal activities of the Company are investment holding, and property investment and development.

The Group has with effect from FY2016 reorganised into four business divisions instead of three operating divisions with the addition of "Corporate and Other". The four business divisions are (a) corporate and other, (b) engineering, (c) real estate and (d) infrastructure businesses. A brief description of each of these division is set out below:

(a) Corporate and Other

The segment involves a range of activities from corporate exercises and include income and expenses not attributable to the other segments. This segment includes 33 CNC, an investment property located at 33 Changi North Crescent in Singapore and held by the Company.

(b) Engineering business

Established in 1991, the Group provides integrated engineering solutions for retail and commercial buildings, institutional buildings, factories, research facilities, residential apartments as well as infrastructure facilities.

As disclosed in the Company's latest announcement of its financial results for the nine-month period ended 28 February 2017 ("**3QFY2017**"), the Group has a total outstanding engineering order book of approximately S\$264 million as at 28 February 2017. The Company expects to fulfil the above order book over the next two financial years.

(c) Real estate business

The Group's involvement in the real estate business is carried out via its 63.28%-owned listed subsidiary, TEE Land. TEE Land was listed on the Mainboard of the SGX-ST in 2013. TEE Land Group is a regional real estate developer. TEE Land Group undertakes the development of residential, commercial and industrial property projects, as well as invests in income-generating properties in Singapore and the region, including two hotels in Australia and the provision of short-term accommodation in New Zealand. On 13 April 2017, TEE Land Group sold one of its hotels in Australia. The TEE Land Group also has a 31.88%-owned associated company, Chewathai Public Company Limited ("**CWT**"), which is listed on the Market for Alternative Investment of

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the Stock Exchange of Thailand (“**SET**”). CWT is engaged in the development and sale of residential and commercial projects in Thailand.

(d) Infrastructure business

With the Group’s experience in large-scale engineering projects, the Group expanded into the infrastructure business by investing in assets in the water, power and information communications segments. The infrastructure business is conducted through the Group’s entities which include:

- (i) a 49% stake in Global Environmental Technology Co., Ltd. (“**GETCO**”) with a joint venture partner in Thailand. GETCO is one of Thailand’s largest wastewater treatment companies;
- (ii) a 42.11%-owned associated company, CMC Infocomm Limited (“**CMCI**”) which is listed on the Catalist board of the SGX-ST in August 2015. CMCI is an investment holding company that provides integrated communication solutions and services to communications network operators and communications network equipment vendors in Singapore, Malaysia, the Philippines and Thailand. On 5 May 2017, the Company sold 37.21% equity interest in CMCI and CMCI ceased to be an associated company of the Group. The Company has given an undertaking to the purchaser who subsequently made a general takeover offer for CMCI under the Code that it will not accept their takeover offer for the CMCI shares and will not transfer, dispose or otherwise encumber the remaining 4.90% shareholding in CMCI for a period of six months; and
- (iii) a 21.05% investment in PowerSource Philippines Distributed Power Holdings, Inc. (“**PowerSource**”) which is to own and construct a 25-megawatt green-field power plant in the Philippines. PowerSource has not commenced any material operation as at the Latest Practicable Date.

As at the Latest Practicable Date, the Company has 501,952,639 issued Shares excluding treasury Shares, and holds 1,270,400 treasury Shares. Pursuant to the Scheme, the Scheme offer is made only for the 501,952,639 issued Shares.

Based on the Cash Consideration of S\$0.215 per Share and the 501,952,639 issued Shares, the implied market capitalisation of the Company is approximately S\$107.9 million.

As at the Joint Announcement Date, the Company has 186,385,684 outstanding warrants (“**Warrants**”) which were issued pursuant to the Company’s bonus warrants issue in June 2014. These Warrants are exercisable into new Shares at the exercise price (“**Exercise Price**”) of S\$0.25 for each new Share, at any time during the exercise period between 3 June 2014 and 26 May 2017.

Pursuant to the Joint Announcement, the Offeror will make a proposal (“**Warrants Proposal**”) to holders of Warrants (“**Warrantheolders**”) such that in consideration of a Warrantheolder not exercising his Warrants into Shares, not exercising any of his rights as a Warrantheolder and surrendering his Warrants for cancellation, such Warrantheolder will receive a nominal cash amount of **S\$0.00001** for each Warrant (“**Warrant Offer Price**”). The Warrant Offer Price is made in view that the Cash Consideration is substantially lower than the Exercise Price. The Warrants Proposal is subject to the Scheme becoming effective in accordance with its terms.

Prior to the expiry date of the Warrants on 26 May 2017, 406 Warrants were exercised resulting in the allotment and issuance of 406 new Shares. As a result, the number of issued Shares of the Company increased from 501,952,233 issued Shares to 501,952,639 issued Shares. Pursuant to the foregoing, the net asset value (“**NAV**”) of the Group will accordingly increase by S\$101.50, representing the gross proceeds raised from the issuance of the 406 new Shares. As the increase is immaterial, for the purpose of our evaluation of the financial terms of the Scheme in Section 7 of this Letter, we have not taken into account the increase in the number of issued Shares and the NAV of the Group.

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As at the Latest Practicable Date, the Warrants have expired, and in view thereof, the abovementioned Warrants Proposal is no longer applicable.

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

Litigation

On 28 December 2015, the Company announced an update on the outcome of arbitration proceedings for the project to build 1,500 houses within 18 months in Tutong District under the National Housing Scheme of Brunei Darussalam. The Company had announced that the arbitral tribunal in Singapore has issued an award of Brunei Dollar 11,332,116.78 in favour of the Company's wholly-owned Brunei incorporated subsidiary, PBT Engineering Sdn. Bhd. As at the Latest Practicable Date, Management is not optimistic of the enforcement of the award.

Additional information on the Company and the Group is set out in Appendix 6 to the Scheme Document.

5. THE SCHEME

The detailed terms of the Scheme are set out in paragraph 2 in the "Letter to Shareholders" of the Scheme Document. The key terms of the Scheme and the related matters are set out below for your reference.

5.1 Salient Terms of the Scheme

Under the Scheme, all the Shares held by the Shareholders will be transferred to the Offeror:

- (i) fully paid;
- (ii) free from Encumbrances; and
- (iii) together with all rights, benefits and entitlements attaching thereto as at the date of the Implementation Agreement, 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 date of the Implementation Agreement.

The Company does not intend to declare any such dividends, rights and other distributions, pending the completion or termination of the Scheme (as the case may be), unless otherwise agreed with the Offeror.

In consideration of the transfer of such Shares, each Shareholder as of the Books Closure Date, shall be entitled to elect to receive one of the following:

- (a) the Cash Consideration of S\$0.215; or
- (b) one new Offeror Share,

for each Share held by such Shareholder as of the Books Closure Date.

The Scheme will also be extended to all Shares unconditionally issued on or prior to the Books Closure Date pursuant to the valid exercise of any warrants.

Shareholders may elect to receive entirely either the cash or Offeror Shares for all (**and not part of**) their Shares held by them as at the Books Closure Date. The relevant form of election will be sent to Shareholders together with the Scheme Document convening the Scheme Meeting and Shareholders may make their election at any time prior to the end of the

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election period. **Shareholders who do not make any election will receive the Cash Consideration.**

5.2 Conditions

The Scheme is conditional upon the satisfaction (or where applicable, waiver) of the following Conditions Precedent by no later than 30 September 2017 (unless otherwise extended by the Offeror) ("**Long Stop Date**"):

- (a) the approval of the Scheme by a majority in number of Shareholders representing no less than three-fourths in value of the Shares held by Shareholders, present and voting either in person or by proxy at the Scheme Meeting;
- (b) the waiver by The Securities and Exchange Commission of Thailand of the Offeror's obligation to undertake a tender offer for all the securities of CWT pursuant to, *inter alia*, the Securities and Exchange Act 1992 (as amended), as a result of the implementation of the Scheme;
- (c) court order sanctioning the Scheme by the Court ("**Court Order**");
- (d) registration of the Court Order with the Accounting and Corporate Regulatory Authority of Singapore; and
- (e) the approval in-principle of the SGX-ST being obtained for the delisting of the Company from the Official List of the SGX-ST.

Upon the Scheme becoming effective, it will be binding on all Shareholders, whether or not they have attended or voted at the Scheme Meeting, and if they have attended and voted, whether or not they have voted in favour of the Scheme.

Shareholders should note that by voting for the Scheme, they are agreeing to the Offeror and parties acting in concert with it acquiring or consolidating effective control of the Company without having to make a general offer for the Company. It should be noted, however, that the concert parties to the Offeror already have statutory control of the Company prior to the Scheme.

Details on Conditions Precedent are set out in paragraph 3.3 of Appendix 1 to the Scheme Document.

5.3 SIC Confirmation

Application has been made by the Company to the SIC to seek various confirmations and the SIC had, on 25 January 2017 and 27 March 2017, confirmed, *inter alia*, that:

- (i) the Scheme is exempted from certain rules of the Code on condition that, *inter alia*, the Company appoints an IFA to advise the Shareholders on the Scheme;
- (ii) Mr Phua Chian Kin, as Director of the Company and the sole director of the Offeror, shall abstain from making a recommendation on the Scheme to the Shareholders; and
- (iii) the Undertaking Shareholders will not be regarded as acting in concert with the Offeror by virtue only of their undertakings to vote in favour of and approve the Scheme, and elect the Offeror Shares in lieu of the Cash Consideration.

On 10 April 2017, the SIC had also ruled, *inter alia*, that Mr Phua Boon Kin is exempted from the requirement to make a recommendation on the Scheme to Shareholders as he is deemed to be a member of the concert party of the Offeror.

Following from Section 3 of this Letter in respect of the Undertaking Shareholders, Mr Phua Chian Kin, his wife (Mdm Tay Kuek Lee) and 4 P Investments Pte. Ltd. who collectively hold

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299,477,460 Shares, representing 59.66% of the total number of issued Shares, will abstain from voting on the Scheme, even though they have each given their Irrevocable Undertakings to vote in favour of the Scheme. The remaining Undertaking Shareholders who hold in total 49,777,781 Shares, representing 9.92% of the total number of issued Shares, will vote in favour of the Scheme pursuant to their Irrevocable Undertakings.

Further, the siblings and relatives of Mr Phua Chian Kin, including Mr Phua Boon Kin, who hold in aggregate 0.38% of the total number of issued Shares, will also abstain from voting on the Scheme as they are deemed acting in concert with the Offeror.

5.4 Delisting from the SGX-ST

Upon the Scheme becoming effective and binding, the Company will become a wholly-owned subsidiary of the Offeror. An application has been made to seek the approval from the SGX-ST to delist the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding. The SGX-ST had on 11 July 2017 advised that it has no objection to the Company's application for delisting from the Official List of the SGX-ST, subject to, *inter alia*:

- (a) Compliance with the SGX-ST's listing requirements;
- (b) Approval of the Scheme by a majority in number of Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority holding not less than three-fourths in value of the Shares voted at the Scheme Meeting, Offeror Concert Group abstaining; and
- (c) Sanction of the Scheme by the Court.

The above decision of the SGX-ST is not to be taken as an indication of the merits of the Scheme, the delisting of the Company from the Official List of the SGX-ST, the Company, its subsidiaries and/or their securities.

5.5 Termination of the Scheme

In the event that any Condition Precedent is not satisfied (or where applicable, waived) by the Long Stop Date, the Scheme will terminate. In such event, the Implementation Agreement shall terminate (except for certain surviving provisions) and there will be no liability on the part of either party.

The Undertaking Shareholders to undertake not to sell, transfer or otherwise dispose of any of their Shares prior to the date the Scheme becomes effective in accordance with its terms, will also lapse when the Scheme lapses or is terminated in accordance with its terms, whichever is earlier.

6. RATIONALE FOR THE ACQUISITION AND THE OFFEROR'S INTENTIONS FOR THE COMPANY

The Offeror intends to delist the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding.

The full text of the Offeror's rationale for the Acquisition and intentions for the Company are set out in paragraph 6 of Appendix 2 to the Scheme Document and are extracted below for your reference:

"6.1 Rationale for the Acquisition

The Acquisition and privatisation of the Company would provide the Offeror and key management with greater flexibility to manage and develop the existing businesses of the Group without the attendant cost, regulatory restrictions and compliance issues

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associated with its listed status on the SGX-ST.

The Company has over time, developed increasing investment in the infrastructure business by investing in assets in the water, power and asset management capabilities across South East Asia. Privatising the Company would enable fast tracking the group's growth strategically and opportunistically in this business, without having to be evaluated by short term impact from quarterly results.

The Company incurs additional compliance and associated costs in maintaining the Company's listing status. As a non-listed entity, the Group will be able to (a) achieve cost-savings by dispensing with costs associated with complying with the SGX-ST listing requirements and other regulatory requirements as well as human resources that have to be committed for such compliance; and (b) focus its resources on its business operations.

6.2 Intentions for the Company

The Offeror intends to delist the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding. The Offeror believes that the privatisation of the Company would provide greater flexibility to the Offeror and key management to promote greater efficiency and competitiveness through changes in strategy or investments.

The Offeror intends to conduct a review of the Group's businesses subsequent to the Acquisition. Pending the aforesaid and save as announced by the Company, the Offeror has no current intention of (a) making material changes to the Group's existing business, (b) re-deploying the Group's fixed assets, or (c) discontinuing the employment of the employees of the Group, other than in the ordinary course of business. However, 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.

6.3 Opportunity for Shareholders to realise their Investment

The Acquisition also represents an opportunity for Shareholders to realise their investments in Shares.

The Cash Consideration represents a premium of 4.9%, 9.1%, 12.0% and 13.8%, respectively, over the 12-month, six-month, three-month and one-month VWAP of the Shares for the periods leading up to and including the Last Market Day. The Cash Consideration also represents a premium of approximately 12.6% to the last transacted price per Share on the SGX-ST on 24 March 2017, being the last market day on which the Shares were traded on the SGX-ST prior to the Joint Announcement Date, taking into account the trading halt (and extension thereof) of the Shares from 27 March 2017 to 31 March 2017."

7. ASSESSMENT OF THE FINANCIAL TERMS OF THE SCHEME

In evaluating and assessing the financial terms of the Scheme, we have taken into account the pertinent factors set out below which we consider to have a significant bearing on our assessment:

- (a) Historical share price performance and trading activity of the Shares;
- (b) Financial analysis of the Group;
- (c) Sum-of-parts valuation of the Group;

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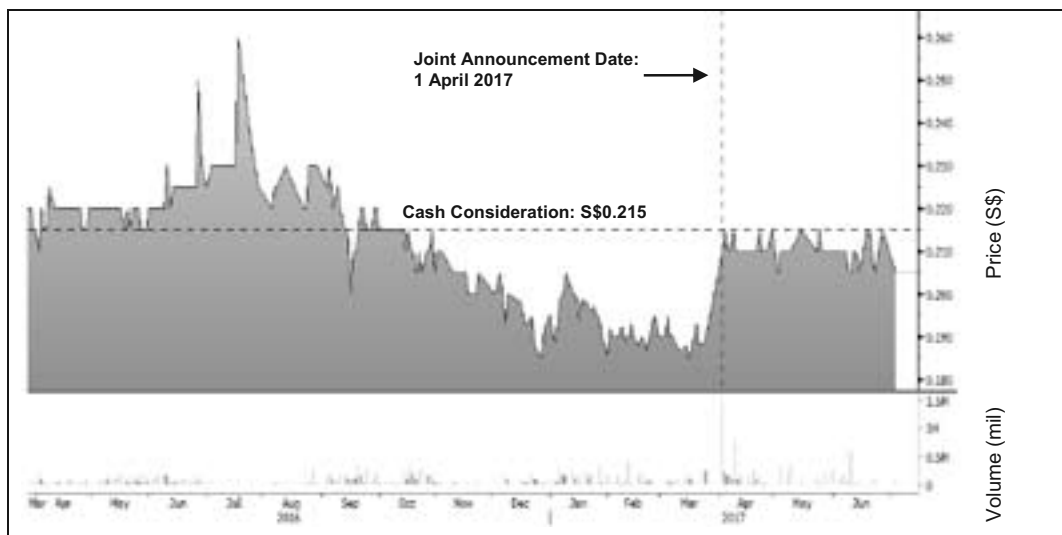
- (d) Comparison with completed privatisation of companies listed on the SGX-ST;
- (e) Dividend track record of the Company;
- (f) Cash Consideration or Offeror Shares as an election; and
- (g) Other relevant considerations relating to the Scheme.

7.1 Historical share price performance and trading activity of the Shares

The Company had requested for a trading halt on the Shares from 27 March 2017 (Monday) to 31 March 2017 (Friday), which was followed by the release of the Joint Announcement on 1 April 2017 (Saturday). The Shares resumed trading on 3 April 2017 (Monday).

We have therefore compared the Cash Consideration against the historical market price performance of the Shares and considered the historical trading volume of the Shares from 25 March 2016, being the 1-year period prior to 24 March 2017 (being the last full trading day before the release of the Joint Announcement), and up to the Latest Practicable Date (“**Period Under Review**”).

Price movement and trading volume of the Shares for the Period Under Review



Source: Bloomberg L.P.

Based on the chart above, we observed that the Shares have generally traded close to the Cash Consideration during the period from March 2016 to September 2016, except for the brief period in June and July 2016 when Shares traded above S\$0.215 and to a high of S\$0.260 (based on daily last transacted prices). For the subsequent period up to the trading halt on 27 March 2017, the Shares were generally trading at below the Cash Consideration. The Shares were last transacted at S\$0.191 on 24 March 2017 prior to the Joint Announcement.

The Cash Consideration therefore represents a small premium of 4.9% above the volume-weighted average price (“**VWAP**”) for the last one year prior to the trading halt for the Joint Announcement and a higher premium of 13.8% above the VWAP for the last one-month prior to the trading halt for the Joint Announcement.

Since the Joint Announcement Date and up to the Latest Practicable Date, the Shares were trading up to and close to the Cash Consideration, presumably supported by the Cash Consideration.

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Trading liquidity on the Shares was low with an average daily trading volume of 59,000 Shares over the one-year period prior to the trading halt for the Joint Announcement. There were also several trading days when no trades were done on the Shares. As an illustration, the Shares were traded on 173 out of 254 market days (68%) during the above one-year period.

Market Statistics

In addition to the share price chart above, we have tabulated below selected statistical information on the share 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/(Discount) of Cash Consideration over/(to) VWAP (%)	Number of traded days ⁽²⁾	Average daily trading volume ⁽³⁾ ('000)	Average daily trading volume as a percentage of free float ⁽⁴⁾ (%)
<u>Prior to the trading halt for the Joint Announcement</u>							
Last 1 year	0.260	0.182	0.205	4.9	173	59	0.04
Last 6 months	0.225	0.182	0.197	9.1	93	67	0.04
Last 3 months	0.205	0.184	0.192	12.0	51	83	0.05
Last 1 month	0.195	0.184	0.189	13.8	15	63	0.04
24 March 2017 (last full trading day prior to the trading halt for the Joint Announcement)	0.193	0.189	0.191	12.6	1	244	0.15
<u>After the Joint Announcement Date to the Latest Practicable Date</u>							
From 3 April 2017 to the Latest Practicable Date	0.215	0.205	0.210	2.3	41	104	0.06
Latest Practicable Date	← No trade →						

Source: Bloomberg L.P.

Notes:

- (1) The VWAP for the respective periods are calculated based on the daily VWAP turnover divided by VWAP volume as extracted from Bloomberg L.P. and rounded to the nearest three decimal places. 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 Shares traded on the SGX-ST (excluding off market transactions) during the relevant periods, divided by the number of market days (excluding market days with full day trading halts) during that period; and
- (4) Free float refers to the Shares other than those directly and deemed held by the Directors and substantial shareholders of the Company. For the purpose of computing the average daily trading volume as a percentage of free float, we have used the free float of approximately 163.5 million Shares based on the free float of 32.58% as disclosed on the SGX-ST website as at the Latest Practicable Date.

We observed the following with regard to the Share price performance for the Period Under Review:

- (a) Over the 1-year period prior to the trading halt for the Joint Announcement, the Shares have traded between a low of S\$0.182 and a high of S\$0.260. The Cash Consideration represents a premium of S\$0.033 (or 18.1%) above and a discount of S\$0.045 (or 17.3%) to the lowest and highest transacted prices of the Shares respectively;
- (b) The Cash Consideration represents a premium of 4.9%, 9.1%, 12.0% and 13.8% over the VWAP of the Shares for the 1-year, 6-month, 3-month and 1-month periods, prior to the trading halt for the Joint Announcement respectively;

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- (c) The Cash Consideration represents a premium of 12.6% above the last transacted Share price of S\$0.191 on 24 March 2017, being the last full trading day prior to the trading halt for the Joint Announcement; and
- (d) From 3 April 2017 (the first full trading day following the Joint Announcement) and up to the Latest Practicable Date, the Shares have traded up to and close to the Cash Consideration of S\$0.215. There was no trade done on the Shares on the Latest Practicable Date. The last transacted Share price on 4 July 2017 was S\$0.205, being the last trading day prior to the Latest Practicable Date.

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

- (i) Over the 1-year period prior to trading halt for the Joint Announcement, the Shares had traded on 173 out of the 254 market days. The average daily trading volume of the Shares for the 1-year, 6-month, 3-month and 1-month periods prior to the Joint Announcement Date, represent 0.04%, 0.04%, 0.05% and 0.04% of the free float of the Shares respectively; and
- (ii) During the period following the Joint Announcement and up to the Latest Practicable Date, the average daily trading volume on the Shares increased to approximately 104,000 Shares, representing approximately 0.06% of the free float of the Shares.

7.2 Financial analysis of the Group

7.2.1 Financial performance of the Group

We set out below a summary of the financial results of the Group for the last three financial years ended 31 May 2016, that is, FY2014, FY2015 and FY2016, and the latest interim financial results of the Group for 3QFY2017 (that is, 9 months ended 28 February 2017) and the corresponding period for 2016 ("3QFY2016"):

S\$'000	← Audited →			← Unaudited →	
	FY2014 (Restated) ⁽¹⁾	FY2015	FY2016	3QFY2016	3QFY2017
Revenue	202,823	217,895	261,706	168,259	181,309
Gross profit	2,508	35,862	29,855	20,295	25,948
Share of results of associates and joint venture	9,004	11,121	14,603	7,499	275
(Loss) / Profit before tax	(8,317)	15,074	11,746	7,564	3,166
(Loss) / Profit for the year/period	(10,236)	12,882	10,719	7,005	2,109
(Loss) / Profit attributable to:					
Owners of the Company	(13,258)	11,133	8,404	5,819	1,211
Non-controlling interests	3,022	1,749	2,315	1,186	898
	(10,236)	12,882	10,719	7,005	2,109

Source: The Company's annual reports for FY2015 and FY2016, and the unaudited results of the Group for 3QFY2017

Note:

- (1) FY2014's financial statements have been restated due to the change in accounting policy on sales commissions by the Group and its associates. In prior year, sales commission payable to estate agents were previously expensed off. In current year, sales commission payable to estate agents are deferred and expensed based on percentage of completion method.

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Review of Operating Results

FY2015 vs FY2014

The Group recorded an increase in revenue of S\$15.1 million or 7.4% from S\$202.8 million in FY2014 to S\$217.9 million in FY2015, due mainly to higher revenue recognised for on-going real estate and engineering projects. The engineering business segment contributed S\$154.9 million or 71.1% of total revenue in FY2015, compared to S\$159.8 million or 78.8% of total revenue in FY2014. The real estate business segment contributed S\$60.2 million revenue in FY2015 compared to S\$40.3 million in FY2014. Infrastructure business segment contributed S\$2.8 million in revenue in FY2015 compared to S\$2.7 million in FY2014.

Gross profit, however, increased significantly by S\$33.4 million from S\$2.5 million in FY2014 to S\$35.9 million in FY2015 due to a one-off project cost overrun of S\$18.95 million on a completed project in FY2014. Excluding the effect of the project cost overrun, gross profit would have increased by S\$14.4 million from S\$21.5 million in FY2014 to S\$35.9 million in FY2015.

Share of results of associates and joint venture increased by S\$2.1 million from S\$9.0 million in FY2014 to S\$11.1 million in FY2015 due mainly to higher contributions from associated companies in the real estate business segment.

In FY2015, profit for the year was S\$12.9 million compared to a loss of S\$10.2 million in FY2014. Excluding the effect of the project cost overrun in FY2014, profit would have increased by S\$4.2 million from S\$8.7 million in FY2014 to S\$12.9 million in FY2015.

Profit attributable to the owners of the Company amounted to S\$11.1 million in FY2015 compared to a loss of S\$13.3 million in FY2014.

FY2016 vs FY2015

The Group recorded an increase in revenue of S\$43.8 million or 20.1% from S\$217.9 million in FY2015 to S\$261.7 million in FY2016 due mainly to higher revenue recognised for on-going engineering projects. The engineering business segment contributed S\$223.1 million or 85.2% of total revenue in FY2016, which was a 45.8% increase from FY2015. The real estate business segment contributed S\$33.7 million revenue in FY2016 compared to S\$60.2 million in FY2015. Infrastructure business segment contributed S\$3.0 million in revenue in FY2016 compared to S\$2.8 million in FY2015.

With effect from FY2016, the Group had reorganised into four instead of three operating divisions for the segmental information, with the addition of "Corporate and Other" segment. Corporate and Other involves a range of activities from corporate exercises and include income and expenses not attributable to other operating segments. For FY2016, Corporate and Other segment contributed revenue of S\$1.9 million.

Gross profit decreased by S\$6.0 million or 16.8% from S\$35.9 million in FY2015 to S\$29.9 million in FY2016 due mainly to lower contribution from the real estate business segment.

Share of results of associates and joint venture increased by S\$3.5 million or 31.3% to S\$14.6 million in FY2016 compared to S\$11.1 million in FY2015 due mainly to higher contributions from associated companies in the real estate business segment.

Overall, profit for the year decreased by S\$2.2 million or 16.8% from S\$12.9 million in FY2015 to S\$10.7 million in FY2016. The profit after tax attributable to the owners of the Company decreased by S\$2.7 million or 24.5% from S\$11.1 million in FY2015 to S\$8.4 million in FY2016.

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3QFY2017 vs 3QFY2016

Revenue increased by S\$13.1 million (or 7.8%) due mainly to recognition of higher progressive revenue from development properties despite lower revenue from on-going engineering projects. Gross profit improved by S\$5.6 million or 27.9% from S\$20.3 million in 3QFY2016 to S\$25.9 million in 3QFY2017 in line with increase in revenue. Segmental information for 3QFY2017 and 3QFY2016 is not available in the published financial results of the Group.

Share of results of associates and joint venture decreased by S\$7.2 million due mainly to completion of numerous development projects and full recognition of revenue in FY2016 by TEE Land's associated companies.

Overall, profit for the period decreased by S\$4.9 million or 69.9% from S\$7.0 million in 3QFY2016 to S\$2.1 million in 3QFY2017 due mainly to lower contribution from share of results of associates and joint venture.

Profit attributable to owners of the Company decreased by S\$4.6 million from S\$5.8 million in 3QFY2016 to S\$1.2 million in 3QFY2017.

Historical price-earnings ratio ("PER") implied by the Cash Consideration

PER illustrates the valuation ratio of the current market value of a company's share relative to its consolidated basic earnings per share as stated in its financial statements. The PER is affected by, *inter alia*, the capital structure of the company, its tax position as well as its accounting policies relating to depreciation and intangible assets. The historical PER is commonly used for the purpose of illustrating the profitability and hence the valuation of a company as a going concern.

The Group is a profitable going concern enterprise. Based on the profit attributable to the owners of the Company of S\$3.8 million for the trailing 12-month period ended 28 February 2017 ("**T12M**") and the implied market capitalisation of the Company of S\$107.9 million, the **PER** implied by the Cash Consideration is **28.4 times**.

However, we note that the Group's main revenue contributors are its engineering business followed by the real estate business segment. Based on the Group's segmental information as disclosed in the Company's 2016 annual report, the engineering business has been profitable for FY2015 and FY2016 but is asset light (other than construction work in progress) while the real estate business is asset heavy and its earnings can be volatile. As an illustration, the engineering business segment reported results of S\$7.5 million and S\$11.1 million for FY2015 and FY2016 respectively while the real estate business segment reported results of S\$3.9 million for FY2015 and a loss of S\$2.9 million for FY2016 (based on segment results before elimination).

As the net profit of the Group is relatively low for T12M, this has the effect of skewing the PER implied by the Cash Consideration.

The PER approach alone may not be an appropriate methodology to assess the valuation of the Group as the Group has significant real estate property assets and holdings of associated companies which are separately listed on stock exchanges. For the real estate business segment, we are of the opinion that a revalued net asset value ("**RNAV**") may be more appropriate for an asset backed business, and for the listed subsidiaries and associated companies, the quoted values of these securities should be taken into consideration. Hence, we have assessed the valuation of the Group using the sum-of-parts valuation methodology as set out in Section 7.3 of this Letter.

7.2.2 NAV of the Group

Based on the latest financial results of the Group for 3QFY2017, the financial position of the Group as at 28 February 2017 is summarised as follows:

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S\$'000	Unaudited as at 28 February 2017
Assets	
Current assets	479,059
Non-current assets	128,653
Total assets	607,712
Liabilities	
Current liabilities	255,004
Non-current liabilities	178,938
Total liabilities	433,942
Equity	
Equity attributable to owners of the Company / NAV / Net tangible asset ("NTA")	100,163
Non-controlling interests	73,607
Total equity	173,770
Number of issued Shares (excluding treasury Shares) as at 28 February 2017	501,952,233
NAV/NTA per Share (S\$)	0.200

Source: The Company's unaudited results of the Group for 3QFY2017

Analysis of the financial position of the Group

Current assets

The key current assets of the Group are construction work-in-progress in excess of progress billings of S\$86.5 million (or 18.1% of total current assets), development properties of S\$162.1 million (or 33.8% of total current assets), completed properties held for sale of S\$40.8 million (or 8.5% of total current assets), and assets classified as held for sale of S\$79.4 million (or 16.6% of total current assets).

The construction work-in-progress in excess of progress billings are in relation to on-going engineering contracts where contract costs have been incurred (plus recognised profits) less progress billings. The engineering contract revenue and cost are recorded based on the stage of completion of the contract activity according to the accounting policy of the Group.

Development properties, completed properties held for sale and assets classified as held for sale are mainly in relation to TEE Land Group's operations which are consolidated with the Group's financial results as TEE Land is a 63.28%-owned subsidiary of the Group. TEE Land Group is involved in the development and sale of private residential properties and investment in hotels and properties, with presence in Singapore, Malaysia, Vietnam, Thailand, Australia and New Zealand.

Development properties are stated at cost plus attributable profits less progress billings if their revenue is recognised based on percentage of completion. Progress billings not yet paid by customers are included within "trade receivables". Completed properties held for sale but remained unsold are stated at lower of cost and net realisable value. Assets classified as held for sale are in relation to the two hotels in Australia (that is, Quality Hotel CKS Sydney Airport and Larmont Hotel) which are intended to be sold by TEE Land Group.

Post 28 February 2017, TEE Land had, on 16 April 2017, announced the sale of its 55% interest in Quality Hotel CKS Sydney Airport on 13 April 2017 to an unrelated third party for a sale consideration of A\$32.0 million. On 30 May 2017, TEE Land announced that the sale of the Quality Hotel CKS Sydney Airport was completed on the same day.

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Non-current assets

The main non-current assets of the Group are its investment in associates of S\$58.0 million (or 45.1% of total non-current assets), investment properties of S\$36.7 million (or 28.5% of total non-current assets) and PPE of S\$23.0 million (or 17.9% of total non-current assets).

Investment in associates include associated companies held by TEE Land Group which includes CWT, which is listed on SET, and associated companies held by the Group, which includes CMCI, which is listed on the Catalist board of the SGX-ST. Associated companies held by TEE Land Group are mainly engaged in the development of real estate while those held by the Group are engaged in waste water treatment, and telecommunications engineering. CWT is a real estate developer in Thailand and CMCI is engaged in telecommunications engineering activities.

Post 28 February 2017, the Company had, on 5 May 2017, entered into a sale and purchase agreement to sell 56,552,000 CMCI shares (representing 37.21% shareholding interest in CMCI) to an independent and unrelated third party, Yinda Pte. Ltd. (“**Yinda**”) for a consideration of S\$5.37 million at S\$0.095 per CMCI share. The Company has given an undertaking to Yinda (who subsequently made a general takeover offer for CMCI under the Code) that it will not accept their takeover offer for the CMCI shares and will continue to hold the remaining 7.448 million CMCI shares (representing 4.90% shareholding interest in CMCI) for a period of six months from the sale of the CMCI shares on 5 May 2017. The offer for CMCI closed on 20 June 2017 and the shares of CMCI remain listed on the Catalist board of the SGX-ST. We note that there was no trade done on CMCI shares from 7 June 2017 to the Latest Practicable Date.

Investment properties comprise (a) 33 CNC, a 4-storey purpose-built factory building with ancillary offices in Singapore, (b) Workotel and Thistle Guesthouse, being residential accommodation properties in New Zealand and (c) CRC, being 3 condominium apartment units in Thailand. 33 CNC is held by the Group while Workotel and Thistle Guesthouse and CRC are held by TEE Land Group. These investment properties are stated at fair value as at the end of each financial year based on independent professional valuation in accordance with the accounting policy of the Group. These investment properties, excluding CRC, are pledged to a bank to secure long-term borrowings of the Group.

The main PPE of the Group is the leasehold office building in Singapore, that is, TEE Building. This property under PPE is held by TEE Land Group. PPE are recorded at cost less accumulated depreciation and any accumulated impairment losses in accordance with the accounting policy of the Group.

The property related assets of the Group which are classified under current assets and non-current assets amounted to S\$341.7 million, representing 56.3% of the total assets of the Group as at 28 February 2017. The Group had commissioned the Valuers to carry out an independent market valuation of substantially all the property related assets to determine the market value of these assets (“**Market Value**”) on or around 31 March 2017 for financial reporting, audit, bank loan valuation and/or revaluation purposes. Notwithstanding the above, the Company had sought confirmation from its Valuer, CKS Property Consultants, and through TEE Land, confirmations, wherever possible, from its various Valuers, that the respective market valuations of the above properties held by the Group are still valid and unchanged for the purpose of the Scheme.

The objective of the valuation exercise is to enable us to assess the RNAV of the Group which may be affected by the revaluation surplus/(deficit) arising from the valuation of these property related assets. The Valuation Summary Letters dated on or around 31 March 2017 by the Valuers are attached as Appendix 5 to the Scheme Document.

Besides the assessment of the market valuation of the properties by the Valuers, we have also considered properties which may have been sold subsequent to the valuation exercise and up to the Latest Practicable Date. In these cases, the valuation of the properties will be based on the respective actual transacted prices of the properties.

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We have also considered the market valuation of the Group's holdings of quoted securities based on their market quoted prices in the respective stock exchanges.

The above, together with the attributable valuation of the Group's engineering business, will enable us to assess the valuation of the Group based on the sum-of-parts valuation methodology as set out in Section 7.3 of this Letter.

Liabilities and Equity

The Group has total liabilities of S\$433.9 million of which S\$291.7 million, representing 67.2% of total liabilities, are in relation to borrowings and finance lease.

Total equity comprises equity attributable to owners of the Company of S\$100.2 million and non-controlling interests of S\$73.6 million.

NAV per Share and price-to-book value ("P/NAV") implied by the Cash Consideration

The net asset backing of the Group is measured by its NAV or NTA value. The NTA and NAV based valuation approach provides an estimate of the value of a company assuming the hypothetical sale of all its assets over a reasonable period of time and would be more relevant for asset-based companies or where the subject company intends to realise or convert the uses of all or most of its assets. Such a valuation approach would be particularly appropriate when applied in circumstances where the business is to cease operations or where the profitability of the business being valued is not sufficient to sustain an earnings-based valuation.

The NAV based valuation approach shows the extent to which the value of each Share is backed by the Group's tangible and intangible assets. NTA is derived by deducting intangible assets from the NAV.

As the Group does not have any intangible assets, the NAV of the Group of S\$100.2 million (representing S\$0.200 per Share) as at 28 February 2017 is the same as its NTA.

The Cash Consideration of S\$0.215 represents a premium of 7.5% above the NAV per Share as at 28 February 2017. The **P/NAV** of the Group implied by the Cash consideration is **1.075 times**.

7.3 Sum-of-parts valuation of the Group

As set out in Section 4 of this Letter, the Group has four business divisions comprising (a) corporate and other, (b) engineering, (c) real estate and (d) infrastructure businesses.

As the businesses of the Group are quite diverse ranging from engineering to real estate development, and some of the businesses are held by the Group as quoted securities, as explained in Section 7.2.1 of this Letter, no one valuation methodology can be applied singly to assess the valuation of the Group. Hence, we have taken the following valuation approaches for the different business divisions to arrive at the sum-of-parts valuation of the Group:

Business segments	Description	Valuation methodology used
Corporate and Other	The main asset in this division is the investment property, 33 CNC which is located at 33 Changi North Crescent, Singapore.	RNAV adjusted for the independent market valuation of the property.
Engineering	This is a profitable division. The Group has outstanding order book of S\$264 million as at 28 February 2017, which Management expects to be fulfilled over the next two financial years at an estimated net profit margin of 3%, which averages S\$3.96 million per annum for the next two financial years.	PER based on historical PER of comparable listed companies which are engaged in similar engineering businesses as the Group.

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Business segments	Description	Valuation methodology used
Real Estate	This division is held through the Group's 63.28%-owned subsidiary, TEE Land, a company listed on the Mainboard of the SGX-ST. TEE Land Group also owns a 31.88% interest in CWT, a company listed on SET.	RNAV adjusted for the independent market valuation of the properties held by TEE Land Group, and also taking into consideration the marked-to-market value of the listed shares of TEE Land and CWT.
Infrastructure	This business is carried out through the Company's four associated companies including its 42.11%-owned CMCI, a company listed on the Catalist board of the SGX-ST. Based on segmental information of the Group for FY2016, this division's contribution to the Group, in terms of revenue and profit, is relatively small.	RNAV adjusted for the marked-to-market value of the listed shares of CMCI.

The breakdown of the NAV of the business segments of the Group as at 28 February 2017 is as follows:

S\$'000	Corporate	Engineering	Real estate	Infrastructure	Total
NAV	(4,348)	(12,903)	111,202	6,214	100,165

Source: Management

7.3.1 Corporate and Other division

Based on the Valuer's independent valuation of 33 CNC as at 31 March 2017, the Market Value of 33 CNC is S\$22.0 million, which will result in a revaluation deficit of S\$2.0 million compared to the NBV of 33 CNC of S\$24.0 million as at 28 February 2017.

Market Value is defined to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion".

The Valuer had used the market comparison method in assessing the Market Value of 33 CNC. In adopting this approach, they have taken into cognizance transactions of comparable properties, the prevailing market condition and underlying economic factors which may be of influence to the trend of the market prices.

Management does not expect any potential tax credit arising from the revaluation deficit on 33 CNC as the revaluation deficit is capital in nature.

The NAV of this "Corporate and Other" division is a negative S\$4.3 million, due mainly to borrowings allocated to this division which are higher than the assets allocated to this division. As a result of the revaluation deficit, the RNAV of this division becomes a larger negative amount of S\$6.3 million.

We have therefore applied the negative RNAV of S\$6.3 million for this division in Table 3 as set out in Section 7.3.5 of this Letter.

7.3.2 Engineering division

The Group had reported the following outstanding order book status in connection with the quarterly results announcement for the last five quarters:

Date of announcement	Results announcement in respect of	Outstanding order book (S\$'million)
7 April 2016	3QFY2016	306
28 July 2016	FY2016	229

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Date of announcement	Results announcement in respect of	Outstanding order book (S\$ million)
14 October 2016	1QFY2017	316
13 January 2017	2QFY2017	302
27 March 2017	3QFY2017	264

The Group's engineering division has been profitable and has been reporting healthy outstanding order book at each quarter for the last five quarters. Management estimates that the outstanding order book of S\$264 million as at 28 February 2017 can be expected to be fulfilled over the next two financial years at a net profit margin of approximately 3% based on the Group's past experience of their engineering operations. This will translate to an average net profit of S\$3.96 million per year.

Based on the above, we have assessed the valuation of the engineering division using the PER approach based on the average net profit of S\$3.96 million for the engineering division and the historical PER of comparable companies which are listed on the SGX-ST and engaged in broadly similar engineering business activities ("**Comparable Engineering Companies**"). For a more meaningful comparison, we have selected comparable companies with a market capitalisation of less than S\$500 million.

We have had discussions with the Management about the suitability and reasonableness of the selected Comparable Engineering Companies acting as a basis for the analysis of the PER to be used in valuing the engineering business of the Group. Relevant information has been extracted from Bloomberg L.P. and publicly available information. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information. The accounting policies of the Comparable Engineering Companies with respect to the values for which the assets or the revenue and cost are recorded may differ from that of the Group.

We wish to highlight that the selected Comparable Engineering Companies may not be exhaustive and it should be noted that there may not be any listed company that is directly comparable to the Group in terms of location, business activities, customer base, size of operations, asset base, geographical spread of activities, geographical markets, 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 these selected Comparable Engineering Companies. Therefore, any comparison made serves only as an illustrative guide.

There are seven such companies. A brief description of the Comparable Engineering Companies, as extracted from Bloomberg L.P., is set out below:

Name	Principal business
Hock Lian Seng Holdings Ltd (" HLS Holdings ")	HLS Holdings is a civil engineering firm. It carries out civil engineering works for bridges, expressways, tunnels, MRT, port facilities, water and sewage facilities and other infrastructure works. HLS Holdings also procures and sells building materials, namely, concreting sand and aggregates, for building and construction purposes.
Koh Brothers Group Ltd (" Koh Brothers ")	Koh Brothers is an investment holding company whose subsidiaries are active in construction and real estate development. It also manufactures concrete products and building materials, manages hotels, and sells and rents construction equipment. Koh Brothers distributes, designs and fabricates equipment products for the oil and gas industry.
Koh Brothers Eco Engineering Limited (" Koh Brothers Eco ")	Koh Brothers Eco operates within the industries of construction, building materials, real estate and leisure. It designs and installs water treatment systems and partakes in the process of waste water treatment.
Tritech Group Limited (" Tritech ")	Tritech, through its subsidiaries, provides specialist engineering services and ground and structural engineering services.

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Name	Principal business
Hiap Seng Engineering Ltd ("Hiap Seng")	Hiap Seng provides mechanical engineering services, plant fabrication and installation, and plant maintenance for the petroleum and petrochemical industries. It also provides internet e-business solutions.
King Wan Corp Ltd ("King Wan")	King Wan provides mechanical and electrical engineering services. It also owns, rents, operates mobile lavatories and other facilities, manufactures unplasticised polyvinylchloride (UPVC) pipes and fittings, and develops properties. King Wan manufactures and sells paints, varnishes and painting inks.
Mun Siong Engineering Ltd ("Mun Siong")	Mun Siong is an integrated mechanical engineering and electrical and instrumentation service provider for the process industries. The company's services include pre-fabrication and installation of piping works, valves, erection of steel structures, installation of fixed equipment and platforms, and installation of transformers, switchgears and lightings.

Source: Bloomberg L.P.

The historical PERs of the Comparable Engineering Companies are set out below:

Comparable Companies	Last financial year-end	Market capitalisation as at the Joint Announcement Date (\$'million)	Historical PER ⁽¹⁾ (times)
HLS Holdings	31 Dec 2016	306.0	8.52
Koh Brothers	31 Dec 2016	117.8	8.49
Koh Brothers Eco	31 Dec 2016	66.5	10.83
Tritech	31 Mar 2016	65.9	n.m. ⁽²⁾
Hiap Seng	31 Mar 2016	58.3	9.42
King Wan	31 Mar 2016	57.6	n.m. ⁽²⁾
Mun Siong	31 Dec 2016	37.6	14.36

High	14.36
Low	8.49
Mean	10.32
Median	9.42

Source: Bloomberg L.P.

Notes:

- (1) The historical PERs of the Comparable Engineering Companies are computed based on their respective latest published full year earnings or their trailing 12-month earnings, where applicable, as set out in their latest available published financial statements as at the Joint Announcement Date; and
- (2) n.m. denotes not meaningful as they reported losses.

Based on the average annual net profit of S\$3.96 million of the engineering division of the Group, and the mean and median historical PERs of the Comparable Engineering Companies of 10.32 times and 9.42 times respectively, the estimated valuation of the engineering division is between S\$40.87 million and S\$37.30 million, or an average valuation of S\$39.1 million.

The engineering division has an allocated negative NAV amount of S\$12.9 million as at 28 February 2017, which is equivalent to a net liability position. Hence, the adjusted valuation of the engineering division is S\$26.2 million (S\$39.1 million minus S\$12.9 million).

We have therefore applied the adjusted valuation of S\$26.2 million for the engineering division of the Group in Table 3 as set out in Section 7.3.5 of this Letter.

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7.3.3 Real estate division

(a) Marked-to market valuation under Scenario A

The NAV of the real estate division is S\$111.2 million. The real estate division is operated mainly through TEE Land Group. Based on the market capitalisation of TEE Land of S\$89.4 million (S\$0.20 per share and 446,876,000 issued shares of TEE Land) as at the Joint Announcement Date, the Group's 63.28% share of the market value is S\$56.6 million.

We have applied the above marked-to-market valuation of the Group's holding of TEE Land shares of S\$56.6 million as one of the valuation scenarios of the real estate division of the Group (referenced as Scenario (A)) in Table 3 as set out in Section 7.3.5 of this Letter.

(b) RNAV of the real estate division

The real estate division comprises mainly TEE Land Group's property assets and TEE Land Group's holdings of listed shares in its 31.88%-owned associated company, CWT.

In respect of the property assets, as mentioned in Section 2 and Section 7.2.2 above, the Group had commissioned the Valuers to carry out an independent market valuation of substantially all the property related assets of TEE Land Group on or around 31 March 2017. In assessing the RNAV of the real estate division of the Group, we have also taken into consideration any sale of properties and their transaction values subsequent to the valuation exercise and up to the Latest Practicable Date.

In respect of the holdings of listed shares in CWT, the Company's effective interest in CWT is 20.2% (being 63.28% of 31.88%). Hence, we have marked-to-market the listed shares in CWT to arrive at the Group's effective interest of the revaluation surplus or deficit attributable to the investment in CWT. TEE Land Group also has interests in other unlisted associated companies which may be engaged in property development. As the Group's effective interests in these associated companies are smaller and indirect, and as these associated companies are not listed on any stock exchanges, for the purpose of our analysis, the Group's equity accounting of these unlisted associates in the NAV of the real estate division is reasonable.

The marked-to-market value of TEE Land's holdings of the 239,120,000 listed shares in CWT as at the Joint Announcement Date was THB334.8 million (S\$13.6 million based on the foreign exchange rate of S\$1.00:THB24.58 as at the Joint Announcement Date). Based on the NBV of TEE Land's investment in CWT of S\$18.3 million as at 28 February 2017, the marked-to-market value of the shares in CWT will give rise to a revaluation deficit of S\$4.7 million. Management does not expect any potential tax credit arising from the revaluation deficit as the investment in CWT is capital in nature. The Group's 63.28% share of the revaluation deficit arising from the marked-to-market valuation of the shares in CWT is therefore S\$3.0 million.

The assessment of the above net revaluation surplus/(deficit) (net of any potential tax liability/(credit)) on the property related assets and on CWT will result in the RNAV of the real estate division of the Group. The summary of the computation of the above components in the real estate division is set out in the table at the end of this Section 7.3.3. We have applied this RNAV of the real estate division as the second valuation scenario of the real estate division of the Group. This is referenced as Scenario (B) in Table 3 as set out in Section 7.3.5 of this Letter.

The following Table 1 sets out the property related assets of TEE Land Group which have been revalued by the Valuers, and their respective market values:

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Table 1

No.	Properties of TEE Land Group	Description	Valuation Methodology	Market Value as at 31 March 2017 (in million in the respective currencies)	Market Value (equivalent in S\$ million)	TEE Land's interest (%)
Development properties						
1.	241 Pasir Panjang Road	Vacant land for a proposed 24-unit 5-storey residential development with basement and attic level and communal facilities	Residual method and direct comparison method	S\$16.20	16.20	100.0
2.	20 Lorong 35 Geylang	Vacant land for a proposed 44-unit 8-storey residential development with swimming pool	Residual method and direct comparison method	S\$20.00	20.00	51.0
3.	183 LONGHAUS	Currently under construction a proposed 40 residential units and 10 commercial units, expected to be completed in October 2020	Direct comparison method	S\$50.10 ⁽¹⁾	50.10	100.0
		Remaining 6 unsold residential units and 10 commercial units				
4.	31 & 31A Harvey Avenue	Currently under construction a proposed 2 units of 3-storey houses, expected to be completed in December 2017	Residual method and direct comparison method	S\$15.00 ⁽²⁾	15.00	100.0
5.	Hilbre 28	Currently under construction a proposed 28-unit 5-storey residential apartment, expected to be completed in December 2018	Direct comparison method	S\$14.00 ⁽³⁾	14.00	100.0
		Remaining 12 unsold units				
6.	Third Avenue	701 residential units and 31 commercial units, expected to be completed in June 2018	Comparison method and investment method	MYR156.43 ⁽⁴⁾	49.42 ⁽⁷⁾	100.0
		Remaining unsold units comprising 59 SOHO units, 1 retail shop and 1 17-storey office tower				
Completed property held for sale						
7.	The Peak @ Cairnhill I	5 remaining unsold units of residential apartment held for sale	Direct comparison method	S\$13.50 ⁽⁵⁾	13.50	100.0
Assets classified as held for sale						
8.	Quality Hotel CKS Sydney Airport	A 4.5 star hotel with 121 rooms	Actual sale consideration	A\$32.00	33.63 ⁽⁸⁾	55.0
		Subsequently entered into a contract for sale of the hotel on 13 April 2017				
9.	Larmont Hotel	Hotel component	Capitalisation, discounted cash flow ("DCF") analysis and direct comparison method	A\$42.75	45.91 ⁽⁹⁾	55.0
		5 commercial suites	Capitalisation and direct comparison method	A\$2.10 - A\$2.45 ⁽⁶⁾	2.26 - 2.63 ⁽⁶⁾⁽⁹⁾	55.0

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No.	Properties of TEE Land Group	Description	Valuation Methodology	Market Value as at 31 March 2017 (in million in the respective currencies)	Market Value (equivalent in S\$'million)	TEE Land's interest (%)
Classified under PPE						
10.	TEE Building	A 6-storey factory building with ancillary office, for office and rental use	Market comparison and income method	S\$23.10	23.10	100.0
Investment properties						
11.	Workotel and Thistle Guesthouse	107 accommodation units and 5 dwellings including Thistle Guesthouse for rental	Direct comparison and amortization of EBITDA method	NZ\$9.85	9.94 ⁽¹⁰⁾	75.1
12.	CRC	3 condominium apartment units for rental	Market Comparison method	THB52.50	2.11 ⁽¹¹⁾	100.0

Source: Management and Valuation Summary Letters

Notes:

- (1) Based on the Valuer's gross development value of S\$50.10 million for the unsold units at 183 LONGHAUS;
- (2) Based on the Valuer's gross development value of S\$15.00 million for the unsold units at 31 & 31A Harvey Avenue;
- (3) Based on the Valuer's gross development value of S\$14.00 million for the unsold units at Hilbre 28;
- (4) Based on the Valuer's gross development value of MYR156.43 million for the unsold units at Third Avenue;
- (5) Based on the Valuer's Market Value of S\$13.50 million for the unsold units at The Peak @ Cairnhill I;
- (6) For the purpose of our analysis in Table 2 below, we have used the mid-point of the range of valuation for the 5 commercial suites;
- (7) Based on the exchange rate of S\$1.00:MYR3.165 on 28 February 2017 as extracted from Bloomberg L.P.;
- (8) Based on the exchange rate of A\$1.00:S\$1.051 as per the announcement by TEE Land on 16 April 2017;
- (9) Based on the exchange rate of A\$1.00:S\$1.074 on 28 February 2017 as extracted from Bloomberg L.P.;
- (10) Based on the exchange rate of NZ\$1.00:S\$1.009 on 28 February 2017 as extracted from Bloomberg L.P.; and
- (11) Based on the exchange rate of S\$1.00:THB24.90 on 28 February 2017 as extracted from Bloomberg L.P.

The details of the valuation of the property related assets are set out in the Valuation Summary Letters attached as Appendix 5 to the Scheme Document. In general, the valuation methodologies used by the Valuers are broadly described as follows:

Residual method

In determining the residual method of valuation, the gross development value for the proposed development is estimated and from which the cost of development such as construction cost, professional fees, finance and interest charges, legal fees, stamp duty, developer's profit and other charges are deducted. The residual amount would represent the value which a prudent developer would be willing to pay for the subject site.

The gross development value is determined by the direct comparison approach as described below, comparing recent sales of completed properties in the vicinity.

The market comparison method of recent land sales is used as a cross-check to the valuation arrived at using the residual method.

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Market or direct comparison method

In a market or direct comparison method, recent transactions of similar properties are analysed and adjustments made to reflect the difference between the subject plot and the comparables in terms of location, size, age, tenure and market condition to determine the market value.

Capitalisation, income or investment method

Under the capitalisation, income or investment method, the current net income is capitalised at an appropriate market yield to establish the property's current market value. The current net income is computed from the gross market rental estimated based on market rental rates less outgoings that would be incurred in the management and maintenance of the property as well as other expenses including insurance, taxes and other losses of income such as vacancies. Appropriate capital adjustments are then made to reflect the specific cash flow profile and general characteristics of the property, to arrive at the market value.

DCF analysis

The DCF technique focuses on the overall cost consequences of an investment, considering the amount and timing of inflows and outflows and the envisaged rate of return. The property's market value is derived from discounting the net operating profit over the investment horizon to a present value at a rate reflecting the desired return, or overall yield, commensurate with the quality of the property.

Amortisation of EBITDA method

This is similar to the DCF analysis.

Computation of net revaluation surplus

We note that the NBVs of the development properties as at 28 February 2017 for 183 LONGHAUS, 31 & 31A Harvey Avenue, Hilbre 28, Third Avenue and The Peak @ Cairnhill I comprise (i) unsold units; and (ii) units which have been contracted for sale at an agreed selling price, where the sale and purchase agreements or option to purchase have been executed. We have therefore computed the Market Value of these development properties as the sum of the gross development value of the unsold units and the transacted value of the sold units and deducting Management's estimated cost to complete for each development property.

Based on the Management's information on the NBVs of the property assets as at 28 February 2017 and Management's input on the potential tax liability/(credit) arising from the revaluation surplus/(deficit) and any related transaction costs, we have computed the net revaluation surplus/(deficit) of TEE Land Group's properties in Table 2 below:

Table 2

No.	Properties of TEE Land Group	NBV as at 28 February 2017 (S\$'million)	Market Value as at 31 March 2017 (S\$'million)	Net revaluation surplus/(deficit) ⁽¹⁾ (S\$'million)	Percentage share of the net revaluation surplus/(deficit) ⁽²⁾ (S\$'million)
Development properties					
1.	241 Pasir Panjang Road	15.53	16.20	0.56	0.56
2.	20 Lorong 35 Geylang	21.06	20.00	(0.88)	(0.45)
3.	183 LONGHAUS	46.93	61.37 ⁽³⁾	5.60 ⁽⁵⁾	5.60
4.	31 & 31A Harvey Avenue	9.85	10.82 ⁽³⁾	0.29 ⁽⁵⁾	0.29
5.	Hilbre 28	16.99	17.79 ⁽³⁾	(0.79) ⁽⁵⁾	(0.79)
6.	Third Avenue	51.79	79.18	9.29 ⁽⁵⁾	9.29

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No.	Properties of TEE Land Group	NBV as at 28 February 2017 (\$ million)	Market Value as at 31 March 2017 (\$ million)	Net revaluation surplus/(deficit) ⁽¹⁾ (\$ million)	Percentage share of the net revaluation surplus/(deficit) ⁽²⁾ (\$ million)
Completed property held for sale					
7.	The Peak @ Cairnhill I	37.00	33.93 ⁽⁴⁾	(4.83) ⁽⁵⁾	(4.83)
Assets classified as held for sale					
8.	Quality Hotel CKS Sydney Airport	28.56	33.63	2.96 ⁽⁶⁾	1.63
9.	Larmont Hotel	50.85	48.36	(1.75)	(0.96)
Classified under PPE					
10.	TEE Building	21.24	23.10	1.86	1.86
Investment properties					
11.	Workotel and Thistle Guesthouse	10.70	9.94	(0.76)	(0.57)
12.	CRC	1.96	2.11	0.09	0.09
Total revaluation surplus					11.72

Source: Management and Valuation Summary Letters

Notes:

- (1) In assessing the net revaluation surplus/(deficit), we have considered whether there is any potential tax liability or credit which would arise on the disposal of the above property related assets for the purpose of Rule 26.3 of the Code. The Company had advised that, in a hypothetical scenario where the above properties are sold, the Group may incur potential tax liability or have tax credit at the relevant tax rates in the respective jurisdictions. As an illustration, the Company had informed us that the applicable corporate income tax rate for the properties in Singapore is 17.0%, for Malaysia is 24.0% and for Australia is 30.0%. However, Management is of the view that there is no potential tax liability or credit on the disposal of TEE Building, Workotel and Thistle Guesthouse as any gain or loss on disposal is capital in nature and hence is not subject to tax. For the investment property in Thailand held by non-Thai resident entity, that is CRC, there is potential withholding tax, transfer fee and stamp duty payable, aggregating 2.5% on the sales value of the property;
- (2) Based on TEE Land's percentage interest in each of these properties;
- (3) Subsequent to the valuation exercise and up to the Latest Practicable Date, we note that 2 residential units at 183 LONGHAUS, 1 unit at 31 & 31A Harvey Avenue and all remaining 12 units at Hilbre 28 were contracted for sale. Hence, for the purpose of assessing the revaluation surplus/(deficit) of these units as at 28 February 2017, we have derived the market value of these units based on the actual transacted values less the estimated cost to complete;
- (4) The NBV as at 28 February 2017 reflects 17 units of residential apartments at The Peak @ Cairnhill I, out of which 12 units have been contracted for sale at an agreed selling price, and 5 unsold units as at 28 February 2017. The Valuer had assessed the Market Value of these 5 unsold units as at 31 March 2017. We also note that since 31 March 2017 and up to the Latest Practicable Date, 1 unit has been sold. Hence, for the purpose of assessing the revaluation surplus/(deficit) of these 17 apartment units as at 28 February 2017, we have derived the Market Value of these 17 apartment units based on (a) the agreed selling prices for the 12 units which have been contracted for sale as at 28 February 2017 but not deemed sold (b) the actual sale consideration for the 1 unit which was contracted for sale after the valuation exercise and up to the Latest Practicable Date and (c) the Valuer's Market Value for the 4 remaining units which remained unsold as at the Latest Practicable Date;
- (5) After deducting Management's estimated cost to sell the unsold units including commission and marketing expenses; and
- (6) Based on actual sale consideration of the hotel (A\$32.0 million) less transaction costs and corporate income tax of 30% in Australia totalling A\$2.01 million, and at the foreign exchange rate of A\$1.00:S\$1.051 as per the announcement by TEE Land on 16 April 2017.

As shown in Table 2 above, the total net revaluation surplus on these properties attributable to TEE Land Group is S\$11.72 million. The Group's 63.28% share of the net revaluation surplus is S\$7.41 million.

Accordingly, the RNAV of the real estate division under Scenario B is computed as follows:

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	Cross-reference	S\$'million
NAV of the real estate division as at 28 February 2017	Section 7.3	111.2
Add: The Group's 63.28% share of the total net revaluation surplus of the properties attributable to TEE Land Group	Table 2	7.4
Less: The Group's 63.28% share of the marked-to-market valuation deficit of the listed shares of CWT	Section 7.3.3 (b)	(3.0)
RNAV of the real estate division as at 28 February 2017 under Scenario B		115.6

We have therefore applied the RNAV of S\$115.6 million as the second valuation scenario of the real estate division of the Group (referenced as Scenario (B)) in Table 3 as set out in Section 7.3.5 of this Letter.

7.3.4 Infrastructure division

This division is carried out mainly through the Company's four associated companies including its 42.11%-owned CMCI, a company listed on the Catalist board of the SGX-ST. The contribution from this division has been relatively small thus far.

The marked-to-market value of the Group's holding of 64.0 million shares in CMCI as at the Joint Announcement Date was S\$4.5 million based on the market share price of S\$0.07 for each CMCI share. The NBV of the Group's investment in CMCI is S\$4.772 million as at 28 February 2017.

As described in Section 4 and Section 7.2.2 of this Letter, on 5 May 2017, the Company had disposed of 37.21% of its 42.11% shareholding in CMCI at S\$0.095 per CMCI share to Yinda for a total consideration of S\$5.37 million. The Company had also given an undertaking to Yinda that it will not dispose off its remaining 4.90% shareholding interest in CMCI for a period of six months from the sale of its CMCI shares on 5 May 2017.

Based on the sale consideration for the CMCI shares to Yinda which is the same as Yinda's takeover offer price of S\$0.095 for the CMCI shares, the market value of the 64.0 million CMCI shares is S\$6.08 million, and the revaluation surplus on these CMCI shares is S\$1.308 million, of which S\$1.156 million is realized gain and S\$0.152 million is unrealized gain.

Management does not expect any potential tax liability arising from the revaluation surplus, realized and unrealized gains, as the investment in CMCI is capital in nature.

The NAV of the Infrastructure division is S\$6.2 million as at 28 February 2017. Taking into account the revaluation surplus of the Group's holding of the CMCI shares of S\$1.308 million, the RNAV of the Infrastructure division is S\$7.5 million. We have therefore applied this RNAV of S\$7.5 million for this division in Table 3 as set out in Section 7.3.5 of this Letter.

7.3.5 Sum-of-parts valuation of the Group

Hence, based on the valuation methodologies applied on the various business divisions of the Group as described in Section 7.3.1 to Section 7.3.4 above, we have arrived at the sum-of-parts valuation of the Group as at 28 February 2017 as set out in Table 3 below:

Table 3

S\$'000	Corporate	Engineering	Real estate	Infrastructure	Total	Per Share ⁽¹⁾ (S\$)	P/NAV ratio (times)
NAV	(4,348)	(12,903)	111,202	6,214	100,165	0.200	1.075
Sum-of-parts valuation	(6,348)	26,176	(A) 56,556 ⁽²⁾ (B) 115,655 ⁽³⁾	7,522	(A) 83,906 ⁽²⁾ (B) 143,005 ⁽³⁾	(A) 0.167 ⁽²⁾ (B) 0.285 ⁽³⁾	(A) 1.29 ⁽²⁾ (B) 0.75 ⁽³⁾

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Notes:

- (1) Based on 501,952,233 issued Shares (excluding treasury Shares) as at 28 February 2017;
- (2) Based on Scenario (A) valuation for the real estate division as described in Section 7.3.3, that is, marked-to-market value of the shares in TEE Land as at the Joint Announcement date; and
- (3) Based on Scenario (B) valuation for the real estate division as described in Section 7.3.3, that is, adjusted RNAV of the real estate division of the Group as at 28 February 2017.

Following from Table 3 above, the Cash Consideration represents:

- (a) P/NAV of 1.075 times based on the unaudited NAV of the Group as at 28 February 2017;
- (b) P/RNAV of 1.29 times under Scenario (A) which is based on the sum-of-parts valuation of the Group except for the real estate division which is primarily based on marked-to-market value of the Group's holdings of shares in TEE Land; and
- (c) P/RNAV of 0.75 times under Scenario (B) which is based on the sum-of-parts valuation of the Group including the revaluation of the properties of TEE Land Group.

In our evaluation of the financial terms of the Scheme, we have also considered whether there are any tangible assets which should be valued at an amount that is materially different from that which were recorded in the statement of financial position of the Group as at 28 February 2017, and whether there are any factors which have not been otherwise disclosed in the financial information of the Group that are likely to impact the NAV as at 28 February 2017.

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

- (a) save as disclosed above, there are no material differences between the realisable value of the Group's assets and their respective book values as at 28 February 2017 which would have a material impact on the NAV of the Group;
- (b) other than that already provided for or disclosed in the Group's financial information as at 28 February 2017, there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NAV of the Group as at the Latest Practicable Date;
- (c) there are no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole;
- (d) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible assets would have a material impact on the overall financial position of the Group; and
- (e) save for the disposal of Quality Hotel CKS Sydney Airport by TEE Land and the sale of 37.21% equity interest in CMCI by the Company, there are no material acquisitions and disposals of assets by the Group between 28 February 2017 and the Latest Practicable Date, and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of its material assets or material change in the nature of the Group's business.

For the avoidance of doubt, we have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, real properties) of the Group. We are not experts in the evaluation or appraisal of the assets concerned and we have placed sole reliance on the Valuation Summary Letters for such asset appraisals and have not made any independent verification of the contents thereof.

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The stated values of the Group's development properties, completed properties held for sale, assets classified as held for sale, property, plant and equipment and investment properties are based on the valuations performed by the respective Valuers. We do not assume any responsibility to inquire about the basis of such valuations or if the contents thereof have been prepared and/or included in the Scheme Document in accordance with all applicable regulatory requirements including Rule 26 of the Code.

7.4 Comparison with completed privatisation of companies listed on the SGX-ST

In assessing the reasonableness of the Cash Consideration, we have compared the financial terms of the Scheme with those of the selected successful privatisation transactions of (a) companies across all industry segments ("**Precedent Privatisation Transactions**") and (b) companies that are engaged in property development and related businesses ("**Privatisation Transactions – Property Counters**") as 56.3% of the total assets of the Group are property related assets.

7.4.1 Privatisation of companies across all industry segments

These are successful privatisation transactions across all industry segments which were announced since January 2016 and up to the Latest Practicable Date, and which were carried out either by way of voluntary delisting exit offers under Rule 1307 of the Listing Manual, offers being made by way of a scheme of arrangement under Section 210 of the Companies Act or general takeover offers under the Code where the offeror has stated its intention to delist the listed company from the SGX-ST.

This analysis serves as a general indication of the relevant premium/discount that the offerors had paid in order to acquire the target companies without having regard to their specific industry characteristics or other considerations, and the comparison sets out:

- (a) the premium or discount represented by each of the respective offer prices to the last transacted prices and VWAPs over the 1-month and 3-month periods prior to the announcement of the Precedent Privatisation Transactions; and
- (b) the premium or discount represented by each of the respective offer prices to the net asset value of the respective target companies. We note that certain Precedent Privatisation Transactions had undertaken revaluations and/or adjustments to their assets which may have a material impact on their latest announced book values. In this respect, we have compared the offer price with the relevant revalued, adjusted NAV or NTA of the Precedent Privatisation Transactions, where applicable.

We wish to highlight that the target companies involved in the Precedent Privatisation Transactions as set out in the analysis below may not be directly comparable to the Group in terms of market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. Each transaction must be judged on its own commercial and financial merits. The premium or discount that an offeror pays in any particular privatisation transaction varies in different specific circumstances depending on, *inter alia*, factors such as the potential synergy the offeror can gain by acquiring the target, the prevailing market conditions and sentiments, attractiveness and profitability of the target's business and assets, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target of company's shares, the presence or absence of competing bids for the target company, and the existing and desired level of control in the target company. The list of the Precedent Privatisation Transactions is by no means exhaustive and as such any comparison made only serves as an illustration. Conclusions drawn from the comparisons made may not necessarily reflect the perceived or implied market valuation of the Company.

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Name of company	Sector	Date of announcement	Premium/(discount) of offer price over/(to)			P/NAV (times)
			Last transacted price prior to announcement (%)	VWAP for 1-month period prior to announcement (%)	VWAP for 3-month period prior to announcement (%)	
HTL International Holdings Limited	Manufacture, processing and sale of wooden products	07 Jan 2016	46.0	69.2	98.4	1.93 ⁽¹⁾
Lantrovision (S) Ltd	Supply, design, install and provide IT consultancy services	27 Jan 2016	47.7	42.8	46.2	1.50 ⁽²⁾
China Yongsheng Limited	Production and supply of concrete and related products	24 Feb 2016	52.4	67.4	62.4	0.65 ⁽³⁾
Xinren Aluminium Holdings Limited	Smelting, sale, production and trading of aluminium and related products	25 Feb 2016	25.1	49.6	50.0	1.48 ⁽⁴⁾
OSIM International Ltd	Distributes, sells and franchises healthy lifestyle products	07 Mar 2016	27.0	40.9	42.5	2.60 ⁽⁵⁾
Select Group Limited	Food catering and management services	23 Mar 2016	23.5	37.9	43.4	3.90 ⁽⁶⁾
GMG Global Ltd	Processing, producing, marketing and exporting of rubber	28 Mar 2016	10.8	25.2	39.9	0.75 ⁽⁷⁾
Xyec Holdings Co., Ltd.	Provision of integrated engineering and IT consultancy and services	29 Mar 2016	50.0	49.3	49.3	1.30 ⁽⁸⁾
Pteris Global Limited	Provision of airport facility equipment	21 Apr 2016	33.9	38.0	44.1	1.24 ⁽⁹⁾
China Merchants Holdings (Pacific) Limited	Toll road operator	09 May 2016	22.9	21.8	25.3	1.10 ⁽¹⁰⁾
Eu Yan Sang International Ltd	Health and wellness company in traditional Chinese medicines	16 May 2016	2.6	8.5	16.5	1.70 ⁽¹¹⁾
Otto Marine Limited	Vessel construction, repair, conversion, chartering, leasing of vessels and subsea services	08 Jun 2016	39.1	44.8	43.5	2.30 ⁽¹²⁾
SMRT Corp Ltd	Provision of land transport services in rail operations, maintenance and engineering as well as bus, taxi and automotive	20 Jul 2016	8.7	10.8	10.7	2.80 ⁽¹³⁾
Sim Lian Group Limited	Property development, investment and construction	08 Aug 2016	14.9	16.6	19.5	0.78 ⁽¹⁴⁾
China Minzhong Food Corporation Limited	Cultivation, production and sale of processed vegetables, fruit and vegetable beverages	06 Sep 2016	25.0	24.8	23.1	0.72 ⁽¹⁵⁾
Aztech Group Ltd.	Electronics and LED lighting manufacturing, material supply and marine logistics, and food and beverage retail and supplies	19 Sep 2016	29.2	38.6	21.0	0.44 ⁽¹⁶⁾
China New Town Development Company Limited	Urbanisation developer and operator for large township projects	18 Oct 2016	18.6	20.5	27.0	0.90 ⁽¹⁷⁾
China Auto Electronics Group Limited	Automotive electrical and electronics distribution and system manufacturer	24 Oct 2016	23.1	50.9	65.0	1.30 ⁽¹⁸⁾
Innovalues Limited	Manufactures customised precision machined parts and components for	26 Oct 2016	13.5 ⁽²⁰⁾	19.0 ⁽²⁰⁾	21.6 ⁽²⁰⁾	3.70 ⁽¹⁹⁾

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Name of company	Sector	Date of announcement	Premium/(discount) of offer price over/(to)			P/NAV (times)
			Last transacted price prior to announcement (%)	VWAP for 1-month period prior to announcement (%)	VWAP for 3-month period prior to announcement (%)	
	automotive industries					
Super Group Ltd.	Manufacturing and distribution of consumer products, primarily instant coffee, instant cereal and instant tea mixes	03 Nov 2016	44.4	47.4	54.4	2.69 ⁽²¹⁾
ARA Asset Management Limited	Asian real estate fund management of REITs and private real estate funds	08 Nov 2016	26.2	29.6	30.3	3.05 ⁽²²⁾
Advanced Integrated Manufacturing Corp. Ltd.	Electronics manufacturing provider	24 Nov 2016	22.8	20.7	20.7	0.70 ⁽²³⁾
Sunmart Holdings Limited	Manufacturing and sale of spray products such as spray pumps, aluminium cans and plastic bottles used in the packaging for FMCG, pharmaceutical and health supplements	30 Nov 2016	n.m. ⁽²⁷⁾	n.m. ⁽²⁷⁾	n.m. ⁽²⁷⁾	0.85 ⁽²⁴⁾
Auric Pacific Group Limited	Distributor of fast-moving consumer goods, food manufacturing and retailing, restaurants and food court management	07 Feb 2017	13.4	17.7	23.8	1.47 ⁽²⁵⁾
Global Premium Hotels Limited	Development and operation of hotels in the economy-tier to mid-tier class	23 Feb 2017	14.1	18.1	21.7	0.53 ⁽²⁶⁾
High			52.4	69.2	98.4	3.90
Low			2.6	8.5	10.7	0.44
Mean			26.5	33.8	37.5	1.62
Median			24.3	33.8	35.1	1.30
The Company (implied by the Cash Consideration)		01 Apr 2017 (Joint Announcement Date)	12.6	13.8	12.0	1.29 (Scenario (A)) 0.75 (Scenario (B))

Source: SGX-ST announcements and circulars to shareholders in relation to the Precedent Privatisation Transactions.

Notes:

- (1) Based on the NTA per share of HTL International Holdings Limited as at 31 December 2015;
- (2) Based on the NTA per share of Lantrovision (S) Ltd as at 31 December 2015;
- (3) Based on the revalued NAV per share of China Yongsheng Limited as at 31 December 2015;
- (4) Based on the revalued NAV per share of Xinren Aluminium Holdings Limited as at 31 December 2015;
- (5) Based on the final offer price of S\$1.39 per share announced on 5 April 2016 and the audited NAV per share of OSIM International Ltd as at 31 December 2015;
- (6) Based on the NTA per share of Select Group Limited as at 31 December 2015;

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- (7) Based on the midpoint of the P/NAV range of GMG Global Limited of 0.72-0.77 as at 31 December 2015 implied by the respective Halcyon Agri Corporation Limited (offeror) VWAP for the 1, 3 and 6 month periods prior to the pre-conditional announcement date of 28 March 2016;
- (8) Based on the NAV per share of Xyec Holdings Co., Ltd. as at 30 September 2015;
- (9) Based on the final offer and RNTA per share of Pteris Global Limited as at 31 March 2016;
- (10) Based on the revalued NAV per share of China Merchants Holdings (Pacific) Limited as at 31 March 2016;
- (11) Based on the revalued NAV per share of Eu Yan Sang International Ltd as at 31 March 2016;
- (12) Based on the revalued NTA per share of Otto Marine Limited as at 31 March 2016;
- (13) Based on the NTA per share of SMRT Corp Ltd as at 30 June 2016;
- (14) Based on the revalued NAV per share of Sim Lian Group Limited as at 30 June 2016;
- (15) Based on the NTA per share of China Minzhong Food Corporation Limited as at 30 September 2016;
- (16) Based on the RNTA per share of Aztech Group Ltd. as at 30 June 2016;
- (17) Based on the NAV per share of China New Town Development Company Limited as at 30 September 2016;
- (18) Based on the NTA per share of China Auto Electronics Group Limited on a diluted basis (after bond conversion) as at 30 June 2016;
- (19) Based on the NTA per share of Innovalues Limited as at 30 September 2016;
- (20) The market premia were computed based on prices prior to the holding announcement date (7 April 2016) when the company first announced that it has appointed a financial adviser to conduct a review of the strategic options available to the company with a view to enhancing and unlocking shareholder value;
- (21) Based on the NTA per share of Super Group Ltd. as at 31 December 2016;
- (22) Based on the NAV per share of ARA Asset Management Limited as at 31 December 2016;
- (23) Based on the revalued NTA per share of Advanced Integrated Manufacturing Corp. Ltd. as at 30 September 2016;
- (24) Based on the RNAV per share of Sunmart Holdings Limited as at 30 September 2016;
- (25) Based on the RNTA per share of Auric Pacific Group Limited as at 31 December 2016;
- (26) Based on the RNAV per share of Global Premium Hotels Limited as at 31 December 2016; and
- (27) n.m. denotes not meaningful.

Based on the above, we note that:

- (a) The premia implied by the Cash Consideration over the last transacted price, VWAP for 1-month period and VWAP for 3-month period prior to the Joint Announcement are within the range but lower than the mean and median of the corresponding premia of the Precedent Privatisation Transactions; and
- (b) Under Scenario (A), the P/RNAV of 1.29 times implied by the Cash Consideration is within the range but lower than the mean but close to the median of the corresponding P/NAV ratios of the Precedent Privatisation Transactions.

Under Scenario (B), the P/RNAV ratio of 0.75 times implied by the Cash Consideration is within the range but lower than both the mean and median of the corresponding P/NAV ratios of the Precedent Privatisation Transactions.

The Precedent Privatisation Transactions may not be directly comparable to the Group as none of them are similar to the profile of the Group in terms of the business activities, which is engaged in mainly engineering and property development businesses.

As mentioned earlier, the Group has significant property related assets. It may therefore also be relevant to compare the statistics of Precedent Privatisation Transactions of companies that are engaged in property development activities. We note that only two

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(Sim Lian Group Limited and China New Town Development Company Limited) out of 25 of the Precedent Privatisation Transactions are companies that are engaged in property development and related businesses. Hence, we have proceeded to compare the privatisation statistics of the SGX-ST listed property related companies in Section 7.4.2 below.

Shareholders should note that the above comparison with the Precedent Privatisation Transactions is for illustrative purposes only.

7.4.2 Privatisation of property related companies listed on the SGX-ST

There are only two privatisation of property related companies listed on the SGX-ST in the last one and a half years since January 2016. Hence, for the purpose of our analysis, we have extended the research of such privatisation of property related companies by one more year since January 2015 and up to the Latest Practicable Date. There are in total four of such Privatisation Transactions – Property Counters.

The relevant statistics of the Privatisation Transactions – Property Counters are set out below:

Name of company	Sector	Date of announcement	Premium/(discount) of offer price over/(to)			P/NAV (times)
			Last transacted price prior to announcement (%)	VWAP for 1-month period prior to announcement (%)	VWAP for 3-month period prior to announcement (%)	
Keppel Land Limited	Property developer	23 Jan 2015	20.0	25.0	28.8	0.66 ⁽¹⁾
Eastern Holdings Ltd	Property development and publishing	22 Sep 2015	41.7	67.3	34.1	0.82 ⁽²⁾
Sim Lian Group Limited	Property development, investment and construction	08 Aug 2016	14.9	16.6	19.5	0.78 ⁽³⁾
China New Town Development Company Limited	Urbanisation developer and operator for large township projects	18 Oct 2016	18.6	20.5	27.0	0.90 ⁽⁴⁾
High			41.7	67.3	34.1	0.90
Low			14.9	16.6	19.5	0.66
Mean			23.8	32.4	27.4	0.79
Median			19.3	22.8	27.9	0.80
The Company (implied by the Cash Consideration)		01 Apr 2017 (Joint Announcement Date)	12.6	13.8	12.0	1.29 (Scenario (A)) 0.75 (Scenario (B))

Source: SGX-ST announcements and circulars to shareholders in relation to the Privatisation Transactions – Property Counters.

Notes:

- (1) Based on the average revalued NAV per share as adjusted for the net revaluation surplus on the properties of Keppel Land Limited as at 31 December 2014 and at the base offer price of S\$4.38;
- (2) Based on the revalued NTA per share as adjusted for the net revaluation surplus on certain properties of Eastern Holdings Ltd and the net revaluation surplus arising from the net gain of financial assets as at 30 September 2015;

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- (3) Based on the revalued NAV per share of Sim Lian Group Limited as at 30 June 2016; and
- (4) Based on the NAV per share of China New Town Development Company Limited as at 30 September 2016.

Based on the above, we note that:

- (a) The premia implied by the Cash Consideration over the last transacted price, VWAP for 1-month period prior to the Holding Announcement Date and VWAP for 3-month period prior to the Joint Announcement Date are lower than the lower end of the range and hence lower than the mean and median of the corresponding premia of the Privatisation Transactions – Property Counters;
- (b) Under Scenario (A), the P/RNAV ratio of 1.29 times implied by the Cash Consideration is higher than the upper end of the range, and hence higher than the mean and median of the corresponding P/NAV ratios of the Privatisation Transactions – Property Counters; and
- (c) Under Scenario (B), the P/RNAV ratio of 0.75 times implied by the Cash Consideration is within the range but slightly lower than the mean and median of the corresponding P/NAV ratios of the Privatisation Transactions – Property Counters.

The more relevant basis for comparison with the P/NAV ratios of the Privatisation Transactions – Property Counters is Scenario (B) as substantially all the property related assets of the Group were also likewise revalued.

Shareholders should note that the above comparison with the Privatisation Transactions – Property Counters is for illustrative purposes only.

7.5 Dividend track record of the Company

We set out below the information on the cash dividends per Share declared by the Company in respect of the last three financial years and up to the Latest Practicable Date:

Cash dividends declared (S\$)	FY2014	FY2015	FY2016	1 June 2016 to the Latest Practicable Date
Interim tax exempt dividend per Share	0.0045	0.0018	0.0015	0.0012
Final tax exempt dividend per Share	0.0050	0.0040	0.0018	-
Special tax exempt dividend per Share	-	0.0015	-	-
Total	0.0095	0.0073	0.0033	0.0012
Average Share price ⁽¹⁾ (S\$)	0.316	0.264	0.231	0.207
Dividend yield ⁽²⁾ (%)	3.01	2.77	1.43	0.58

Source: Bloomberg L.P., Company's annual reports and announcements on SGXNET

Notes:

- (1) Based on the daily closing prices of the Shares for the respective financial year; and
- (2) Computed based on dividends per Share divided by the average Share price.

Based on the above, we note that the Company has been paying dividends in respect of the last three financial years but the total amount of such dividends declared has been declining over the years.

In respect of FY2015, in addition to the cash dividend, the Company had carried out a distribution *in specie* of 33,547,322 shares in TEE Land on the basis of one TEE Land share

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for every 15 Shares held, to unlock value for Shareholders and enhance the trading liquidity of the shares of TEE Land.

For the current financial year ending 31 May 2017 (“FY2017”), the Company had declared an interim tax-exempt dividend per Share of S\$0.0012 in connection with the announcement of its second quarter results for FY2017.

As set out in Section 5.1 of this Letter, as a salient term of the Scheme, the Company had disclosed that it does not intend to declare any dividends, rights and other distributions, pending the completion or termination of the Scheme (as the case may be), unless otherwise agreed with the Offeror.

The Directors have confirmed to us that the Company does not have a fixed dividend policy and that they will recommend future dividends after taking into consideration the Company’s cash and financial position, financial performance of the Group, working capital requirements and projected capital expenditure and other investment plans.

We wish to highlight that the above dividend analysis of the Company serves only as an illustrative guide and is not an indication of the Company’s future dividend policy. If the Scheme does not become effective, there is no assurance that the Company will continue to pay dividends in future and/or maintain the level of dividends paid in the past periods. If the Scheme becomes effective, the Company will be wholly-owned by the Offeror.

7.6 Cash Consideration or Offeror Shares as an election

We have set out in this Letter our evaluation of the Scheme, in particular, the Cash Consideration, which in our opinion is fair and reasonable.

Pursuant to the Scheme, each Shareholder shall be entitled to elect to receive one of the following:

- (a) the Cash Consideration of S\$0.215; or
- (b) one new Offeror Share,

for each Share held by such Shareholder as of the Books Closure Date.

Shareholders may elect to receive entirely in cash or the Offeror Shares for all (**and not part of**) their Shares held as at the Books Closure Date. In the absence of a valid election, they will only be paid the Cash Consideration for all their Shares.

It should be noted that the privatisation of the Company via the Scheme is effectively being made by the major shareholder of the Company, Mr Phua Chian Kin. In addition, three of the nine Undertaking Shareholders, who own majority shareholding interests of the Company amounting to 59.66%, are parties acting in concert with the Offeror. These Undertaking Shareholders will continue to own majority shareholding interests in the Offeror upon the completion of the Scheme as they have undertaken to accept the Offeror Shares pursuant to the Scheme. The remaining six Shareholders who own 9.92% shareholding interests in the Company will also accept the Offeror Shares pursuant to their respective Irrevocable Undertakings. The details of these Undertaking Shareholders are set out in Section 3 of this Letter.

In the event that no other Shareholders accept the Offeror Shares, the Offeror will be wholly-owned by the Undertaking Shareholders. In the event that any Shareholder (other than the Undertaking Shareholders) accept the Offeror Shares, the Offeror will still be majority owned by the Undertaking Shareholders, in particular, Mr Phua Chian Kin and his concert parties.

The share exchange offer being made by the Offeror to all Shareholders is to ensure that no

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special deal has been accorded only to the Undertaking Shareholders, as otherwise the share exchange offer will be deemed as a special deal which is subject to the provisions of Rule 10 of the Code.

Hence, minority Shareholders have the choice to elect either to cash-out of their investments in the Shares entirely by accepting the Cash Consideration or to continue to ride along in the Group with the existing major Shareholders, but at the Offeror level as an unlisted company.

The share exchange offer is being made on the basis of one Offeror Share for each Share held by Shareholders. As the Offeror is incorporated solely for the Acquisition and the Scheme, the Offeror Shares as a consideration has the same implied value as the Cash Consideration. Upon the completion of the Scheme, the Company will be wholly-owned by the Offeror. The valuation of the Offeror will therefore be reflective of the market capitalisation of the Company implied by the Cash Consideration, apart from the transaction costs, funding costs and other related costs which the Offeror will have to bear in connection with the Acquisition. Shareholders of the Offeror will indirectly bear their proportionate costs incurred by the Offeror in connection with the Acquisition and the Scheme.

From the perspective of the Offeror, for Shareholders who accept the share exchange offer, the Offeror will accordingly be funding the Shares by equity. For Shareholders who accept the Cash Consideration, we understand that the Offeror may fund the Shares by way of borrowings.

From the perspective of Shareholders who accept the share exchange offer, the implied value of the Offeror Shares will be reflective of the Cash Consideration (that is, S\$0.215 per Offeror Share) less transaction costs, funding costs and related expenses incurred by the Offeror in connection with the Acquisition. Hence, in financial terms, excluding transaction costs, funding costs and related expenses, Shareholders who accept the share exchange offer is no worse-off than those who accept the Cash Consideration.

Nonetheless, it seems clear the intentions of the Offeror to privatise the Company is so that the major Shareholder and his concert parties could continue to manage the Group with greater operational flexibility as an unlisted private company.

Hence, while we are of the view that the financial terms of the Scheme (that is, the Cash Consideration and the share exchange offer) are fair and reasonable, we would also advise Directors to recommend to minority Shareholders who wish to accept the Scheme offer, to accept only the Cash Consideration and not the Offeror Shares, unless such Shareholders are prepared to bear the following risks:

(a) Potential difficulties in exiting the Offeror Shares as unlisted securities

The Scheme Document has highlighted that the Offeror Shares will not be listed on any securities exchange following completion of the Scheme. Shareholders who have elected and are allotted the Offeror Shares should therefore note that shares of unlisted companies are generally valued at a discount to the shares of comparable listed companies due to the lack of marketability. In addition, they will face difficulties in disposing their Offeror Shares in the absence of a public market as there is no arrangement or a public platform for Offeror Shareholders to exit. Even if they are able to sell their Offeror Shares, they may likely receive a lower price as compared with the market prices of the shares of comparable listed companies;

(b) Minority shareholding in a privately held company

The Undertaking Shareholders, who already collectively own majority control of the Company, will continue to collectively own majority control of the Offeror after the Scheme. Hence, Shareholders who elect for the Offeror Shares will remain as minority shareholders of the Offeror as an unlisted private company.

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Shareholders who opt for the Offeror Shares will have elected to be reinvested indirectly in the Group, through the Offeror. Shareholders should be made aware of the risk associated with investment in an unlisted privately held company, and in the case of Offeror, a company incorporated in the British Virgin Islands;

- (c) No fixed dividend policy

We note that the Offeror does not currently have a fixed dividend policy and there is no assurance that Offeror will pay dividends in future; and

- (d) Bear the proportionate share of the transaction costs for the Acquisition

The Offeror is a special purpose vehicle for the Acquisition and does not have any significant assets. The Offeror is therefore expected to raise funds to finance the Cash Consideration, where relevant, and to incur related funding costs and transaction costs in respect of the Acquisition. Hence, Shareholders who become shareholders of the Offeror, will have to bear the proportionate share of these costs.

7.7 Other relevant considerations relating to the Scheme

7.7.1 Effect of the Scheme and Delisting

The Acquisition is presently being proposed to be effected by way of the Scheme. Upon the Scheme becoming effective and binding, the Company will become a wholly-owned subsidiary of the Offeror, and subject to the conditions of the SGX-ST's approval for the delisting of the Shares as set out in Section 5.4 of this Letter, the Shares will be delisted from the Official List of the SGX-ST.

Upon the Scheme becoming effective, it will be binding on all Shareholders, whether or not they attended or voted at the Scheme Meeting, and if they attended and voted, whether or not they voted in favour of the Scheme.

Shareholders should note that by voting for the Scheme, they are agreeing to the Offeror and parties acting in concert with it acquiring or consolidating effective control of the Company without having to make a general offer for the Company. It should be noted, however, that the concert parties to the Offeror already have statutory control of the Company prior to the Scheme.

The Scheme and the Delisting is subject to various conditions precedent as set out in Section 5.2 of this Letter, including the approval for the waiver by The Securities and Exchange Commission of Thailand. As at the Latest Practicable Date, the decision of The Securities and Exchange Commission of Thailand is still pending. Upon receipt of the above waiver, the Company will proceed to apply for the sanction of the Scheme by the Court. Accordingly, the indicative timetable as set out in the Scheme Document may be subject to changes. Shareholders should take note of the relevant announcements by the Company which may be released after the Latest Practicable Date.

7.7.2 Irrevocable Undertakings

The Scheme is subject to Shareholders' approval at the Scheme Meeting, constituting a majority in number of Shareholders holding at least 75% in value of the Shares, present and voting, either in person or by proxy, at the Scheme Meeting.

Pursuant to the Irrevocable Undertakings, the Undertaking Shareholders holding in aggregate 349,255,241 Shares, representing 69.58% of the total number of issued Shares, have each given an irrevocable undertaking to vote in favour of the Scheme at the Scheme Meeting and accept the Offeror Shares in consideration for all their Shares.

However, Mr Phua Chian Kin, his wife (Mdm Tay Kuek Lee) and 4 P Investments Pte. Ltd. who collectively hold 299,477,460 Shares, representing 59.66% of the total number of issued

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Shares, will have to abstain from voting on the Scheme, even though they have each given the Irrevocable Undertakings to vote in favour of the Scheme as they are deemed acting in concert with the Offeror.

Further, the siblings and relatives of Mr Phua Chian Kin, who are not Undertaking Shareholders and who hold in aggregate 0.38% of the total number of issued Shares, will also abstain from voting on the Scheme as they are deemed acting in concert with the Offeror.

The remaining Undertaking Shareholders who hold in total 49,777,781 Shares, representing 9.92% of the total number of issued Shares, will vote in favour of the Scheme and will also accept the Offeror Shares in consideration for all their Shares pursuant to their Irrevocable Undertakings.

7.7.3 Directors' intentions with respect to their Shares

As disclosed in Section 13 of the "Letter to Shareholders" of the Scheme Document, the Directors, namely Mr Bertie Cheng Shao Shiong and Ms Saw Chin Choo, have informed the Company that pursuant to their Irrevocable Undertakings, they will vote in favour of the Scheme and accept the Offeror Shares in consideration for all their Shares.

As mentioned in Section 7.7.2 above, Mr Phua Chian Kin, being a deemed concert party to the Offeror, will abstain from voting on the Scheme. However, he will elect to accept the Offeror Shares in consideration for all his Shares pursuant to his Irrevocable Undertaking.

Mr Phua Boon Kin, being a deemed concert party to the Offeror, will also abstain from voting on the Scheme. He has informed the Company that he intends to elect to accept the Offeror Shares in consideration for all his Shares.

Save for the above, none of the Directors has any direct interest in the Shares.

7.7.4 No other competing offers as at the Latest Practicable Date

The Directors have confirmed that, as at the Latest Practicable Date, the Company has not received any other offer for the Shares. We also note that there is no publicly available evidence of any alternative or competing offer for the Shares from any third party since the Joint Announcement Date and up to the Latest Practicable Date.

7.7.5 Commentary by the Company in the results announcement for 3QFY2017

The Company had made the following comments in relation to its business outlook in its interim results announcement for 3QFY2017:

"The business environment remains challenging amid the uncertain economic outlook and increased geopolitical tensions. Against this background, the Group will continue to be prudent in cost management and focus on completing on-going Engineering and Real Estate projects. In addition, the Group will increase business development efforts by actively participating in new tenders for Singapore and Overseas engineering projects, as well as executing new marketing activities for new Real Estate launches.

To date, the Group has a total outstanding Engineering order book of approximately S\$264 million."

8. OUR RECOMMENDATION TO THE NON-INTERESTED DIRECTORS ON THE SCHEME

In arriving at our recommendation on the Scheme, we have assessed the financial terms of the Scheme after taking into consideration the following key considerations which we consider

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to be pertinent and which we consider may have a significant bearing on our assessment:

- (a) Historical share price performance and trading activity of the Shares;
- (b) Financial analysis of the Group;
- (c) Sum-of-parts valuation of the Group;
- (d) Comparison with completed privatisation of companies listed on the SGX-ST;
- (e) Dividend track record of the Company;
- (f) Cash Consideration or Offeror Shares as an election; and
- (g) Other relevant considerations relating to the Scheme.

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, overall, we are of the view that the financial terms of the Scheme (that is, the Cash Consideration and the share exchange offer) are fair and reasonable and the Scheme is not prejudicial to the interests of Shareholders. Accordingly, we advise the Non-Interested Directors to recommend Shareholders to vote in favour of the Scheme. The Non-Interested Directors should also highlight to Shareholders that the Scheme, when it becomes effective, will be binding on all Shareholders, whether or not they have attended or voted at the Scheme Meeting, and if they have attended and voted, whether or not they have voted in favour of the Scheme.

In addition, we would advise Directors to recommend to minority Shareholders who wish to accept the Scheme offer, to accept only the Cash Consideration and not the Offeror Shares, unless such Shareholders are prepared to bear the risk associated with an investment as a minority shareholder of an unlisted privately held company including those set out in Section 7.6 of this Letter.

In rendering our advice and giving 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. As each Shareholder may have different investment objectives and profile, we recommend that any 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.

Our opinion, as disclosed in this Letter, is based solely on publicly available information and information provided by the Directors and the Management and therefore does not reflect any projections of future financial performance of the Company or the Group after the completion of the Scheme. In addition, our opinion is based on the economic and market conditions prevailing as at the Latest Practicable Date and is solely confined to our views on the Scheme.

Our opinion is addressed to the Non-Interested Directors for their benefit and for the purpose of their consideration of the Scheme. The recommendation to be made by them to the Shareholders shall remain the responsibility of the Non-Interested Directors. Whilst a copy of this Letter may be reproduced in the Scheme Document, neither the Company, the Directors nor any other person may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose other than for the purpose of the Scheme Meeting and for the purpose of the Scheme, at any time and in any manner without the prior written consent of Provenance Capital in each specific case.

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IFA LETTER

This Letter 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
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng
Chief Executive Officer

APPENDIX 5 VALUATION REPORT SUMMARIES

Our Ref : 17/P103638/GC/CL/XY

06 April 2017



TEE International Limited
25 Bukit Batok Street 22
TEE Building
Singapore 659591

Attention : Ms Yeo Ai Mei

VALUATION OF 33 CHANGI NORTH CRESCENT SINGAPORE 499640

Date of Request : 28 March 2017

1. Purpose of Valuation : To determine the market value of the subject property as at 31 March 2017 for audit purpose.

2. Date of Inspection : 05 April 2017

3. Property Details

Type of Property : A 4-storey purpose-built factory building with ancillary offices

Year of Completion : Date of Temporary Occupation Permit (TOP): 26 July 2007
Date of Certificate of Statutory Completion (CSC): 07 July 2008

Condition : Above Average

Occupancy Details : Vacant

Orientation : Main entrance faces south-west

Remarks : Nil

4. Title & Tenure

Legal Description : MK31-4467A

Tenure : Leasehold 30 years commencing from 16 February 2006

Land Area : 8,535.2 sq.m.

Registered Lessor : Jurong Town Corporation

Registered Lessee(s) : TEE International Limited

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



Call No: 6533021100
Co Reg No: 187201070H
Estate Agent Licence No. L2004825E

CKS PROPERTY CONSULTANTS PTE LTD (Part of PhilipCapital Group)

250 North Bridge Road #09-02 Raffles City Tower Singapore 179101
Tel: (65) 6533 0020 Fax: (65) 6533 5103 website: www.cks.com.sg

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33 CHANGI NORTH CRESCENT

5. Town Planning

Master Plan (2014) Zoning : Business 2

6. Location

The subject property is located at Changi North Crescent, off Upper Changi Road North.

The immediate vicinity is generally industrial in nature comprising a mixture of purpose-built factories and standard factories. Prominent developments located nearby include LogisTech, Dietheim Keller Building, ETLE Building, SATS Inflight Catering, SATS Maintenance Centre and I-Lofts @ Changi amongst many others.

Public transportation is available along Changi North Crescent and Upper Changi Road North. Access to other parts of the island is enhanced via the proximity to Tampines Expressway (TPE) and Pan-Island Expressway (PIE). The Expo MRT Station, Simei MRT Station and Changi Airport MRT Station are located nearby. The proposed Upper Changi MRT Station will also be located nearby.

7. Subject Property

- | | |
|--------------------|---|
| Gross Floor Area | : 12,457.0 sq.m. approximately (according to information provided and subject to final survey) |
| Construction | : The building is constructed of reinforced concrete structure with brick in-fill walls and reinforced concrete flat roof. |
| Other Improvements | : Guardhouse / covered/surface carpark / chainlinked/brickwall perimeter fencing complete with remote-controlled metal sliding gate / side gate / loading and unloading bays / goods hoist lift / 1 passenger lift / staircases |

8. Accommodation, Finishes & Fittings

Accommodation

- | | |
|------------|--|
| 1st storey | : Lift lobby / general production area / production rooms / production offices / warehouse / male/female toilets |
| 2nd storey | : General office area / partitioned rooms / server room / male/female toilets |
| 3rd storey | : General factory area / partitioned rooms / male/female toilets |
| 4th storey | : General office area / partitioned rooms / male/female toilets |

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33 CHANGI NORTH CRESCENT

Finishes

Floors	:	Granite / ceramic / carpet / vinyl / cement sand screed / raised floor system generally
Walls	:	Plaster and paint / glass panels / dry wall partitions / wallpaper generally
Ceiling	:	Plaster and paint / ceiling board / false ceiling / recessed lights / downlights generally
Fittings	:	Cassette-unit/split-unit air-conditioners / wall fans / cabinets / shelves / low level pantry cabinets with sinks / breakfast table / vanity tops / vanity tops with undercounter cabinets / roller shutters / fire protection system generally

9. Method of Valuation

The Market Comparison Method of Valuation is adopted in formulating our opinion on the market value of the subject property.

In adopting this approach, we have taken into cognizance transactions of comparable properties, the prevailing market condition and underlying economic factors which may be of influence to the trend of the market prices.

Under the FRS 113 on Fair Value Measurement, the highest and best use concept has been applied when determining the fair value of the property. In our opinion, the current use of property fetches the highest and best use.

10. Limiting Conditions

This report is subject to the limiting conditions enclosed.

11. Opinion of Value(s) 33 CHANGI NORTH CRESCENT SINGAPORE 499640 as at 31 March 2017

Market Value : S\$22,000,000
(Singapore Dollars Twenty Two Million Only)



Ang Guan Choon, Licensed Appraiser
Appraiser's Licence No : AD041-2009651E
B. Property Economics
For and On behalf of CKS Property Consultants Pte Ltd

17/P103638/GC/CLXY

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33 CHANGI NORTH CRESCENT

PHOTOGRAPHS



Subject property

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PHOTOGRAPHS

1st storey



General production area



Production office



Production room



Carpark

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PHOTOGRAPHS

2nd storey



General office area



Partitioned room



Partitioned room



Server room

**APPENDIX 5
VALUATION REPORT SUMMARIES**

PHOTOGRAPHS

3rd storey



General production area



General office area



Partitioned room



Partitioned room

**APPENDIX 5
VALUATION REPORT SUMMARIES**

PHOTOGRAPHS

4th storey



General office area



General office area



Partitioned room

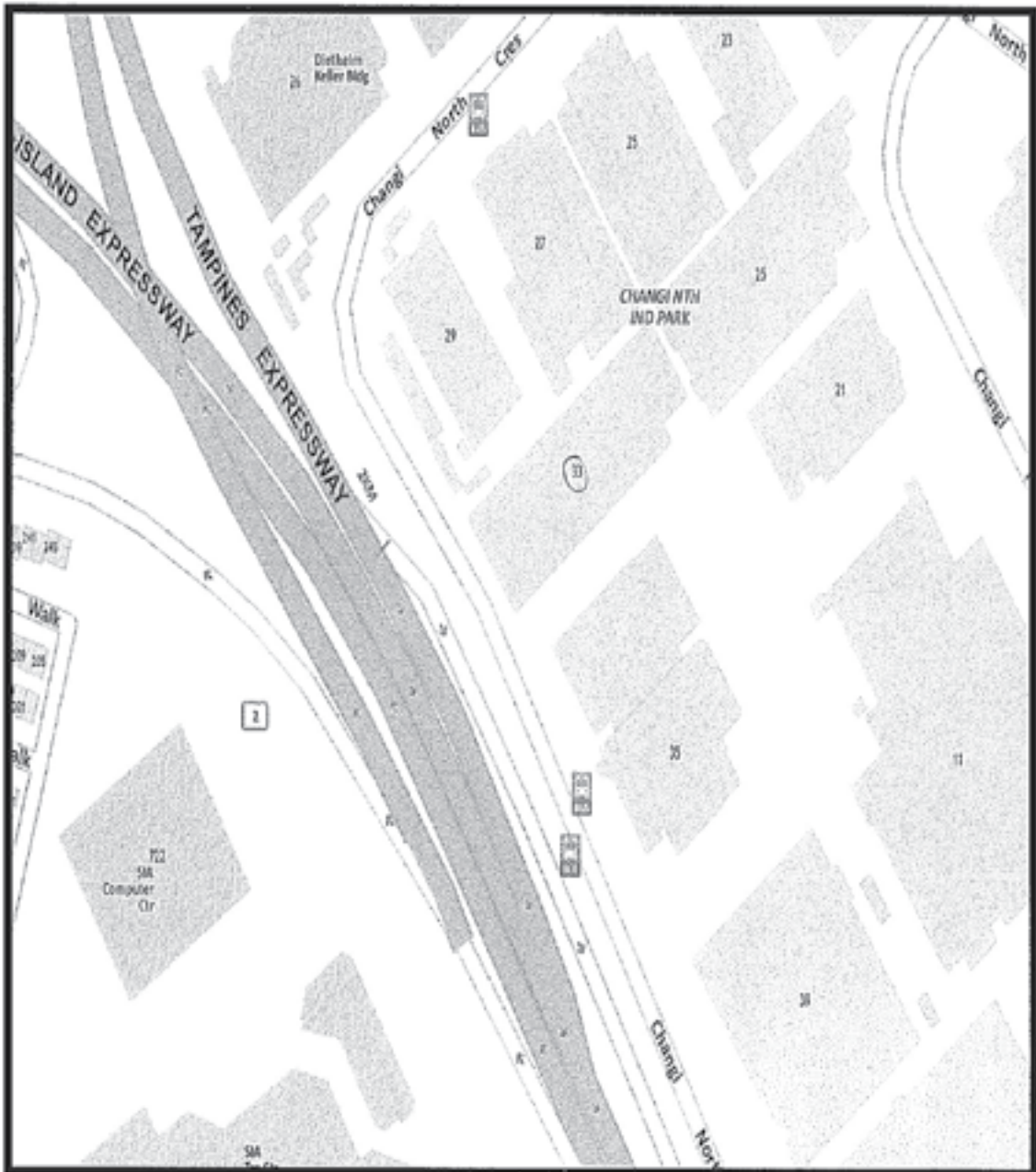


Partitioned room

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VALUATION REPORT SUMMARIES

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LOCATION PLAN
33 CHANGI NORTH CRESCENT



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SITE PLAN
33 CHANGI NORTH CRESCENT



APPENDIX 5 VALUATION REPORT SUMMARIES

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LIMITING CONDITIONS

This valuation report is subject to the following limiting conditions:-

- 1] Our valuation is prepared in accordance with the international definition of "Market Value", namely:

"Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion".

In adopting this definition of Market Value, we are of the opinion that it is consistent with the international definition of Market Value as advocated by the Royal Institute of Chartered Surveyors (RICS) and the Singapore Institute of Surveyors and Valuers (SISV).

No allowances are made for any expenses or taxation which might arise in the event of a disposal. All property is considered as if free and clear of all mortgages, encumbrances, and other outstanding premiums, charges and liabilities.

Our valuation further assumes that all development charges and maintenance/service/conservancy charges, if any, whether outstanding or payable as at the date of valuation, have already been fully paid.
- 2] Our responsibility in connection with this valuation report is limited to our client or person to whom this report is addressed and to that client only. We disclaim all responsibility and accept no liability to any other person(s) or party should this report be used by any such person(s) or party or for any purposes.
- 3] Neither the whole nor any part of this valuation report or any reference to it may be included in any document, circular, statement, correspondence nor published in any way without our prior written approval of the form and context in which it may appear.
- 4] Where it is stated in this report that information has been supplied to us by another party, this information is believed to be reliable and accurate and we disclaim all responsibility if this information should later prove not to be so.
- 5] The values assessed in this report for the subject property and any allocation of values between parts of the property applies strictly on the terms of and for the purpose of this valuation. The values assessed should not be used in conjunction with any other assessment as they may prove inappropriate if so used.
- 6] No structural survey has been made and no guarantee is given that the building is free from rot, termite, pest infestation or other hidden defects. We have also not made any tests on the building services (e.g. air-conditioning, fire-fighting systems, lifts, escalators, plumbing and lighting etc) and these services are presumed to be in good working order.
- 7] Our valuation assumes that the title(s) is(are) in good order and marketable, free from any liens, mortgages, encumbrances, restrictions and other legal impediments. We accept no responsibility for investigations into title(s), searches, legal requisitions, legal validity of title or any charges, claims, liabilities registered against the title(s).
- 8] Any plans that are included in this report are meant for identification purposes and to assist the client in visualizing the subject property. The plans should not be treated as certified true copies of areas or other particulars contained therein. We have not made any cadastral survey of the property and assumed no responsibility in connection in such matters.
- 9] We have not made any requisition for the Road Line Plan or for drainage proposal. We have also not made any application for information/document in respect of Building Control Records. Such requisitions/applications will not be made unless specifically instructed by our client.
- 10] As matters concerning compulsory acquisitions by the Government are confidential, we are unable to provide information relating to Government acquisitions unless the subject property has already been gazetted for acquisition.
- 11] Our valuation presumes that the subject property, as currently used, is in compliance with the existing land use zoning and is not in contravention of any planning rules or regulations.
- 12] We shall not be required to give testimony before a tribunal such as the Valuation Review Board or to appear as an expert witness in Court by reason of this valuation report or with reference to the subject property unless specific arrangements have been made thereof and we be properly reimbursed.

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VALUATION REPORT SUMMARIES

SUNTEC
REAL ESTATE

VALUATION CERTIFICATE

Date	:	31 March 2017
Our Reference	:	2170188/AA/ET
Valuation Prepared for	:	TEE Land Limited
Purpose of Valuation	:	For financial reporting, audit and/or bank loan valuation purposes
Address of Property	:	241 Pasir Panjang Road Singapore 118596
Type of Property	:	A plot of residential redevelopment site for a proposed 5-storey residential development with basement and attic level and communal facilities accommodating 24 apartment units.
Brief Description	:	<p>The subject property is located along Pasir Panjang Road, off West Coast Highway and South Buona Vista Road. It is approximately 9.0 kilometres away from the city centre at Collyer Quay.</p> <p>The immediate vicinity is generally residential in nature, comprising a mixed of landed houses, strata- landed housing developments and low and medium-rise private residential and condominium developments. Prominent developments include Barossa Gardens, Lotus at Pasir Panjang, Parc Imperial, Icon @ Pasir Panjang, Viva Vista and The Orient (under construction) amongst many others. Nearby amenities include places of worship, parks, eateries and the National University of Singapore.</p> <p>Public transport facilities are available along Pasir Panjang Road and South Buona Vista Road. The Haw Par Villa MRT station is also located in close proximity to the subject development. The subject development enjoys easy access to the Ayer Rajah Expressway (AYE).</p>
Legal Description	:	Lot 99888V Mukim 3
Tenure	:	Freehold

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APPENDIX 5 VALUATION REPORT SUMMARIES



Registered Proprietor	:	TEE Vista Pte. Ltd.
Land Area	:	1,201.5 square metres
Proposed Gross Floor Area	:	Approximately 1,681.57 square metres
Proposed Saleable Floor Area	:	Approximately 1,768.64 square metres
Master Plan Zoning (2014)	:	Residential with maximum permissible plot ratio of 1.4
Basis of Valuation	:	<ul style="list-style-type: none"> (i) Land Value of the residential redevelopment site, without taking into consideration the existing improvements on site. (ii) Gross Development Value of the proposed 5-storey residential development, assuming satisfactory completion of the proposed development as at the date of valuation.
Method of Valuation	:	Residual Method & Direct Comparison Method

In determining the Fair Value of the subject property as a plot of residential land, we have adopted the Residual Method of Valuation. In this method of valuation, the Gross Development Value (GDV) for the proposed development is estimated and from which the cost of development such as construction cost, professional fees, finance and interest charges, legal fees, stamp duty, developer's profit and other charges are deducted. The residual amount would represent the value which a prudent developer would be willing to pay for the subject site. The major parameters adopted under the Residual Method are as follows:

Parameters	Values
Average Selling Price	S\$1,600 per square feet
Developer's Profit	12% of Gross Development Value
Construction Cost	S\$6,850,000/-
Planning & Construction Period	2.5 years
Development Charge	Approximately S\$3,800,000/-

APPENDIX 5 VALUATION REPORT SUMMARIES



Method of Valuation (Cont'd) : The Gross Development Value (GDV) is determined by the Direct Comparison Method where recent transactions of similar properties are analysed and adjustments made to reflect the difference between the subject plot and the comparables in terms of location, size, age, tenure and market condition to derive the value of the Gross Development Value.

To determine the GDV of the residential units, some recent sales of apartment/ condominium units in the vicinity are analysed. They are shown below:

Address	Floor Area (Sqm)	Tenure	Transacted Price	Contract Date
253A Pasir Panjang Road #05-12 Parc Imperial	37	Freehold	S\$675,000 (\$1,696psf)	14/12/2016
251 Pasir Panjang Road #03-05 The Orient	62	Freehold	S\$1,231,700 (\$1,847psf)	1/9/2016
251 Pasir Panjang Road #02-05 The Orient	62	Freehold	S\$1,222,300 (\$1,833psf)	29/8/2016
43 Pasir Panjang Hill #04-10 Horizon Residences	95	Freehold	S\$1,506,888 (\$1,473psf)	1/8/2016
9 Balmeg Hill #04-12 The Peak @ Balmeg	140	Freehold	S\$2,120,000 (\$1,407psf)	10/8/2016

We have also adopted the Direct Comparison Method as a cross-check in determining the land value. The Land Value of the subject property is assessed with regard to recent transactions of similar properties in the vicinity and elsewhere. Appropriate adjustments have been made between the comparable and the subject property to reflect the difference in size, tenure, location, prevailing market conditions and all other relevant factors affecting its value.

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VALUATION REPORT SUMMARIES



Method of Valuation (Cont'd) : The following are recent transactions of recent land sales:

Address	Land Area (Sqm)	Tenure	Gross Plot Ratio	Transacted Price	Contract Date
West Coast Vale (URA sale site)	16,378.3	Fresh 99 years	2.8	S\$291,990,000 (\$6,367psm/pr)	15/2/2017
Margaret Drive (URA sale site)	4,809.8	Fresh 99 years	4.614	S\$238,390,301 (\$10,741psm/pr)	12/12/2016
Harbourview Garden, Pasir Panjang Road	2,856	Freehold	1.4	S\$33,250,000 (\$8,316psm/pr)	31/8/2016

Estimated Total Development : The estimated total development cost is S\$14,200,000.

Cost

Valuation :

In view of the foregoing and taken into consideration the prevailing market conditions, we are of the opinion that the Fair Values of the subject property, free from all encumbrances, are as follows:-

MATERIAL DATE OF VALUATION **31 March 2017**

(i) **LAND VALUE** **S\$12,400,000/-**
(SINGAPORE DOLLARS TWELVE MILLION AND FOUR HUNDRED THOUSAND)

LAND VALUE **S\$16,200,000/-**
(INCLUSIVE OF DEVELOPMENT CHARGE OF APPROXIMATELY \$3,800,000/-)
(SINGAPORE DOLLARS SIXTEEN MILLION AND TWO HUNDRED THOUSAND)

APPENDIX 5
VALUATION REPORT SUMMARIES



MATERIAL DATE OF VALUATION

31 March 2017

(ii) GROSS DEVELOPMENT VALUE OF THE PROPOSED 5-STOREY RESIDENTIAL DEVELOPMENT,
ASSUMING SATISFACTORY COMPLETION AS AT THE DATE OF VALUATION.

GROSS DEVELOPMENT VALUE

S\$30,200,000/-

(SINGAPORE DOLLARS THIRTY MILLION AND TWO HUNDRED THOUSAND)

SUNTEC REAL ESTATE CONSULTANTS PTE LTD

Eugene Tham
Executive Director

Our Ref : 2170188AA/ET

This valuation certificate is subject to the attached Limiting Conditions

APPENDIX 5 VALUATION REPORT SUMMARIES



Suntec Real Estate Consultants Pte Ltd

GENERAL PRINCIPLES AND LIMITING CONDITIONS ADOPTED IN THE PREPARATION OF VALUATIONS DESKTOP REVIEWS

- 1. TERMS OF REFERENCE**
We have been instructed to conduct a desktop review of the subject property. No title searches or re-inspection of the premises have been carried out. Please note that it is indicative only and it should not be construed as a formal valuation.
- 2. SOURCE OF INFORMATION**
All information pertaining to the desktop review is obtained from the previous formal report quoted or by the client. Unless we have been informed by the owners or interested party, no further verification of the information already obtained shall be carried out. We have also assumed that no material changes have been done to the subject property since our last formal valuation.
- 3. CONFIDENTIALITY**
The desktop review is confidential to the party to whom they are addressed to for the specific purpose(s) stated in the previous report or otherwise stated. No responsibility is accepted to any other parties and neither the whole, nor any part, nor reference may be included in any statement, published document or circular or published in any way, nor in any communication medium with third parties, without our prior written approval and consent of the form and context in which it will appear.
- 4. STATUTORY REGULATIONS**
No searches pertaining to public schemes has been carried out. We have assumed that the subject property is not affected adversely by such scheme. However, should your solicitor discover that it is adversely affected, it is recommended that they be referred to us for further comment and review.
- 5. INTERNAL USE ONLY**
The Valuation and Report is strictly for internal use only and must not be reproduced, use in any correspondence, discussion and legal case without the consent of the relevant authority concerned.

APPENDIX 5
VALUATION REPORT SUMMARIES

SUNTEC
REAL ESTATE

VALUATION CERTIFICATE

Date	:	31 March 2017
Our Reference	:	2170189/TMET
Valuation Prepared for	:	TEE Land Limited
Purpose of Valuation	:	For financial reporting, audit and/or bank loan valuation purposes
Address of Property	:	20 Lorong 35 Geylang Singapore 387949
Type of Property	:	A plot of residential redevelopment site for a proposed 8-storey residential development with swimming pool accommodating 44 apartment units.
Brief Description	:	<p>The subject property is located along Lorong 35 Geylang, bounded between Geylang Road and Sims Avenue. It is approximately 6 kilometres from the city centre at Collyer Quay.</p> <p>Surrounding developments comprise a mixture of residential apartments, association buildings, shophouses and religious buildings. Prominent developments within the vicinity include Regal 35, Fuyuen Court, Baode Building, Nam Hai Keing, Amitabha Building, Simsville, Nanyang Hwu Clan General Association Building and Centra Loft amongst others. Retail amenities are available at City Plaza, Tanjong Katong Complex, One KM Mall and Grandlink Square.</p> <p>Public transport facilities are available along Geylang Road and Sims Avenue. The subject property is approximately 500 metres from Paya Lebar MRT Station. It has easy access to Pan-Island Expressway (PIE).</p>
Legal Description	:	Lot 98851A Mukim 24
Tenure	:	Freehold
Registered Proprietor	:	Development 35 Pte. Ltd.
Land Area	:	1,114.7 square metres

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UEN No. 198404370K

APPENDIX 5 VALUATION REPORT SUMMARIES



- Proposed Gross Floor Area** : Approximately 3,121.16 square metres
- Proposed Saleable Floor Area** : Approximately 2,967.79 square metres
- Master Plan Zoning (2014)** : Residential & Institution with maximum permissible plot ratio of 2.8
- Basis of Valuation** :
- (i) Land Value of the residential redevelopment site, without taking into consideration the existing improvements on site.
 - (ii) Gross Development Value of the proposed 8-storey residential development, assuming satisfactory completion of the proposed development as at the date of valuation.
- Method of Valuation** : Residual Method & Direct Comparison Method

In determining the Fair Value of the subject property as a plot of residential land, we have adopted the Residual Method of Valuation. In this method of valuation, the Gross Development Value (GDV) for the proposed development is estimated and from which the cost of development such as construction cost, professional fees, finance and interest charges, legal fees, stamp duty, developer's profit and other charges are deducted. The residual amount would represent the value which a prudent developer would be willing to pay for the subject site.

The major parameters adopted in our valuation are as follows:

Parameters	Values
Average Selling Price	S\$1,350 per square feet
Developer's Profit	12% of Gross Development Value
Construction Cost	S\$320 per square feet on gross floor area
Planning & Construction Period	2.5 years
Development Charge *	Approximately S\$1,600,000/-

* As no development baseline was carried out, we are instructed by client to adopt a development charge of \$1,600,000/-. This is subject to further confirmation by the relevant authority. We reserve the right to revise our valuation if this amount differs from the above amount.

APPENDIX 5 VALUATION REPORT SUMMARIES



Method of Valuation (Cont'd) : The Gross Development Value (GDV) is determined by the Direct Comparison Method where recent transactions of similar properties are analysed and adjustments made to reflect the difference between the subject plot and the comparables in terms of location, size, age and market condition to derive the value of the Gross Development Value.

To determine the GDV of the residential units, some recent sales of new apartment/ condominium units in the vicinity are analysed. They are shown below:

Address	Floor Area (sq.m.)	Tenure	Transaction Price	Contract Date
25 Lorong 25 Geylang #08-08 Centra Studios	45	Freehold	\$642,888/- (\$1,328 psf)	27/3/2017
55 Changi Road #08-06 Millage	47	Freehold	\$690,000/- (\$1,364 psf)	27/3/2017
48 Lorong 32 Geylang #07-03 Rezi 3Two	76	Freehold	\$1,140,000/- (\$1,394 psf)	10/3/2017
48 Lorong 32 Geylang #06-11 Rezi 3Two	90	Freehold	\$1,310,000/- (\$1,352 psf)	29/3/2017
39 Lorong 32 Geylang #06-04 Silverscape	38	Freehold	\$540,000/- (\$1,320 psf)	3/3/2017

We have also adopted the Direct Comparison Method as a cross-check in determining the land value. The Land Value of the subject property is assessed with regard to recent transactions of similar properties in the vicinity and elsewhere. Appropriate adjustments have been made between the comparable and the subject property to reflect the difference in size, tenure, location, prevailing market conditions and all other relevant factors affecting its value. Some of the recent land sales considered are as follows :-

Address	Land Area (sq m)	Tenure	Gross Plot Ratio	Transaction Price	Contract Date
1177 Serangoon Road	2,945.5	Freehold	2.8	\$47,000,000/- (\$5,609 psf/pr) (exclude development charge of \$22.66m)	7/12/2016
Pennumal Road	3,847.6	Fresh 99 years	4.2	\$174,680,000/- (\$10,772 psf/pr)	18/1/2017
Margaret Drive	4,809.8	Fresh 99 years	4.6145	\$238,390,301/- (\$10,741 psf/pr)	12/12/2016

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APPENDIX 5
VALUATION REPORT SUMMARIES



Estimated Total Development : The estimated total development cost is S\$17,800,000.

Cost

Valuation :

In view of the foregoing and taken into consideration the prevailing market conditions, we are of the opinion that the Fair Values of the subject property, with vacant possession and free from all encumbrances, are as follows:-

MATERIAL DATE OF VALUATION **31 March 2017**

(i) **LAND VALUE** **S\$20,000,000/-**
(SINGAPORE DOLLARS TWENTY MILLION)
(EXCLUDING DEVELOPMENT CHARGE OF APPROXIMATELY \$1,600,000/-)

(ii) **GROSS DEVELOPMENT VALUE OF THE PROPOSED 8-STOREY RESIDENTIAL DEVELOPMENT, ASSUMING SATISFACTORY COMPLETION AS AT THE DATE OF VALUATION.**

GROSS DEVELOPMENT VALUE **S\$43,000,000/-**
(SINGAPORE DOLLARS FORTY-THREE MILLION)

SUNTEC REAL ESTATE CONSULTANTS PTE LTD

Eugene Tham
Executive Director

Our Ref : 2170189/TMET

This valuation certificate is subject to the attached Limiting Conditions

APPENDIX 5 VALUATION REPORT SUMMARIES



Suntec Real Estate Consultants Pte Ltd

GENERAL PRINCIPLES AND LIMITING CONDITIONS ADOPTED IN THE PREPARATION OF VALUATIONS/DESKTOP REVIEWS

- 1. TERMS OF REFERENCE**
We have been instructed to conduct a desktop review of the subject property. No title searches or re-inspection of the premises have been carried out. Please note that it is indicative only and it should not be construed as a formal valuation.
- 2. SOURCE OF INFORMATION**
All information pertaining to the desktop review is obtained from the previous formal report quoted or by the client. Unless we have been informed by the owners or interested party, no further verification of the information already obtained shall be carried out. We have also assumed that no material changes have been done to the subject property since our last formal valuation.
- 3. CONFIDENTIALITY**
The desktop review is confidential to the party to whom they are addressed to for the specific purpose(s) stated in the previous report or otherwise stated. No responsibility is accepted to any other parties and neither the whole, nor any part, nor reference may be included in any statement, published document or circular or published in any way, nor in any communication medium with third parties, without our prior written approval and consent of the form and context in which it will appear.
- 4. STATUTORY REGULATIONS**
No searches pertaining to public schemes has been carried out. We have assumed that the subject property is not affected adversely by such scheme. However, should your solicitor discover that it is adversely affected, it is recommended that they be referred to us for further comment and review.
- 5. INTERNAL USE ONLY**
The Valuation and Report is strictly for internal use only and must not be reproduced, use in any correspondence, discussion and legal case without the consent of the relevant authority concerned.

APPENDIX 5
VALUATION REPORT SUMMARIES

SUNTEC
REAL ESTATE

VALUATION CERTIFICATE

Date	:	31 March 2017
Our Reference	:	2170191/JC/ET
Valuation Prepared for	:	TEE Ventures Pte. Ltd.
Purpose of Valuation	:	For Financing reporting/ Audit/ and or Bank Loan valuation purpose.
Address of Property	:	183 Upper Thomson Road #B1-01/02/03/04/05, #01-01/02/03/04/05, #02-09, #03-09, #04-04/07/13/14 183 Longhaus Singapore 574332
Type of Property	:	10 unsold commercial units (shops and restaurant units) and 6 unsold residential units within a 4-storey with attic commercial-cum-residential development.
Brief Description	:	<p>The subject property is located along Upper Thomson Road, within an established residential enclave. It is approximately 10 kilometres from the city centre at Collyer Quay.</p> <p>The surrounding generally comprises conventional housing types like terrace, semi-detached and low to mid-rise residential and condominium developments. Prominent developments include Sin Ming Plaza, Thomson Plaza, Thomson Imperial Court, Thomson V One, Thomson V Two amongst others.</p> <p>Public transport facilities are available along Upper Thomson Road. The Marymount and proposed Upper Thomson MRT stations are sited nearby.</p>
Legal Description	:	Land Lot No. 2236V Mukim 15
Tenure	:	Freehold

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Real Estate Advisors for Asia

APPENDIX 5 VALUATION REPORT SUMMARIES



- Registered Proprietor** : TEE Ventures Pte. Ltd.
- Land Area** : 1,575.6 square metres (Approximately 16,960 square feet)
- Total Unsold Strata Floor Area (Residential)** : Approximately 551 square metres
(Breakdown of the type and area of each unit is attached as Appendix)
- Total Unsold Strata Floor Area (Commercial)** : Approximately 1,048 square metres
(Breakdown of the type and area of each unit is attached as Appendix)
- Expected Year of Completion** : 31 October 2020
- Proposed Development** : A 4-storey with attic commercial-cum-residential development known as "183 Longhaus" with a total of 10 shops and restaurant units on the first and basement levels, 40 residential apartments on the upper levels and basement carpark.
- Master Plan Zoning (2014 Edition)** : Commercial & Residential with a maximum permissible plot ratio of 3.0
- Basis of Valuation** : (A) Gross development value of 10 unsold commercial units (shops and restaurant units) and 6 unsold residential units within a 4-storey with attic commercial-cum-residential development.
- Method of Valuation** : Direct Comparison Method

Some of the recent transactions of similar properties are as follows:-

Residential

Address	Strata Floor Area (square metres)	Tenure	Consideration	Contract Date
183 Upper Thomson Road #04-08 183 Longhaus	88	Freehold	S\$1,515,000/- (S\$1,600 psf)	07/12/2016
183 Upper Thomson Road #02-07 183 Longhaus	50	Freehold	S\$886,000/- (S\$1,647 psf)	29/09/2016
183 Upper Thomson Road #04-02 183 Longhaus	100	Freehold	S\$1,565,600/ (S\$1,455 psf)	13/07/2016

**APPENDIX 5
VALUATION REPORT SUMMARIES**

SUNTEC
REAL ESTATE

Method of Valuation : Shops

Address	Strata Floor Area (square metres)	Tenure	Consideration	Contract Date
180 Bencoolen Street #01-65 The Bencoolen	24	Leasehold 99 years w.e.f. 24/06/1995	S\$1,590,000/- (S\$6,163 psf)	20/03/2017
988 Upper Serangoon Road #01-27 Stars of Kovan	26	Leasehold 99 years w.e.f. 25/02/2015	S\$1,409,000/- (S\$5,032 psf)	02/12/2016
11 Kee Seng Street #01-11 Onze @ Tanjong Pagar	24	Freehold	S\$1,550,016/- (S\$6,008 psf)	09/11/2016
371 Beach Road #01-36 City Gate	62	Leasehold 99 years w.e.f. 15/04/2014	S\$3,252,000/- (S\$4,876 psf)	04/08/2016
320 Serangoon Road #01-25 Centrium SQ	29	Freehold	S\$1,844,300/- (S\$5,911 psf)	16/06/2016

Valuation :

In view of the foregoing and taken into consideration the prevailing market conditions, we are of the opinion that the market values of the subject property, subject to vacant possession and free from all encumbrances are as follows:-

MATERIAL DATE OF VALUATION

31 March 2017

(A) GROSS DEVELOPMENT VALUE OF 10 UNSOLD COMMERCIAL UNITS (SHOPS & RESTAURANT UNITS) AND 6 UNSOLD RESIDENTIAL UNITS WITHIN A 4-STOREY WITH ATTIC COMMERCIAL-CUM-RESIDENTIAL DEVELOPMENT

GROSS DEVELOPMENT VALUE OF 6 UNSOLD RESIDENTIAL UNITS
(SINGAPORE DOLLARS NINE MILLION AND ONE HUNDRED THOUSAND)

S\$9,100,000/-

GROSS DEVELOPMENT VALUE OF 10 UNSOLD COMMERCIAL UNITS
(SINGAPORE DOLLARS FORTY-ONE MILLION)

S\$41,000,000/-

SUNTEC REAL ESTATE CONSULTANTS PTE LTD


Eugene Tham
Executive Director

Our Ref.: 2170191/JC/ET

This valuation certificate is subject to the attached Limiting Conditions

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**APPENDIX 5
VALUATION REPORT SUMMARIES**



Appendix

183 Longhaus

Residential

No.	Unit no	Type	Strata Floor Area (sqm)
1	#02-09	D1	87
2	#03-09	D1	87
3	#04-04	PH1	89
4	#04-07	PH3	88
5	#04-13	PH4	100
6	#04-14	PH4	100
Total			551

Commercial

No	Unit no	Type	Strata Floor Area (sqm)
1	#01-01	Restaurant	106
2	#01-02	Restaurant	104
3	#01-03	Restaurant	41
4	#01-04	Restaurant	156
5	#01-05	Restaurant	168
6	#B1-01	Shop	68
7	#B1-02	Shop	101
8	#B1-03	Shop	66
9	#B1-04	Shop	104
10	#B1-05	Shop	134
Total			1048

APPENDIX 5 VALUATION REPORT SUMMARIES



Suntec Real Estate Consultants Pte Ltd

GENERAL PRINCIPLES AND LIMITING CONDITIONS ADOPTED IN THE PREPARATION OF VALUATIONS DESKTOP REVIEWS

- 1. TERMS OF REFERENCE**
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- 2. SOURCE OF INFORMATION**
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- 4. STATUTORY REGULATIONS**
No searches pertaining to public schemes has been carried out. We have assumed that the subject property is not affected adversely by such scheme. However, should your solicitor discover that it is adversely affected, it is recommended that they be referred to us for further comment and review.
- 5. INTERNAL USE ONLY**
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APPENDIX 5
VALUATION REPORT SUMMARIES

SUNTEC
REAL ESTATE

VALUATION CERTIFICATE

Date	:	31 March 2017
Our Reference	:	2170217/AA/ET
Valuation Prepared for	:	TEE Land Limited
Purpose of Valuation	:	For financial reporting, audit and/or bank loan valuation purposes
Address of Property	:	31 & 31A Harvey Avenue Singapore 489509 & 489510
Type of Property	:	2 plots of residential redevelopment sites for proposed 2 units of 3-storey detached houses with basement, attic and swimming pool.
Brief Description	:	The subject properties are located along Harvey Avenue, off Upper Changi Road. It is approximately 15 kilometres away from the city centre at Collyer Quay.

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The immediate locality is generally residential in nature, comprising a mixture of low-rise landed houses and low and medium-rise private residential developments. Prominent developments include Eastpoint Green, My Manhattan, Modena, Tropical Spring, Double Bay Residences and Simei HDB Estate amongst many others. Nearby amenities include places of worship, parks, Changi General Hospital and educational institutions such as Changkat Primary, Changkat Changi Secondary School, ITE College East and Singapore University of Technology and Design (SUTD). Retail facilities are available at Eastpoint Mall, Changi City Point and Singapore Expo.

Public transport facilities are available along Upper Changi Road and Simei Street 3. The Simei MRT Station is also located within walking distance. The subject property enjoys easy access to the Pan-Island Expressway (PIE).

APPENDIX 5 VALUATION REPORT SUMMARIES



Legal Description	:	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">House No.</th> <th style="text-align: left;">Legal Description</th> <th style="text-align: left;">Land Area</th> </tr> </thead> <tbody> <tr> <td>No. 31</td> <td>Lot No. 1081V Mukim 28</td> <td>514.5 square metres</td> </tr> <tr> <td>No. 31A</td> <td>Lot No. 1080W Mukim 28</td> <td>511.3 square metres</td> </tr> <tr> <td>Total</td> <td></td> <td>1,025.8 square metres</td> </tr> </tbody> </table>	House No.	Legal Description	Land Area	No. 31	Lot No. 1081V Mukim 28	514.5 square metres	No. 31A	Lot No. 1080W Mukim 28	511.3 square metres	Total		1,025.8 square metres
House No.	Legal Description	Land Area												
No. 31	Lot No. 1081V Mukim 28	514.5 square metres												
No. 31A	Lot No. 1080W Mukim 28	511.3 square metres												
Total		1,025.8 square metres												
Tenure	:	Freehold												
Registered Proprietor	:	TEE Homes Pte Ltd												
Proposed Gross Floor Area	:	No. 31 : Approximately 891 square metres No. 31A: Approximately 891 square metres												
Master Plan Zoning (2014)	:	Residential and within 3-storey Mixed-Landed Housing Area.												
Basis of Valuation	:	<ul style="list-style-type: none"> (i) Land Value of the residential redevelopment site, without taking into consideration the existing improvements on site. (ii) Gross Development Value of the proposed 2 units of 3-storey detached houses with basement, attic and swimming pool, assuming satisfactory completion of the proposed detached houses as at the date of valuation. 												
Method of Valuation	:	<p>Residual Method & Direct Comparison Method</p> <p>In determining the Fair Value of the subject property as a plot of residential land, we have adopted the Residual Method of Valuation. In this method of valuation, the Gross Development Value (GDV) for the proposed development is estimated and from which the cost of development such as construction cost, professional fees, finance and interest charges, legal fees, stamp duty, developer's profit and other charges are deducted. The residual amount would represent the value which a prudent developer would be willing to pay for the subject site.</p>												

APPENDIX 5 VALUATION REPORT SUMMARIES



Method of Valuation (Cont'd) : The major parameters adopted under the Residual Method are as follows:

Parameters	Values
Average Selling Price	S\$1,360 per square feet on land area
Developer's Profit	10% of Gross Development Value
Construction Cost	S\$3,500,000/-
Planning & Construction Period	1.5 years

The Gross Development Value (GDV) is determined by the Direct Comparison Method where recent transactions of similar properties are analysed and adjustments made to reflect the difference between the subject plot and the comparables in terms of location, size, age and market condition to derive the value of the Gross Development Value.

To determine the GDV, some recent sales of new detached houses in the vicinity are analysed. They are shown below:

Address	Land Area (Sqm)	Tenure	Transacted Price	Contract Date
20 Jalan Haji Salam	439.7	Freehold	S\$6,280,000 (\$1,327psf)	17/3/2017
21 Siglap Rise	380.8	Freehold	S\$6,000,000 (\$1,464psf)	15/8/2016
12 Etrick Terrace	406.8	Freehold	S\$6,200,000 (\$1,409psf)	22/4/2016

We have also adopted the Direct Comparison Method as a cross-check in determining the land value. The Land Value of the subject property is assessed with regard to recent transactions of similar properties in the vicinity and elsewhere. Appropriate adjustments have been made between the comparable and the subject property to reflect the difference in size, age, location, prevailing market conditions and all other relevant factors affecting its value.

**APPENDIX 5
VALUATION REPORT SUMMARIES**



Method of Valuation (Cont'd) : The following are recent transactions of recent sales of old houses:

Address	Land Area (Sqm)	Tenure	Transacted Price	Contract Date
92 Lorong M Telok Kurau	834.1	Freehold	S\$7,100,000 (\$791psf)	12/1/2017
21 Greenfield Drive	955.5	Freehold	S\$8,000,000 (\$778psf)	10/11/2016
21A Harvey Avenue	512.1	Freehold	S\$4,325,000 (\$785psf)	16/5/2016

Valuation :

In view of the foregoing and taken into consideration the prevailing market conditions, we are of the opinion that the Fair Values of the subject property, with vacant possession and free from all encumbrances, are as follows:-

MATERIAL DATE OF VALUATION **31 March 2017**

(i) **LAND VALUE** **S\$8,450,000/-**
(SINGAPORE DOLLARS EIGHT MILLION FOUR HUNDRED AND FIFTY THOUSAND)

(ii) **GROSS DEVELOPMENT VALUE OF THE PROPOSED 2 UNITS OF DETACHED HOUSES WITH BASEMENT, ATTIC AND SWIMMING POOL, ASSUMING SATISFACTORY COMPLETION AS AT THE DATE OF VALUATION.**

GROSS DEVELOPMENT VALUE **S\$15,000,000/-**
(SINGAPORE DOLLARS FIFTEEN MILLION)

SUNTEC REAL ESTATE CONSULTANTS PTE LTD

Eugene Tham
Executive Director

Our Ref : 2170217/AA/ET

This valuation certificate is subject to the attached Limiting Conditions

APPENDIX 5 VALUATION REPORT SUMMARIES



Suntec Real Estate Consultants Pte Ltd

GENERAL PRINCIPLES AND LIMITING CONDITIONS ADOPTED IN THE PREPARATION OF VALUATIONS DESKTOP REVIEWS

- 1. TERMS OF REFERENCE**
We have been instructed to conduct a desktop review of the subject property. No title searches or re-inspection of the premises have been carried out. Please note that it is indicative only and it should not be construed as a formal valuation.
- 2. SOURCE OF INFORMATION**
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- 4. STATUTORY REGULATIONS**
No searches pertaining to public schemes has been carried out. We have assumed that the subject property is not affected adversely by such scheme. However, should your solicitor discover that it is adversely affected, it is recommended that they be referred to us for further comment and review.
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APPENDIX 5
VALUATION REPORT SUMMARIES

VALUATION CERTIFICATE

Date	: 31 March 2017
Our Reference	: 2170192/JW/ET
Valuation Prepared for	: Development 72 Pte Ltd
Purpose of Valuation	: For Financial reporting, Audit/ and or Bank Loan valuation purposes.
Address of Property	: 68 Hillside Drive #02-01/02/03/05/06/07/08/10 #03-03/05/07/08 Hilbre 28 Singapore 549018
Type of Property	: 12 unsold apartment units located within a 5-storey residential development with swimming pool and communal facilities known as Hilbre 28.
Brief Description	: The subject development is located along Hillside Drive, near to its junction with Leith Road, and off Yio Chu Kang Road. It is approximately 11 kilometres from the city centre at Collyer Quay.

The surrounding generally comprises low to mid-rise residential apartments and conventional landed houses. Prominent developments include Legend @ Jansen, Residences @ Jansen, Jansen Mansion, Glasgow Green, Fortuna Hill and D'hiro @ Hillside amongst others.

Educational institutions located nearby include Serangoon Junior College, Rosyth School, Zhong Hua Primary and Peical Secondary School. Amenities in the vicinity include Serangoon Sports & Recreation Centre, market, eateries, food centres, retail shops and shopping malls such as Heartland Mall, Nex, ICB Shopping Centre and Highland Centre.

Public transport facilities are available along Upper Serangoon Road and Yio Chu Kang Road. The Kovan and Serangoon MRT stations are also within close proximity.

APPENDIX 5 VALUATION REPORT SUMMARIES



Legal Description	:	Land Lot No. 5413K & Lot 9786X Mukim 22
Tenure	:	Leasehold for 999 years with effect from 1/9/1876
Registered Proprietor	:	Development 72 Pte. Ltd.
Land Area	:	2,026.2 square metres (Approximately 21,810 square feet)
Total Unsold Strata Floor Area	:	Approximately 929 square metres (Break-down of the type and area of each unit is attached as Appendix)
Expected Year of Completion	:	Quarter 2 2017
Proposed Development	:	A 5-storey residential development comprising 28 apartments, swimming pool and communal facilities
Master Plan Zoning (2014 Edition)	:	Residential with a maximum permissible plot ratio of 1.4
Basis of Valuation	:	Gross Development Value of 12 unsold apartment units, subject to satisfactory completion and issuance of Temporary Occupation Permit (T.O.P.) and Certificate of Statutory Completion (C.S.C.)
Method of Valuation	:	Direct Comparison Method

Some recent transactions of similar properties are as follows:

Address	Strata Floor Area (square metres)	Tenure	Consideration	Contract Date
11 Lim Tua Tow Road #04-41 Casa Cambio	62	Freehold	S\$1,030,000/- (S\$1,544 psf)	07/03/2017
68 Hillside Drive #03-02 Hibro28	80	999 years leasehold From 01/09/1876	S\$1,248,450/- (S\$1,450 psf)	16/02/2017
68 Hillside Drive #03-01 Hibro28	75	999 years leasehold From 01/09/1876	S\$1,222,000/- (S\$1,514 psf)	06/04/2016

2

**APPENDIX 5
VALUATION REPORT SUMMARIES**



Valuation :

In view of the foregoing and taken into consideration the prevailing market conditions, we are of the opinion that the Gross Development Value of the subject property, subject to vacant possession and free from all encumbrances are as follows:-

MATERIAL DATE OF VALUATION

31 March 2017

GROSS DEVELOPMENT VALUE OF 12 UNSOLD APARTMENT UNITS
(SINGAPORE DOLLARS FOURTEEN MILLION)

S\$14,000,000/-

SUNTEC REAL ESTATE CONSULTANTS PTE LTD

**Eugene Tham
Executive Director**

 Our Ref : 2170192/JWET

This valuation certificate is subject to the attached Limiting Conditions

APPENDIX 5
VALUATION REPORT SUMMARIES



Appendix

Hilbre28

Available units

No	Unit no	Type	Area (sqm)
1	02-01	3A-2	75
2	02-05	3A-1	76
3	02-07	3A-2	75
4	02-08	3A-1	76
5	03-05	3A-1	76
6	03-07	3A-2	75
7	03-08	3A-1	76
8	02-02	3B	80
9	02-03	3B	80
10	02-06	3B	80
11	02-10	3B	80
12	03-03	3B	80
Total			929

APPENDIX 5 VALUATION REPORT SUMMARIES



Suntec Real Estate Consultants Pte Ltd

GENERAL PRINCIPLES AND LIMITING CONDITIONS ADOPTED IN THE PREPARATION OF VALUATIONS DESKTOP REVIEWS

- 1. TERMS OF REFERENCE**
We have been instructed to conduct a desktop review of the subject property. No title searches or re-inspection of the premises have been carried out. Please note that it is indicative only and it should not be construed as a formal valuation.
- 2. SOURCE OF INFORMATION**
All information pertaining to the desktop review is obtained from the previous formal report quoted or by the client. Unless we have been informed by the owners or interested party, no further verification of the information already obtained shall be carried out. We have also assumed that no material changes have been done to the subject property since our last formal valuation.
- 3. CONFIDENTIALITY**
The desktop review is confidential to the party to whom they are addressed to for the specific purpose(s) stated in the previous report or otherwise stated. No responsibility is accepted to any other parties and neither the whole, nor any part, nor reference may be included in any statement, published document or circular or published in any way, nor in any communication medium with third parties, without our prior written approval and consent of the form and context in which it will appear.
- 4. STATUTORY REGULATIONS**
No searches pertaining to public schemes has been carried out. We have assumed that the subject property is not affected adversely by such scheme. However, should your solicitor discover that it is adversely affected, it is recommended that they be referred to us for further comment and review.
- 5. INTERNAL USE ONLY**
The Valuation and Report is strictly for internal use only and must not be reproduced, use in any correspondence, discussion and legal case without the consent of the relevant authority concerned.

APPENDIX 5
VALUATION REPORT SUMMARIES

Laurel Cap

LAURELCAP SDN BHD

• Registered Valuers • Property Managers • Estate Agents
• Development Consultants • Project Managers • Researchers

Report & Valuation

Of Seventy (70) Units Of SOHO, One (1) Unit Of Retail Shop And One (1) Seventeen Storey Office Tower Herein Referred To As "Unsold Units" Forming Part Of An Integrated Commercial Development Known As Third Avenue, Lot No. 44005 (Formerly Known As Lot No. PT 12059), Jalan Teknokrat 3, Cyber 4, 63000 Cyberjaya, Selangor Darul Ehsan Held Under Master Title No. GRN 323888, Lot No. 44005, Mukim Of Dengkil, District Of Sepang, State Of Selangor Darul Ehsan

CLIENT :-

Tee Resources Sdn Bhd

PREPARED BY :-

Laurelcap Sdn Bhd

Date : March 31st, 2017

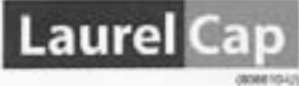
Ref : LC/VAL/17/001530/ES



VE(1) 0213

Suite E-6-2 & E-7-2, East Wing, Subang Square, Jalan SS 15/4G, 47500 Subang Jaya Selangor, Malaysia.
Tel: +603-5637 0033 Fax: +603-5638 0333 Email Address: laurelcap@laurelcap.com.my Website: www.laurelcap.com.my

**APPENDIX 5
VALUATION REPORT SUMMARIES**



Salient Facts

Our Reference : LC/VAL/17/001530/ES

From : Laureicap Sdn Bhd

Client's Name : Tee Resources Sdn Bhd

Purpose of Valuation : Financial reporting, audit and/or bank loan valuation purposes

Date of Valuation / Inspection : March 31st, 2017

Full Property Address : Third Avenue, Lot No. 44005 (formerly known as Lot No. PT 12059), Jalan Teknokrat 3, Cyber 4, 63000 Cyberjaya, Selangor Darul Ehsan

Property Type : Seventy (70) units of SOHO, one (1) unit of retail shop and one (1) seventeen storey office tower herein referred to as "unsold units" forming part of an integrated commercial development known as Third Avenue

Master Title Deed No. : GRN 323888, Lot No. 44005, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan

Tenure : Freehold

Master Title Land Area : 24,086.00 square metres (259,261.70 square feet)

Total Floor Area Of Unsold Units :

Type	Built Up Area (sqm)	Built-up Area (sqft)
SOHO Units	4,463.30	48,043.00
Retail Shop	255.95	2,755.00
17 Storey Office Tower	14,621.50	157,385.87
TOTAL	19,340.75	208,183.87

Market Value :

SOHO Units	RM 33,256,000.00
Retail Shop	RM 3,170,000.00
17 Storey Office Tower	RM 120,000,000.00
TOTAL	RM 156,426,000.00



**APPENDIX 5
VALUATION REPORT SUMMARIES**



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APPENDIX 5 VALUATION REPORT SUMMARIES

Report & Valuation Of Seventy (70) Units Of SOHO, One (1) Unit Of Retail Shop
And One (1) Office Tower Herein Referred To As "Unsold Units" Forming Part Of An
Integrated Commercial Development Project Known As Third Avenue, Lot No. 44005
(Formerly Known As Lot No. PT 12059), Jalan Teknokrat 3, Cyber 4, 63000 Cyberjaya, Selangor Darul Ehsan
Held Under Master Title No. GRN 323888, Lot No. 44005, Mukim Of Dengkil, District Of Sepang, State Of Selangor Darul Ehsan

Laurel Cap

(030610-U)

1.0 TERMS OF REFERENCE

We have been instructed by Tee Resources Sdn Bhd to provide an opinion of the **Market Value** of the freehold interest of seventy (70) units of SOHO, one (1) unit of retail shop and one (1) office tower herein referred to as "unsold units" forming part of an integrated commercial development known as Third Avenue, Lot No. 44005 (formerly known as Lot No. PT 12059), Jalan Teknokrat 3, Cyber 4, 63000 Cyberjaya, Selangor Darul Ehsan held under Master Title No. GRN 323888, Lot No. 44005, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan hereinafter referred to as the "Subject Properties" for financial reporting, audit and/or bank loan valuation purposes and based on the assumption that the Subject Properties are completed, approved for development by Majlis Perbandaran Sepang via "Cadangan Membina Bangunan Yang Mengandungi 1 Block Pejabat 17 Tingkat Berserta 8 Tingkat Tempat Letak Kenderaan Yang Mengandungi Tempat Letak Kereta Dan Lobi Pejabat Dan 1 Blok Menara SOHO 30 Tingkat (Menara 1) & 1 Blok Menara SOHO 35 Tingkat (Menara 2) Beserta 8 Tingkat Tempat Letak Kereta, Lobi SOHO 1 & 2 Dan Ruang Perniagaan di Atas Lot No. PT 12059, Jalan Teknokrat 3, Cyber 4, Cyberjaya" Ref No. dlm. MPSepang 600-36/2/47(6) with vacant possession and Certificate of Completion & Compliance issued by the relevant authorities dated on May 29th, 2014.

"IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE SPECIAL ASSUMPTION(S) AS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON AN ASSUMPTION(S) THAT IS/ARE NOT REASONABLE AND UNLIKELY TO BE REALISED".

The use and application of this Report and Valuation is governed by the Limiting Conditions attached at the end of the Report.



GENERAL VIEW OF THE SUBJECT PROPERTIES

APPENDIX 5 VALUATION REPORT SUMMARIES

Report & Valuation Of Seventy (70) Units Of SOHO, One (1) Unit Of Retail Shop
And One (1) Office Tower Herein Referred To As "Unsold Units" Forming Part Of An
Integrated Commercial Development Project Known As Third Avenue, Lot No. 44005
(Formerly Known As Lot No. PT 12059), Jalan Teknokrat 3, Cyber 4, 63000 Cyberjaya, Selangor Darul Ehsan
Held Under Master Title No. GRN 323888, Lot No. 44005, Mukim Of Dengkil, District Of Sepang, State Of Selangor Darul Ehsan



The term "Market Value" used in the above context is defined as *"the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."*

2.0 BASIS OF VALUATION

For the present valuation exercise, we adopt as our basis of valuation the Market Value of the Subject Properties as seventy (70) units of SOHO, one (1) unit of retail shop and one (1) seventeen storey office tower herein referred to as "unsold units" forming part of an integrated commercial development known as Third Avenue, Lot No. 44005 (formerly known as Lot No. PT 12059), Jalan Teknokrat 3, Cyber 4, 63000 Cyberjaya, Selangor Darul Ehsan held under Master Title No. GRN 323888, Lot No. 44005, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan, in its existing physical condition with vacant possession and subject to its title being free from encumbrances, good, marketable and registrable based on the assumptions as stated in the "TERMS OF REFERENCE" on page 1.

3.0 DATE OF INSPECTION

The Subject Properties were inspected on March 31st, 2017.

4.0 DATE OF VALUATION

For the purpose of this valuation exercise, the material date of valuation is the date of inspection, i.e. March 31st, 2017.

5.0 TITLE PARTICULARS

The individual searched Master Title document was carried out at the District Land Office Selangor Darul Ehsan in Shah Alam on March 31st, 2017. We have noted the following entries in the official document of title and assumed to be correct for the purpose of this valuation exercise.

Master Title No. : GRN 323888

APPENDIX 5 VALUATION REPORT SUMMARIES

Report & Valuation Of Seventy (70) Units Of SOHO, One (1) Unit Of Retail Shop
And One (1) Office Tower Herein Referred To As "Unsold Units" Forming Part Of An
Integrated Commercial Development Project Known As Third Avenue, Lot No. 44005
(Formerly Known As Lot No. PT 32059), Jalan Teknokrat 3, Cyber 4, 63000 Cyberjaya, Selangor Darul Ehsan
Held Under Master Title No. GRN 323888, Lot No. 44005, Mukim Of Dengkil, District Of Sepang, State Of Selangor Darul Ehsan



Lot No.	: 44005
Mukim	: Dengkil
District	: Sepang
State	: Selangor Darul Ehsan
Tenure	: Freehold
Land Area	: 24,086.00 square metres (259,261.70 square feet)
Registered Owner	: Tee Resources Sdn Bhd
Quit Rent	: RM17,102.00 per annum
Category of Land Use	: "Bangunan Perniagaan"
Express Conditions	: "Tanah yang diberi milik ini tidak boleh dipindah milik, dipajak atau digadai melainkan dengan kebenaran Pihak Berkuasa Negeri"
Restriction In Interests	: Nil
Encumbrances	: i) One charged to Malaysia Building Society Berhad vide Presentation No. 96201/2012 dated on 13/9/2012. ii) One charged to Malaysia Building Society Berhad vide Presentation No. 127858/2014 dated on 14/11/2014.
Endorsements	: Nil

The information obtained and stated above is assumed to be correct for the purpose of this valuation exercise.

THE HISTORY OF THE MASTER TITLE HAS NOT BEEN INVESTIGATED AND THIS SHOULD BE UNDERTAKEN BY A SOLICITOR.

FOR THE PRESENT EXERCISE, IT IS ASSUMED THAT THE ABOVE MASTER TITLE PARTICULARS ARE CORRECT AND THAT THE MASTER TITLE IS GOOD MARKETABLE AND REGISTRABLE.

APPENDIX 5 VALUATION REPORT SUMMARIES

Report & Valuation Of Seventy (70) Units Of SOHO, One (1) Unit Of Retail Shop
And One (1) Office Tower Herein Referred To As "Unsold Units" Forming Part Of An
Integrated Commercial Development Project Known As Third Avenue, Lot No. 44005
(Formerly Known As Lot No. PT 12039), Jalan Teknokrat 3, Cyber 4, 63000 Cyberjaya, Selangor Darul Ehsan
Held Under Master Title No. GRN 323888, Lot No. 44005, Mukim Of Dengkil, District Of Sepang, State Of Selangor Darul Ehsan

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A copy of the title is attached as Appendix I.

6.0 LOCATION & SURROUNDING AREA

6.1 ACCESSIBILITY

The Subject Properties are situated along Jalan Teknokrat 3 within an ongoing integrated commercial development project known as Third Avenue, Kuala Lumpur. It is approximately 31.90 kilometres south-west of Kuala Lumpur City Centre (KLCC) and about 11.40 kilometres south-east of Putrajaya respectively. The Subject Site is accessible from Kuala Lumpur City Centre via Jalan Sungai Besi, turning off onto Lebuhraya Kuala Lumpur – Putrajaya, thereonto Lingkar Putrajaya, Persiaran Apec, Persiaran Semarak Apa and finally onto Jalan Teknokrat 3 to where the Subject Site is located.

6.2 SURROUNDING NEIGHBOURHOOD

The surrounding developments are a mixture of residential, commercial and industrial in character, consisting of terraced houses, condominiums, apartments, detached houses, terraced shop-offices, office building and detached factories.

On the northern periphery of the Subject Site is Cyberjaya University College of Medical Science (CUCMS) whilst the southern periphery lie Wisma Shell Cyberjaya, IBM Malaysia and HSBC Electronic Data Processing (Malaysia) Sdn Bhd. Towards the eastern direction within 350 metres lie Glomac Cyberjaya, a three storey shop-office development.



CUCMS



Glomac Cyberjaya

Other prominent landmarks located in the immediate vicinity are DPulze Shopping Centre, Multimedia University, Lim Kok Wing University, Shaftsbury Square, Gardenview Residence, Sekolah Menengah Kebangsaan Cyberjaya and Street Mall.

APPENDIX 5 VALUATION REPORT SUMMARIES

Report & Valuation Of Seventy (70) Units Of SOHO, One (1) Unit Of Retail Shop
And One (1) Office Tower Herein Referred To As "Unsold Units" Forming Part Of An
Integrated Commercial Development Project Known As Third Avenue, Lot No. 44005
(Formerly Known As Lot No. PT 12059), Jalan Teknokrat 3, Cyber 4, 63000 Cyberjaya, Selangor Darul Ehsan
Held Under Master Title No. GRN 323888, Lot No. 44005, Mukim Of Dengkil, District Of Sepang, State Of Selangor Darul Ehsan

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CORPORATION

Established housing estates located within a 5 kilometre radius include Cyber 6, Cyber 8, Cyber 9 Cyberjaya, Neo Cyber, Cyber Heights Villa, Cottage Walk, Perdana Lakeview East and Taman Pinggiran Cyber.

Major connecting roads servicing the areas are Persiaran Semarak Api, Persiaran Multimedia and Lingkaran Putrajaya.

For easy identification, the approximate location of the Subject Properties are edged red on the Location Plan attached as **Appendix II**.

7.0 DESCRIPTION OF THE PROPERTIES

7.1 THE SITE



The site resembles an almost trapezoidal shaped parcel of land encompassing a master titled land area of approximately 24,086.00 square metres (about 5.95 acres). The dimensions of the land are as follows:

APPENDIX 5 VALUATION REPORT SUMMARIES

Report & Valuation Of Seventy (70) Units Of SOHO, One (1) Unit Of Retail Shop And One (1) Office Tower Herein Referred To As "Unsold Units" Forming Part Of An Integrated Commercial Development Project Known As Third Avenue, Lot No. 44005 (Formerly Known As Lot No. PT 12059), Jalan Teknokrat 3, Cyber 4, 63000 Cyberjaya, Selangor Darul Ehsan Held Under Master Title No. GRN 323888, Lot No. 44005, Mukim Of Dengkil, District Of Sepang, State Of Selangor Darul Ehsan

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Boundaries	Measurement	Fronting
North	128.89 metres (422.76 feet)	Cyberjaya University College of Medical Science (CUCMS)
South	141.23 metres (463.23 feet)	Wisma Shell Cyberjaya
East	152.02 metres (498.63 feet)	Jalan Teknokrat 3
West	142.32 metres (467.79 feet)	Drain

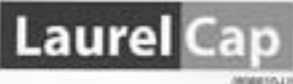
The land is generally flat and level with the frontage road of Jalan Teknokrat 3. The boundaries are partly demarcated with corrugated metal deck fencing. During the course of the inspection, the Subject Properties are still currently under construction with 60% completion.

Based on our inspection and the approved development via letter Ref No. dlm. MPSepang 600-36/2/47 (6) provided by client, Tee Resourced Sdn Bhd, we noted that the development component and progress of Third Avenue are as follows:

Block	No of Storey	Construction Status & Progress
SOHO Tower 1	Ground to 30	<ul style="list-style-type: none"> - Building foundation has been completed. - Level Ground to Level 7 for car park podium is completed . - Structure for Tower 1 is completed, floor tiling work is in progress. - The elevators are still not installed as yet. - Landscape of the site is currently in progress.
SOHO Tower 2	Ground to 35	<ul style="list-style-type: none"> - Building foundation has been completed. - Level Ground to Level 7 for car park podium is completed . - Structure for Tower 2 is completed, floor tiling work is in progress. - The elevators are still not installed as yet.
Retail Shop	Ground to 2	<ul style="list-style-type: none"> - Building foundation has been completed. - Structures of the retail units are completed.
Office Tower	Ground to 17	<ul style="list-style-type: none"> - Building foundation has been completed. - Level Ground to Level 7 for car park podium is completed . - Structure of the office tower is completed.

APPENDIX 5 VALUATION REPORT SUMMARIES

Report & Valuation Of Seventy (70) Units Of SOHO, One (1) Unit Of Retail Shop And One (1) Office Tower Herein Referred To As "Unsold Units" Forming Part Of An Integrated Commercial Development Project Known As Third Avenue, Lot No. 44005 (Formerly Known As Lot No. PT 12059), Jalan Teknokrat 3, Cyber 4, 63000 Cyberjaya, Selangor Darul Ehsan Held Under Master Title No. GRN 323888, Lot No. 44005, Mukim Of Dengkil, District Of Sepang, State Of Selangor Darul Ehsan



Office Tower	Ground to 17	- The elevators are still not installed as yet.
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It should be noted that we have not conducted on site measurement to ascertain the accuracy of the land area. We would advise the appointment of a licensed land surveyor to undertake a site survey to demarcate the site boundaries and confirmation of the area.

A Site Plan of the Subject Properties is attached as Appendix III.

7.2 THE BUILDING

The Subject Site comprise two (2) towers of SOHOs of a thirty (30) and thirty-five (35) storey buildings known as Tower 1 & Tower 2, two (2) storey retail shop and one (1) block of seventeen (17) storey office tower, known as Third Avenue, Cyberjaya, Selangor Darul Ehsan.

The high-rise buildings are generally constructed of reinforced concrete framework, plastered brick walls, reinforced concrete floors and concrete flat roof. The building external walls are of reinforced concrete and windows are of aluminium framed glass windows.

Vertical access to the upper floors is facilitated by four elevators and two (2) reinforced concrete staircases. The whole building structure rests on pile foundations.

THE SUBJECT PROPERTIES

The Subject Properties are seventy (70) units of SOHOs, one (1) unit of retail shop and one (1) seventeen storey office tower herein referred to as "unsold units" forming part of an integrated commercial development known as Third Avenue, Cyberjaya, Selangor Darul Ehsan. Details of the SOHO, retail shop and office tower with various sizes, designs and towers are as listed below:

1) SOHO

Bil	Type of Property	Building No.	Unit No.	Square Metres	Square Feet
1	Type A1	Tower 1	T1-10-3A	44.96	484.00
2	Type A2	Tower 1	T1-11-01	45.99	495.00
3	Type A1	Tower 1	T1-11-3A	44.96	484.00
4	Type B1	Tower 1	T1-11-06	72.00	775.00
5	Type C1	Tower 1	T1-11-07	91.23	982.00
6	Type B2	Tower 1	T1-11-11	72.00	775.00

APPENDIX 5 VALUATION REPORT SUMMARIES

Report & Valuation Of Seventy (70) Units Of SOHO, One (1) Unit Of Retail Shop
And One (1) Office Tower Herein Referred To As "Unsold Units" Forming Part Of An
Integrated Commercial Development Project Known As Third Avenue, Lot No. 44005
(Formerly Known As Lot No. PT 12059), Jalan Teknokrat 3, Cyber 4, 63000 Cyberjaya, Selangor Darul Ehsan
Held Under Master Title No. GRN 323888, Lot No. 44005, Mukim Of Dengkil, District Of Sepang, State Of Selangor Darul Ehsan

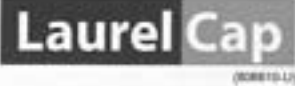
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Bil	Type of Property	Building No.	Unit No.	Square Metres	Square Feet
7	Type A1	Tower 1	T1-12-3A	44.96	484.00
8	Type C1	Tower 1	T1-12-07	91.23	982.00
9	Type B1	Tower 1	T1-12-12	72.00	775.00
10	Type E1	Tower 1	T1-12-16	92.25	993.00
11	Type C1	Tower 1	T1-13-07	91.23	982.00
12	Type B1	Tower 1	T1-13-12	72.00	775.00
13	Type C1	Tower 1	T1-13A-07	91.23	982.00
14	Type D1	Tower 1	T1-1A-08	90.02	969.00
15	Type B1	Tower 1	T1-13A-12	72.00	775.00
16	Type B2	Tower 1	T1-13A-15	72.00	775.00
17	Type E1	Tower 1	T1-13A-16	92.25	993.00
18	Type C1	Tower 1	T1-15-07	91.23	982.00
19	Type B2	Tower 1	T1-15-11	72.00	775.00
20	Type B1	Tower 1	T1-15-12	72.00	775.00
21	Type B2	Tower 1	T1-15-15	72.00	775.00
22	Type C1	Tower 1	T1-16-07	91.23	982.00
23	Type E1	Tower 1	T1-16-16	92.25	993.00
24	Type A1	Tower 1	T1-19-3A	44.96	484.00
25	Type B1	Tower 1	T1-20-12	72.00	775.00
26	Type A1	Tower 1	T1-20-13A	44.96	484.00
27	Type B1	Tower 1	T1-22-06	72.00	775.00
28	Type C1	Tower 1	T1-22-07	91.23	982.00
29	Type B2	Tower 1	T1-22-11	72.00	775.00
30	Type B1	Tower 1	T1-22-12	72.00	775.00
31	Type A1	Tower 1	T1-22-13A	44.96	484.00
32	Type B1	Tower 1	T1-23A-12	72.00	775.00
33	Type B2	Tower 1	T1-23A-15	72.00	775.00
34	Type C1	Tower 1	T1-25-07	91.23	982.00
35	Type D1	Tower 1	T1-25-08	90.02	969.00
36	Type B1	Tower 1	T1-26-12	72.00	775.00
37	Type B1	Tower 1	T1-27-12	72.00	775.00
38	Type B2	Tower 1	T1-29-11	86.03	926.00
39	Type B1	Tower 1	T1-29-12	86.03	926.00
40	Type B3	Tower 2	T2-08-05	87.98	947.00
41	Type E2	Tower 2	T2-08-07	91.97	990.00
42	Type C2	Tower 2	T2-09-02	90.39	973.00
43	Type E2	Tower 2	T2-10-07	91.97	990.00
44	Type C2	Tower 2	T2-12-02	90.39	973.00
45	Type E2	Tower 2	T2-12-06	91.97	990.00
46	Type E2	Tower 2	T2-12-07	91.97	990.00

APPENDIX 5 VALUATION REPORT SUMMARIES

Report & Valuation Of Seventy (70) Units Of SOHO, One (1) Unit Of Retail Shop
And One (1) Office Tower Herein Referred To As "Unsold Units" Forming Part Of An
Integrated Commercial Development Project Known As Third Avenue, Lot No. 44005
(Formerly Known As Lot No. PT 12059), Jalan Teknokrat 3, Cyber 4, 63000 Cyberjaya, Selangor Darul Ehsan
Held Under Master Title No. GRN 323888, Lot No. 44005, Mukim Of Dengkil, District Of Sepang, State Of Selangor Darul Ehsan



Bil	Type of Property	Building No.	Unit No.	Square Metres	Square Feet
47	Type E2	Tower 2	T2-13A-07	91.97	990.00
48	Type E2	Tower 2	T2-16-06	91.97	990.00
49	Type E2	Tower 2	T2-16-07	91.97	990.00
50	Type E2	Tower 2	T2-18-06	91.97	990.00
51	Type B2	Tower 2	T2-21-13A	72.00	775.00
52	Type A2	Tower 2	T2-23-12	45.99	495.00
53	Type E2	Tower 2	T2-23A-06	91.97	990.00
54	Type A1	Tower 2	T2-26-09	44.96	484.00
55	Type C2	Tower 2	T2-29-02	90.39	973.00
56	Type B1	Tower 2	T2-29-03	72.00	775.00
57	Type A2	Tower 2	T2-31-11	45.99	495.00
58	Type A1	Tower 2	T2-32-09	44.96	484.00
59	Type A2	Tower 2	T2-33A-11	52.03	560.00
TOTAL				4,463.30	48,043.00

2) Retail Shop

Bil	Unit No.	Square Metres	Square Feet
1	G-16	255.95	2,755.00

3) Office Tower

Floor No.	Strata Floor Area Sq.ft	Net Lettable Area Sq.ft
GF	8,525.09	5,369.98
1 st	1,883.70	-
2 nd	1,883.70	-
3 rd	11,086.92	7,532.47
4 th	1,883.70	-
5 th	11,173.03	7,345.42
6 th	2,055.92	-
7 th	11,259.14	7,508.27
8 th + E-Deck	34,509.38	29,149.45
9 th	12,593.88	8,695.35
10 th	17,502.26	13,079.84
11 th	17,502.26	13,090.61
12 th	17,502.26	13,101.37
13 th	17,502.26	13,112.13

APPENDIX 5 VALUATION REPORT SUMMARIES

Report & Valuation Of Seventy (70) Units Of SOHO, One (1) Unit Of Retail Shop And One (1) Office Tower Herein Referred To As "Unsold Units" Forming Part Of An Integrated Commercial Development Project Known As Third Avenue, Lot No. 44005 (Formerly Known As Lot No. PT 12059), Jalan Teknikrat 3, Cyber 4, 63000 Cyberjaya, Selangor Darul Ehsan Held Under Master Title No. GRN 323888, Lot No. 44005, Mukim Of Dengkil, District Of Sepang, State Of Selangor Darul Ehsan



Floor No.	Strata Floor Area Sq.ft	Net Lettable Area Sq.ft
14 th	17,502.26	13,122.90
15 th	17,502.26	13,133.66
16 th	17,502.26	13,144.43
Roof Level	17,502.26	-
TOTAL	236,872.58	157,385.87

Once completed, detail accommodations and building finishes of the Subject Properties are as follows:

1) SOHO

a) Standard SOHO Unit (Type A)

Accommodation	Floor	Wall	Ceiling	Door	Windows
Living Area	High quality ceramic tiles	Cement plaster	Cement plaster	Timber door	Aluminium framed glass windows
Dining Area	High quality ceramic tiles	Cement plaster	Cement plaster	Nil	Nil
Kitchen	High quality ceramic tiles	Cement plaster	Cement plaster	Nil	Nil
Bedroom (No. 1)	High quality ceramic tiles	Cement plaster	Cement plaster	Plywood flush door	Aluminium framed glass windows
Bathroom/WC (No. 1)	Homogenous tiles	Homogenous tiles	Cement plaster	Plywood flush door	Top hung aluminium framed glass window

b) Standard SOHO Unit (Type B)

Accommodation	Floor	Wall	Ceiling	Door	Windows
Living Area	High quality ceramic tiles	Cement plaster	Cement plaster	Timber door	Aluminium framed glass windows

APPENDIX 5 VALUATION REPORT SUMMARIES

Report & Valuation Of Seventy (70) Units Of SOHO, One (1) Unit Of Retail Shop And One (1) Office Tower Herein Referred To As "Unsold Units" Forming Part Of An Integrated Commercial Development Project Known As Third Avenue, Lot No. 44005 (Formerly Known As Lot No. PT 12059), Jalan Teknokrat 3, Cyber 4, 63000 Cyberjaya, Selangor Darul Ehsan Held Under Master Title No. GRN 323888, Lot No. 44005, Mukim Of Dengkil, District Of Sepang, State Of Selangor Darul Ehsan

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Accommodation	Floor	Wall	Ceiling	Door	Windows
Dining Area	High quality ceramic tiles	Cement plaster	Cement plaster	Nil	Nil
Kitchen	High quality ceramic tiles	Cement plaster	Cement plaster	Nil	Nil
Master Bedroom (No. 1)	High quality ceramic tiles	Cement plaster	Cement plaster	Plywood flush door	Aluminium framed glass windows
Attached Bathroom/WC (Master Bedroom)	Homogenous tiles	Homogenous tiles	Cement plaster	Plywood flush door	Top hung aluminium framed glass window
Bedroom (No. 2)	High quality ceramic tiles	Cement plaster	Cement plaster	Plywood flush door	Aluminium framed glass windows
Bathroom/WC (No. 2)	Homogenous tiles	Homogenous tiles	Cement plaster	Plywood flush door	Top hung aluminium framed glass window

c) Standard SOHO Unit (Type C)

Accommodation	Floor	Wall	Ceiling	Door	Windows
Living Area	High quality ceramic tiles	Cement plaster	Cement plaster	Timber door	Aluminium framed glass windows
Dining Area	High quality ceramic tiles	Cement plaster	Cement plaster	Nil	Nil
Kitchen	High quality ceramic tiles	Cement plaster	Cement plaster	Nil	Nil
Master Bedroom (No. 1)	High quality ceramic tiles	Cement plaster	Cement plaster	Plywood flush door	Aluminium framed glass windows

APPENDIX 5 VALUATION REPORT SUMMARIES

Report & Valuation Of Seventy (70) Units Of SOHO, One (1) Unit Of Retail Shop
And One (1) Office Tower Herein Referred To As "Unsold Units" Forming Part Of An
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Accommodation	Floor	Wall	Ceiling	Door	Windows
Attached Bathroom/WC (Master Bedroom)	Homogenous tiles	Homogenous tiles	Cement plaster	Plywood flush door	Top hung aluminium framed glass window
Two Bedrooms (No. 2 & 3)	High quality ceramic tiles	Cement plaster	Cement plaster	Plywood flush door	Aluminium framed glass windows
Bathroom/WC (No. 2)	Homogenous tiles	Homogenous tiles	Cement plaster	Plywood flush door	Top hung aluminium framed glass window

d) Standard SOHO Unit (Type D)

Accommodation	Floor	Wall	Ceiling	Door	Windows
Living Area	High quality ceramic tiles	Cement plaster	Cement plaster	Timber door	Aluminium framed glass windows
Two Dining Area (No. 1 & 2)	High quality ceramic tiles	Cement plaster	Cement plaster	Nil	Nil
Two Kitchen (No. 1 & 2)	High quality ceramic tiles	Cement plaster	Cement plaster	Nil	Nil
Family Room	High quality ceramic tiles	Cement plaster	Cement plaster	Plywood flush door	Aluminium framed glass windows
Master Bedroom (No. 1)	High quality ceramic tiles	Cement plaster	Cement plaster	Plywood flush door	Aluminium framed glass windows
Attached Bathroom/WC (Master Bedroom)	Homogenous tiles	Homogenous tiles	Cement plaster	Plywood flush door	Top hung aluminium framed glass window

APPENDIX 5 VALUATION REPORT SUMMARIES

Report & Valuation Of Seventy (70) Units Of SOHO, One (1) Unit Of Retail Shop
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Accommodation	Floor	Wall	Ceiling	Door	Windows
Bedroom (No. 2)	High quality ceramic tiles	Cement plaster	Cement plaster	Plywood flush door	Aluminium framed glass windows
Bathroom/WC (No. 2)	Homogenous tiles	Homogenous tiles	Cement plaster	Plywood flush door	Top hung aluminium framed glass window

e) Standard Duplex SOHO Unit (Type E)

Lower Level

Accommodation	Floor	Wall	Ceiling	Door	Windows
Kitchen	High quality ceramic tiles	Cement plaster	Cement plaster	Timber door	Nil
Living Area	High quality ceramic tiles	Cement plaster	Cement plaster	Nil	Aluminium framed glass windows
Dining Area	High quality ceramic tiles	Cement plaster	Cement plaster	Nil	Nil
Bedroom (No. 2)	High quality ceramic tiles	Cement plaster	Cement plaster	Plywood flush door	Aluminium framed glass windows
Bathroom/WC (No. 2)	Homogenous tiles	Homogenous tiles	Cement plaster	Plywood flush door	Top hung aluminium framed glass window

Upper Level

Accommodation	Floor	Wall	Ceiling	Door	Windows
Living Area	High quality ceramic tiles	Cement plaster	Cement plaster	Nil	Nil
Master Bedroom (No. 1)	High quality ceramic tiles	Cement plaster	Cement plaster	Plywood flush door	Aluminium framed glass windows

APPENDIX 5 VALUATION REPORT SUMMARIES

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Accommodation	Floor	Wall	Ceiling	Door	Windows
Attached Bathroom/WC (Master Bedroom)	Homogenous tiles	Homogenous tiles	Cement plaster	Plywood flush door	Top hung aluminium framed glass window

2) Retail Shop

Accommodation	Floor	Wall	Ceiling	Door	Windows
Retail Space	High quality ceramic tiles	Cement plaster	Cement plaster	Timber door	Aluminium framed glass windows

3) Office Tower (Ground Floor – 16th Floor)

Accommodation	Floor	Wall	Ceiling	Door	Windows
Main Lobby	Homogenous tiles	Cement plaster	Skim coat	Fire rated door with metal frame	Powder coated aluminium framed glass windows
Office	Cement render	Cement plaster	Skim coat	Fire rated timber door with metal frame	Powder coat aluminium framed glass windows
Male & Female Toilet	Homogenous tiles	Cement plaster	Moisture resistant gypsum board	Timber flush door with metal frame	Powder coated aluminium framed glass windows
Car Park Bay (491 bays)	Cement render	Cement plaster	Skim coat	Nil	Nil

Note : The abovementioned information were obtained from client and show units.
The information is assumed to be correct for the purpose of this valuation exercise.

APPENDIX 5 VALUATION REPORT SUMMARIES

Report & Valuation Of Seventy (70) Units Of SOHO, One (1) Unit Of Retail Shop
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The Floor Plan of the Subject Properties are attached as **Appendix IV**. The photographs are attached as **Exhibits A, B, C, D, E, F, G, H and I**.

FACILITIES

The following facilities and amenities will be provided within the commercial scheme.

- a. Covered car park
- b. 24 hours security
- c. Children's playground
- d. Swimming and wading pools
- e. Basketball net
- f. Sport facilities
- g. Management office
- h. Meeting pods
- i. Island and wellness deck

8.0 PROPOSED DEVELOPMENT

The Subject Site is situated within an area zoned for commercial use – Enterprise. It has been approved for development by Majlis Perbandaran Sepang via "Cadangan Membina Bangunan Yang Mengandungi 1 Block Pejabat 17 Tingkat Berserta 8 Tingkat Tempat Letak Kenderaan Yang Mengandungi Tempat Letak Kereta Dan Lobi Pejabat Dan 1 Blok Menara SOHO 30 Tingkat (Menara 1) & 1 Blok Menara SOHO 35 Tingkat (Menara 2) Beserta 8 Tingkat Tempat Letak Kereta, Lobi SOHO 1 & 2 Dan Ruang Perniagaan di Atas Lot No. PT 12059, Jalan Teknokrat 3, Cyber 4, Cyberjaya" Ref No. dlm. MPSepang 600-36/2/47(6) dated May 29th, 2014 provided by Tee Resources Sdn Bhd.

A copy of letter of "Kelulusan Cadangan Membina" is attached as **Appendix V**.

9.0 TOWN PLANNING

The Subject Properties are situated within an area designated for commercial use.

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10.0 SERVICES & UTILITIES

Public mains water, electricity supplies and telephone facilities are available within the vicinity and are connected to the properties. Public services such as road and drain maintenance, street lighting and garbage disposal are provided by Mahlis Perbandaran Sepang and Alam Flora Sdn.Bhd. Public transport in the form of bus and taxi services is available in the vicinity.

11.0 METHOD OF VALUATION

We have adopted the **Comparison Method** and **Investment Approach** in valuing the Subject Properties.

COMPARISON METHOD

We have adopted the Comparison Method in valuing the Subject Properties. This method involves comparing the Subject Properties with recently transacted properties of a similar nature or offers for sale/rental of similar properties in the area. Adjustments are then made for differences in location, size and shape of the lot, size, condition and design of the building, site facilities available, market conditions and other factors in order to arrive at a common basis for comparison.

Recent transactions of similar properties situated within the neighbourhood which are pertinent to substantiate a value indication for the subject are reviewed and these sales are listed below:

1) SOHO

Address	Built-up Area	Consideration	Date
1) Unit No. T1-13-12, The Place, Jalan Teknokrat 1/1, Cyberjaya, Selangor Darul Ehsan - (Source : JPPH)	49.05 square metres (528.00 square feet)	RM 350,000.00 (RM 662.90 p.s.f)	18/9/2015
2) Unit No. 1-09-17, The Place, Jalan Teknokrat 1/1, Cyberjaya, Selangor Darul Ehsan - (Source : JPPH)	49.05 square metres (528.00 square feet)	RM 355,000.00 (RM 672.35 p.s.f)	23/10/2015

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Address	Built-up Area	Consideration	Date
3) Unit No. T1-19-07, The Place, Jalan Teknokrat 1/1, Cyberjaya, Selangor Darul Ehsan - (Source : JPPH)	53.60 square metres (577.00 square feet)	RM 370,000.00 (RM 641.25 p.s.f)	18/3/2016

2) Retail Shop

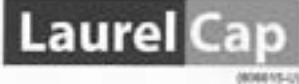
Address	Built-up Area	Consideration	Date
1) Unit No. M1H/1/228, Jalan Perdana CBD 2, Cyberjaya, Selangor Darul Ehsan - (Source : JPPH)	150.00 square metres (1,615.00 square feet)	RM 1,500,000.00 (RM 929.00 p.s.f)	3/11/2015
2) Unit No. 47592/M1/1/195, Jalan Perdana CBD, Cyberjaya, Selangor Darul Ehsan - (Source : JPPH)	241.00 square metres (2,594.00 square feet)	RM 2,200,000.00 (RM 848.05 p.s.f)	21/4/2014
3) Unit No. 83A-G, Lingkaran Cyberpoint Barat, Cyberjaya-Neocyber, Cyberjaya, Selangor Darul Ehsan - (Source : JPPH)	226.68 square metres (2,440.00 square feet)	RM 1,800,000.00 (RM 737.70 p.s.f)	9/7/2013

3) Car Park

Address	Car Park Bays	Consideration	Date
1) Car park bays located in MTR 2, Jalan Raja Laut, Kuala Lumpur - (Source : Bursa Malaysia)	440.00 bays	RM 26,400,000.00 (RM 60,000.00 per bay)	18/4/2012
2) Car park bays located in East Wing Of The Icon, Jalan Tun Razak, Kuala Lumpur - (Source : Bursa Malaysia)	301.00 bays	RM 18,151,000.00 (RM 60,302.33 per bay)	24/12/2009

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Address	Car Park Bays	Consideration	Date
3) Car park bays located in Damen Shopping Mall, Persiaran Kewajipan, USJ, Subang Jaya, Selangor Darul Ehsan - (Source : Bursa Malaysia)	1,672.00 bays	RM 56,848,000.00 (RM 34,000.00 per bay)	17/9/2015

4) Office Tower

Address	Net Floor Area	Consideration	Date
1) A thirteen (13) storey office floors of an integrated commercial building known as "Dorsett Putrajaya @ Precinct 13", 62675 Putrajaya, Kuala Lumpur - (Source : Bursa Malaysia)	12,326.92 square metres (132,687.00 square feet)	RM 72,490,000.00 (RM 546.32 p.s.f)	9/4/2013
2) A fifteen (15) storey office complex known as "Menara Tulus", No. 22, Persiaran Perdana, Presint 3, 62675 Putrajaya, Kuala Lumpur - (Source : JPPH)	31,686.15 square metres (341,069.71 square feet)	RM 335,000,000.00 (RM 982.20 p.s.f)	6/11/2012
3) A five (5) storey office complex known as Bangunan Lestari K. Emkay, Jalan Teknokrat 3, Cyberjaya, Selangor Darul Ehsan - (Source : JPPH)	31,305.00 square metres (336,967.02 square feet)	RM 240,000,000.00 (RM 712.24 p.s.f)	26/9/2011
4) A fifteen (15) storey office complex known as Meara Ikhlas, No. 17, Persiaran Perdana, Presint 3, 62675 Putrajaya, Kuala Lumpur - (Source : JPPH)	56,056.11 square metres (603,387.93 square feet)	RM 640,000,000.00 (RM 1,060.68 p.s.f)	6/11/2012

• JPPH – JABATAN PENILAIAN DAN PERKHIDMATAN HARTA, MALAYSIA

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INVESTMENT APPROACH

In the Investment Approach, the capital value is derived from an estimate of the market rental, which the subject properties can reasonably be let for. Outgoings or operating expenses, such as repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annum rental income is capitalized at an appropriate current market yield to arrive at its indicative capital value.

Recent asking rental prices of similar properties situated within the neighbourhood which are pertinent to substantiate a value indication for the subject properties are reviewed and these sales are listed below:

1) SOHO

Name of Project/Locations	Built-up Area – Sq.ft	Rental Price (per sq.ft)	Date
a) Hyve Soho Suite, Jalan Impact, Cyber 6, Cyberjaya, Selangor Darul Ehsan. - (Source : iProperty.com)	770.00	RM 4.94	March 2017
b) Hyve Soho Suites, Jalan Impact, Cyber 6, Cyberjaya, Selangor Darul Ehsan - (Source : iProperty.com)	580.00	RM 4.30	April 2017
c) Cybersquare, Jalan Teknokrat 7, Cyber 5, Cyberjaya, Selangor Darul Ehsan - (Source : iProperty.com)	450.00	RM 4.00	April 2017

2) Retail Shop

Name of Project/Locations	Built-up Area – Sq.ft	Rental Price (per sq.ft)	Date
a) Shaftsbury Square, Jalan Persiaran Multimedia, Cyberjaya, Selangor Darul Ehsan. - (Source : iProperty.com)	1,300.00	RM 6.15	February 2017

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Name of Project/Locations	Built-up Area – Sq.ft	Rental Price (per sq.ft)	Date
b) The Promenade, Garden Residence, Cyberjaya, Selangor Darul Ehsan - (Source : iProperty.com)	1,600.00	RM 7.00	April 2017
c) Bazaar 8, Putrajaya, Selangor Darul Ehsan - (Source : iProperty.com)	3,000.00	RM 6.33	January 2017

3) Office Tower

Name of Project/Locations	Built-up Area – Sq.ft	Rental Price (per sq.ft)	Date
a) Prima 9, Prima Avenue 2, Cyberjaya, Selangor Darul Ehsan. - (Source : iProperty.com)	80,110.00	RM 5.00	April 2017
b) Embassy Teach Zone, Cyberjaya, Selangor Darul Ehsan - (Source : iProperty.com)	163,000.00	RM 4.00	April 2017
c) MKN Embassy Tech Zone, Mustapha Kamal, Cyberjaya, Selangor Darul Ehsan - (Source : iProperty.com)	205,000.00	RM 4.50	April 2017

The calculations of **Comparison Method** and **Investment Approach** are attached as **Appendix VI**.

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APPENDIX 5 VALUATION REPORT SUMMARIES

Report & Valuation Of Seventy (70) Units Of SOHO, One (1) Unit Of Retail Shop And One (1) Office Tower Herein Referred To As "Unsold Units" Forming Part Of An Integrated Commercial Development Project Known As Third Avenue, Lot No. 44005 [Formerly Known As Lot No. PT 12059], Jalan Teknokrat 3, Cyber 4, 63000 Cyberjaya, Selangor Darul Ehsan Held Under Master Title No. GRN 323888, Lot No. 44005, Mukim Of Dengkil, District Of Sepang, State Of Selangor Darul Ehsan



12.0 VALUATION CONCLUSION

The value indication by the two approaches are summarized as follows:

a) Comparison Method :	SOHO Units	RM 33,256,000.00
	Retail Shop	RM 3,170,000.00
	Office Tower	RM 120,000,000.00
	TOTAL	RM 156,426,000.00
b) Investment Method :	SOHO Units	RM 33,554,000.00
	Retail Shop	RM 3,200,000.00
	Office Tower	RM 120,000,000.00
	TOTAL	RM 156,754,000.00

Having taken into consideration all the relevant and pertinent factors, we are of the opinion that the Market Value of the freehold interest of seventy (70) units of SOHO, one (1) unit of retail shop and one (1) office tower herein referred to as "unsold units" forming part of an integrated commercial development known as Third Avenue, Lot No. 44005 (formerly known as Lot No. PT 12059), Jalan Teknokrat 3, Cyber 4, 63000 Cyberjaya, Selangor Darul Ehsan held under Master Title No. GRN 323888, Lot No. 44005, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan hereinafter referred to as the "Subject Properties" for financial reporting, audit and/or bank loan valuation purposes and based on the assumption that the Subject Properties are completed, approved for development by Majlis Perbandaran Sepang via "Cadangan Membina Bangunan Yang Mengandungi 1 Block Pejabat 17 Tingkat Berserta 8 Tingkat Tempat Letak Kenderaan Yang Mengandungi Tempat Letak Kereta Dan Lobi Pejabat Dan 1 Blok Menara SOHO 30 Tingkat (Menara 1) & 1 Blok Menara SOHO 35 Tingkat (Menara 2) Beserta 8 Tingkat Tempat Letak Kereta, Lobi SOHO 1 & 2 Dan Ruang Perniagaan di Atas Lot No. PT 12059, Jalan Teknokrat 3, Cyber 4, Cyberjaya" Ref No. dlm. MPSepang 600-36/2/47(6) with vacant possession and Certificate of Completion & Compliance issued by the relevant authorities dated May 29th, 2014, as of March 31st, 2017 is :-

Property Type	Market Value	
SOHO Units	RM 33,256,000.00	(Ringgit Malaysia: Thirty Three Million And Two Hundred Fifty Six Thousand Only)
Retail Shop	RM 3,170,000.00	(Ringgit Malaysia: Three Million And One Hundred Seventy Thousand Only)
Office Tower	RM 120,000,000.00	(Ringgit Malaysia: One Hundred And Twenty Million Only)



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Total Market Value - RM 156,426,000.00 (Ringgit Malaysia: One Hundred
Fifty Six Million And Four Hundred
Twenty Six Thousand Only)

"IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE SPECIAL
ASSUMPTION(S) AS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL
ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON AN
ASSUMPTION(S) THAT IS/ARE NOT REASONABLE AND UNLIKELY TO BE
REALISED"

13.0 CERTIFICATION

The above Report and Valuation has been carried out by Sr Stanley Toh Kim Seng,
For and on behalf of Laurelcap Sdn.Bhd.



Sr. STANLEY TOH KIM SENG
BSc (Hons) Estate Management,
MRISM, MRICS, MPEPS, MMIPPM
Registered Valuer (V-927)

APPENDIX 5
VALUATION REPORT SUMMARIES

SUNTEC
REAL ESTATE

VALUATION CERTIFICATE

Date	:	31 March 2017	SUNTEC REAL ESTATE CONSULTANTS PTE LTD 7 Temasek Boulevard #06-01 Suntec Tower Two Singapore 038989 Tel: +65 6221 8200 Fax: +65 6330 4339 www.suntecrealestate.com UEN No. 198404370K
Our Reference	:	2170190/JW/ET	
Valuation Prepared for	:	TEE Development Pte Ltd	
Purpose of Valuation	:	For Financial reporting/Audit/ and or Bank Loan valuation purpose	
Address of Property	:	51 Cairnhill Circle #01-01/02, #02-03, #15-01/02 The Peak @ Cairnhill I Singapore 229784	
Type of Property	:	5 unsold apartment units in a 15-storey residential development with an attic and a basement carpark known as The Peak @ Cairnhill I.	
Brief Description	:	<p>The subject development is located along Cairnhill Circle, off Cairnhill Rise, within district 9, a prime residential district. It is approximately 5km away from the city centre at Collyer Quay and has easy access to the city centre.</p> <p>The immediate locality comprises mainly high-rise residential developments. Prominent developments nearby include Helios Residence, The Hilltops, The Promont, The Light At Cairnhill, Cairnhill Residences, Casa Cairnhill, Vida, The Cairnhill, Astoria Apartments, The Vermont On Cairnhill, Alba and The Peak At Cairnhill II among many others. Amenities in the vicinity include Cairnhill Community Centre, Newton Food Centre and educational institutions such as Anglo-Chinese School (Junior) and Chatsworth International School (Orchard Campus). Retail facilities are available along the nearby Orchard Road Shopping Belt.</p> <p>The subject development enjoys easy access to Central Expressway (CTE). Public transport facilities are available along Orchard Road and Scotts Road.</p>	
Legal Description	:	Land Lots No. 194A, 195K, 196N, 1327K Town Subdivision 27	
Tenure	:	Freehold	
Registered Proprietor(s)	:	TEE Development Pte Ltd (100%)	
Land Area	:	978 square metres (10,527 square feet)	
Saleable Floor Area (balance 5 units)	:	Approximately 599 square metres (6447 square feet) (Breakdown of the type and size of each unit is attached as Appendix)	
Year of Completion	:	September 2014	

APPENDIX 5 VALUATION REPORT SUMMARIES

SUNTEC
REAL ESTATE

Subject Development : The development known as The Peak @ Cairnhill I comprise a 15-storey block accommodating a total of 52 apartment units upon completion. Facilities within the development include lap pool, gymnasium, BBQ pavilion, water jet pool, sun deck, lounge deck and landscape garden.

Master Plan Zoning (2014 Edition) : Residential with a maximum permissible gross plot ratio of 2.8

Note: The official Master Plan/Road/Drainage Interpretation Plans and other legal requisitions have not been applied for and/or made available to us.

Basis of Valuation: : We have carried out valuation of the subject properties in their continued existing use without taking into account any redevelopment potential they may have.

Method of Valuation : Direct Comparison Method

Some recent transactions of similar properties are as follows:

Address	Strata Floor Area (square metres)	Tenure	Consideration	Contract Date
61 Cairnhill Circle #03-01 The Peak @ Cairnhill II	84	Freehold	S\$2,511,000/- (S\$2,778 psf)	12/03/2017
51 Cairnhill Circle #07-03 The Peak @ Cairnhill I	63	Freehold	S\$1,720,000/- (S\$2,537 psf)	03/03/2017
51 Cairnhill Circle #02-02 The Peak @ Cairnhill I	55	Freehold	S\$1,610,000/- (S\$2,720 psf)	02/03/2017
61 Cairnhill Circle #06-01 The Peak @ Cairnhill II	84	Freehold	\$2,384,000/- (S\$2,637 psf)	27/02/2017

Valuation :

In view of the foregoing and taken into consideration the prevailing market conditions, we are of the opinion that the Fair Values of the subject property, subject to vacant possession and free from all encumbrances are as follows:-

MATERIAL DATE OF VALUATION

31 March 2017

FAIR VALUE
(SINGAPORE DOLLARS THIRTEEN MILLION AND FIVE HUNDRED THOUSAND)

S\$13,500,000/-

(Based on a Total Saleable Floor Area of approximately 599 square metres)

SUNTEC REAL ESTATE CONSULTANTS PTE LTD



Eugene Tham
Executive Director

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APPENDIX 5
VALUATION REPORT SUMMARIES



Appendix

The Peak @ Cairnhill I

Available units

No	Unit no	Type	Area (sqm)
1	01-01	A1-G	86
2	01-02	A4-G	93
3	02-03	A3-Even	64
4	15-01	P1	170
5	15-02	P2	186
Total			599

APPENDIX 5 VALUATION REPORT SUMMARIES



Suntec Real Estate Consultants Pte Ltd

GENERAL PRINCIPLES AND LIMITING CONDITIONS ADOPTED IN THE PREPARATION OF VALUATIONS DESKTOP REVIEWS

- 1. TERMS OF REFERENCE**
We have been instructed to conduct a desktop review of the subject property. No title searches or re-inspection of the premises have been carried out. Please note that it is indicative only and it should not be construed as a formal valuation.
- 2. SOURCE OF INFORMATION**
All information pertaining to the desktop review is obtained from the previous formal report quoted or by the client. Unless we have been informed by the owners or interested party, no further verification of the information already obtained shall be carried out. We have also assumed that no material changes have been done to the subject property since our last formal valuation.
- 3. CONFIDENTIALITY**
The desktop review is confidential to the party to whom they are addressed to for the specific purpose(s) stated in the previous report or otherwise stated. No responsibility is accepted to any other parties and neither the whole, nor any part, nor reference may be included in any statement, published document or circular or published in any way, nor in any communication medium with third parties, without our prior written approval and consent of the form and context in which it will appear.
- 4. STATUTORY REGULATIONS**
No searches pertaining to public schemes has been carried out. We have assumed that the subject property is not affected adversely by such scheme. However, should your solicitor discover that it is adversely affected, it is recommended that they be referred to us for further comment and review.
- 5. INTERNAL USE ONLY**
The Valuation and Report is strictly for internal use only and must not be reproduced, use in any correspondence, discussion and legal case without the consent of the relevant authority concerned.

APPENDIX 5 VALUATION REPORT SUMMARIES

Larmont Sydney by Lancemore
2 - 14 Kings Cross Road
Potts Point NSW 2011

Synopsis

IMPORTANT: All data provided in this summary is wholly reliant on and must be read in conjunction with the information provided in the attached report. It is a synopsis only designed to provide a brief overview and must not be acted on in isolation.

For the purpose of this report "LMW" means the company identified on the front of this report.

1.1 Executive summary

Executive summary										
Address	Larmont Sydney by Lancemore 2 - 14 Kings Cross Road Potts Point NSW 2011.									
Prepared for	Potts Point Hospitality Pty Ltd.									
Purpose	Financial Reporting.									
Interest valued	Freehold.									
Assessment type	Going Concern.									
Basis for assessment	Market Value as a Going Concern with the existing management agreement.									
Strata area	4,653 square metres based on the Strata Plan.									
Description	The subject hotel forms part of a larger strata subdivided mixed use development and consists of a ground floor reception area, car parking, 103 guest rooms on levels 2 - 6, 11 and 12 a ground level operated restaurant and a mezzanine level leased Yoga Studio.									
Town planning	Zoned B2 Local Centre under Sydney Local Environmental Plan 2012.									
Valuation approaches	Discounted cash flow, capitalisation of net operating profit and direct comparison.									
Management profile	The hotel is subject to a 10+5+5 year management agreement to Julpet Pty Ltd that commenced 6 March 2015. Vacant possession is available after year 6 (March 2021) with operator financial compensation.									
Major issues	<ul style="list-style-type: none"> • The hotel manager has a 10% ownership interest in Potts Point Hospitality Pty Ltd. • The hotel has recently completed a substantial expansion (27 additional guest rooms) and refurbishment, increasing the room inventory from 76 to 103 guest rooms. 									
Date of valuation	31 March 2017.									
Market value	\$42,750,000 free of GST									
Sales history	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Hotel:</td> <td style="width: 25%;">\$23,200,000</td> <td style="width: 25%;">24 December 2014</td> </tr> <tr> <td>Level 11 & 12:</td> <td>\$11,850,000</td> <td>24 August 2015</td> </tr> <tr> <td>Total:</td> <td>\$35,050,000</td> <td></td> </tr> </table>	Hotel:	\$23,200,000	24 December 2014	Level 11 & 12:	\$11,850,000	24 August 2015	Total:	\$35,050,000	
Hotel:	\$23,200,000	24 December 2014								
Level 11 & 12:	\$11,850,000	24 August 2015								
Total:	\$35,050,000									
Valuer	Adam Ellis AAPI F FIN Director Certified Practising Valuer									

The financial summary at valuation is overleaf;

APPENDIX 5 VALUATION REPORT SUMMARIES



Lots 10, 25, 31, 54, 55 & 61 in SP 79156, 14 Kings Cross Road,
Potts Point NSW 2011

Executive Summary

IMPORTANT: All data provided in this summary is wholly reliant on and must be read in conjunction with the information provided in the attached report. It is a synopsis only designed to provide a brief overview and must not be acted on in isolation. For the purpose of this report "LMW" means the company identified on the front of this report.

1.1 Instructions and property details

Interest valued	Freehold.		
Assessment type	Strata.		
Bases for assessment	Market Value – Subject to existing lease(s) – As Is and In One Line. Gross Realisations assuming individual sales.		
Primary approach	Capitalisation and direct comparison.		
Relevant dates	Valuation Date:	31 March 2017	Inspection Date: 4 April 2017
Specific instructions	None.		
Title searched	3 August 2016. Overall there are no onerous covenants, caveats or easements registered on title considered adverse to the continued utility of the property.		
Site identified by	The site has been satisfactorily identified by reference to street numbers and Strata Plan 79156.		
Local authority / Zoning	Council of the City of Sydney.	B2 – Local Centre.	
Town planning scheme	The current town planning scheme is Sydney Local environmental Plan 2012.		
Highest and best use	The highest and best use is considered to be the existing commercial office use and car space.		
Areas	Total Strata Area:	258 m ²	Internal Strata Area: 236 m ²
Tenants	Tenancy Areas Available:	5	No. of Tenants: 2
Occupancy	By Area:	45.34%	By Net Market Rent: 44.52%
Largest tenant	Annual Base Rent:	\$46,453	% of Total Rent: 71.51%
Brief description	The subject commercial suites form part of a larger strata subdivided mixed use development which currently consists of a hotel with 103 guest rooms, commercial suites, a ground level restaurant and a mezzanine level leased Yoga Studio. One car space is also included.		

1.2 Income summary – applying market face rents

Net annual rental income (current / market)	\$13,506	\$113,202
Rental for occupied areas – Rate /m² pa Gross (current / market)	\$607	\$685
Adopted market rents – Rate /m² pa Gross (minimum / maximum)	\$650	\$815
Vacancy (current)		55.48%
Total outgoings	\$218 /m ² pa	\$51,453 pa
Weighted average lease expiry for existing tenants based on income	10 months	0.82 years
Weighted average lease expiry based on total market income, including vacancies	4 months	0.34 years

1.3 Recent sale history

Lots	Sale dates	Sale Prices
Lot 25 (Suite 7.08)	17 th November 2015	\$255,000
Lot 31 (Suite 7.04)	13 th October 2015	\$500,000
Lot 54 (Suite 9.07) & Lot 10 (Car Space)	8 th October 2015	\$960,000
Lot 55 (Suite 10.08)	25 th November 2015	\$280,000
Lot 61 (Suite 10.04)	21 st October 2016	\$572,000
Comment	All the suites were last purchased in late 2015 by the current owner and their related parties.	

APPENDIX 5 VALUATION REPORT SUMMARIES



Lots 10, 25, 31, 54, 55 & 61 in SP 79156, 14 Kings Cross Road,
Potts Point NSW 2011

1.4 Valuation (exclusive of GST)

Market Value – Subject to existing lease(s) – As Is and In One Line	\$2,100,000
Gross Realisations assuming individual sales	\$2,450,000

1.5 Reversions

Rental reversions (profit rent and rental shortfall)	-\$6,505
Leasing-up reversions (includes incentives where applicable)	-\$119,968

1.6 Analysed results

Analysed market yield / Reversionary yield – pa net (face rents)	5.08%	5.39%
Initial yield – pa net		0.64%
Rate /m ² strata area before adjustments / after adjustments	\$8,898	\$8,898

1.7 Risk profile

The purpose of risk ratings is to alert the reader to anything that is readily apparent and known to the Valuer at the date of valuation and that may impact on the current market value or marketability of the subject property, limited to the Valuers area of professional expertise.

The indicators in this risk summary are drawn from opinions of the Valuer and are expressed as opinion not fact.

Category	Low	Low/Medium	Medium	Medium/High	High
Cash flow					
Asset					
Market					
Environment					
Management					

1.8 General market comment

The following comment is a statement of opinion and not a fact or warranty.

Broader property and economic indicators suggest the local commercial office market will remain steady in the foreseeable future.

Valuer	Shweta Sengupta AAPI Valuer Certified Practising Valuer
Entity Office	LandMark White (Sydney) Pty Ltd Sydney

APPENDIX 5
VALUATION REPORT SUMMARIES

SUNTEC
REAL ESTATE

VALUATION CERTIFICATE

Date	:	31 March 2017
Our Reference	:	2170187/LYM/CSH
Valuation Prepared for	:	M/s TEE Land Limited
Purpose of Valuation	:	For financing reporting, audit and/ or bank loan valuation purposes.
Address of Property	:	25 Bukit Batok Street 22 Singapore 659591
Type of Property	:	A 6-storey factory building with ancillary office known as TEE Building
Brief Description	:	<p>The subject property is located along Bukit Batok Street 22, which is off Bukit Batok Avenue 6. It is approximately 13.0 kilometres away from the city centre at Collyer Quay.</p> <p>The immediate vicinity comprise a mix of industrial developments, purpose-built factories, Bukit Batok Industrial Park and HDB Bukit Batok housing estate. Prominent developments nearby include Storhub, Propel Building, Singapore Hotel & Tourism Education Centre (SHATEC), Bukit Batok Connection and Bukit Batok Swimming Complex, amongst others. Amenities can be found at the nearby HDB Bukit Batok housing estate and Bukit Batok Central.</p> <p>Accessibility and linkage to other parts of Singapore is enhanced by its close proximity to the Pan-Island Expressway (PIE), Ayer Rajah Expressway (AYE) and a good network of roads. The Bukit Batok MRT station and Bus Interchange are located within close proximity from the subject property.</p>
Legal Description	:	Lot 5878A Mukim 5
Tenure	:	Leasehold for 30 years with effect from 1 May 1992 with a further term of 30 years (Balance Tenure: Approximately 35.1 years as at date of valuation)

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UEN No. 198404370K

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Real Estate Advisors for Asia

APPENDIX 5 VALUATION REPORT SUMMARIES



Registered Proprietor	:	TEE Industrial Pte. Ltd.
Land Area	:	2,600.1 square metres
Gross Floor Area	:	Approximately 5,489 square metres
Age	:	Approximately 2 years old
Master Plan Zoning (2014)	:	Business 1
Basis of Valuation	:	We have carried out our valuation of the subject property in its continued existing use without taking into account any redevelopment potential it may have.
Method of Valuation	:	Direct Comparison Method and Income Method.

Some recent transactions of similar properties are as follows:

Address	Land Area / Approx GFA (square metres)	Tenure	Consideration	Contract Date
10 Chia Ping Road	6,942.5 / 8,774.22	30+30 years wef 16/3/1996	\$20,000,000/-	24/2/2017
20 Old Toh Tuck Road	5,100.0 / 7,657.87	30+30 years wef 16/11/1996	\$14,250,000/-	21/2/2017
218 Pandan Loop	8,982.7 / 4,671.21	30+30 years wef 16/9/1999	\$14,800,000/-	5/12/2016

APPENDIX 5
VALUATION REPORT SUMMARIES



Valuation :

In view of the foregoing and taken into consideration the prevailing market conditions, we are of the opinion that the Fair Value of the subject property, free from all encumbrances, is as follows:-

MATERIAL DATE OF VALUATION

31 March 2017

FAIR VALUE **S\$23,100,000/-**
(SINGAPORE DOLLARS TWENTY-THREE MILLION AND ONE HUNDRED THOUSAND)

SUNTEC REAL ESTATE CONSULTANTS PTE LTD

Chng Shih Hian
Senior Executive Director

Our Ref : 2170187/LYM/CSH

This valuation certificate is subject to the attached Limiting Conditions

APPENDIX 5 VALUATION REPORT SUMMARIES



Suntec Real Estate Consultants Pte Ltd

GENERAL PRINCIPLES AND LIMITING CONDITIONS ADOPTED IN THE PREPARATION OF VALUATIONS DESKTOP REVIEWS

- 1. TERMS OF REFERENCE**
We have been instructed to conduct a desktop review of the subject property. No title searches or re-inspection of the premises have been carried out. Please note that it is indicative only and it should not be construed as a formal valuation.
- 2. SOURCE OF INFORMATION**
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- 3. CONFIDENTIALITY**
The desktop review is confidential to the party to whom they are addressed to for the specific purpose(s) stated in the previous report or otherwise stated. No responsibility is accepted to any other parties and neither the whole, nor any part, nor reference may be included in any statement, published document or circular or published in any way, nor in any communication medium with third parties, without our prior written approval and consent of the form and context in which it will appear.
- 4. STATUTORY REGULATIONS**
No searches pertaining to public schemes has been carried out. We have assumed that the subject property is not affected adversely by such scheme. However, should your solicitor discover that it is adversely affected, it is recommended that they be referred to us for further comment and review.
- 5. INTERNAL USE ONLY**
The Valuation and Report is strictly for internal use only and must not be reproduced, use in any correspondence, discussion and legal case without the consent of the relevant authority concerned.



Valuation Report

Workotel

15-21 Main South Road and 29 Ballantyne Avenue, Upper Riccarton, Christchurch

31 March 2017

Teematic Pte Limited

This valuation has been prepared for Teematic Pte Limited and ANZ Bank to determine the Current Market Value for Financial Reporting, Audit and Mortgage Security Purposes only.



APPENDIX 5 VALUATION REPORT SUMMARIES

Executive Summary

Workotel - 15-21 Main South Road and 29 Ballantyne Avenue, Upper Riccarton, Christchurch



The property comprises Workotel, the former Riccarton Holiday Park that was converted into a worker's accommodation complex following the Canterbury earthquakes of 2010/2011. The property occupies a significant combined land holding of 1.7089 hectares with frontages to both Main South Road and Ballantyne Avenue.

The site contains numerous improvements including five dwellings, one of these comprising the Thistle Guest House, buildings associated with the former holiday park comprising an amenity block, laundry, storage building and offices plus 107 accommodation units. The accommodation units provide a mixture of one and two bedroom accommodation with a number of units containing limited kitchen and full bathroom facilities.

Following the Canterbury earthquakes, the property has been used to provide workers accommodation on a long term basis for tradesman involved in the Canterbury rebuild.

In 2015 the complex achieved peak occupancy of 93%, however this has decreased subsequently as the demand for accommodation has fallen as the rebuild nears completion.

Notwithstanding this we believe the value of the property lies ultimately in redevelopment with the land comprising a significant inner city land holding located in a prominent position in close proximity to the Bush Inn Shopping Centre. The land would be an ideal development site for a rest home type apartment complex or similar style use.

Accordingly, we have determined the value based on the amortised net maintainable income over a four year period and then added the present value of the land at year four. Owing to the nature of the accommodation units a number of these are easily relocatable and we believe this will provide an additional income stream if sold to third parties and removed from the site.

In summary the property comprises a prime development site, however, is capable of providing a significant income from the accommodation units located onsite until the Canterbury rebuild is complete.

Valuation

Prepared For	Teematic Pte and ANZ Bank Limited
Valuation Purpose	Market Valuation for Financial Reporting, Audit and Mortgage Security Purposes
Date of Valuation	31 March 2017
Valuation Approaches	Direct Comparison and Amortisation of EBITDA
Zoning	Living 1 Christchurch City Council Operative District Plan Residential Suburban – Proposed Christchurch Replacement District Plan
Tenure	Fee Simple – Computer Freehold Registers CB658/80, CB658/81, CB4D/899, CB526/53 and 597284 in the Canterbury Land Registry
Total Land Area	1.7089 hectares
Interest Valued	100% Freehold Interest
Adopted Value	\$9,850,000 plus GST (if any)

Valuer

Lance Collings SPINZ, ANZIV
Registered Valuer - National Director
+64 3 375 6603
lance.collings@ap.jll.com

This is a summary only. It must not be relied on for any purpose. Jones Lang LaSalle's valuation of this asset is subject to assumptions, conditions and limitations. Those are set out in the full valuation report prepared in relation to the asset.

APPENDIX 5 VALUATION REPORT SUMMARIES

Critical Assumptions, Conditions and Limitations

In addition to any other assumptions, conditions and limitations contained within this report, our valuation is based on the following:

- The valuation is current as at the date of valuation only, being 31 March 2017. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property).
- We do not accept liability for losses arising from such subsequent changes in value. Without limiting this statement, we do not accept any liability where this valuation is relied upon more than three months after the date of valuation, or earlier if you become aware of any factors that may have any effect on the valuation.
- This report is relevant at the date of preparation and to the circumstances prevailing at that time. However, within a changing economic environment experiencing fluctuations in interest rates, inflation levels, rents and global economic circumstances, acceptable returns on investment may, as a consequence, be susceptible to future variation. We therefore recommend that before any action is taken involving an acquisition, disposal or other transaction more than three months after the date of this report, you consult the Valuer.
- This valuation has been completed for the specific purpose stated in this report. No responsibility is accepted in the event that this report is used for any other purpose.
- Our valuation assumes the information provided by the instructing party or its agents is correct and we reserve the right to amend our calculations, if deemed necessary, if that information is incorrect.
- Our valuation assumes all other professional/consultancy advice provided and relied upon is true and correct.
- We have relied on building areas, income figures and expense figures as provided by the instructing party or its agents and made specified adjustments where necessary. Where possible these have been verified through lease documentation and physical measurements.
- Unless otherwise stated all property measurements are in conformity with the Guide for the Measurement of Rentable Areas issued by the Property Council of New Zealand. Where certified areas have not been provided we have normally undertaken measurement in accordance with Property Council of New Zealand Standards.
- We have relied on the land dimensions and areas as provided in the Certificate of Title as searched. In certain cases, physical checking of land dimensions and areas is difficult or not practical due to proximity of adjoining buildings, steep terrain or inaccessible title boundaries. Jones Lang LaSalle accepts no responsibility if any of the land dimensions or the area shown on title is found to be incorrect.
- Our valuation is made on the basis that the property is free of further caveats, mortgages, charges and other financial liens and that there are no memorials, encumbrances, restrictions or other impediments of an onerous nature which will affect the value other than those stated in the report or registered on the Certificate of Title.
- Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of leases it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.
- In the case of buildings where works are in hand or have recently been completed Jones Lang LaSalle does not normally make allowance for any liability already incurred but not yet discharged in respect of completed works or obligations in favour of contractors, sub-contractors or any members of the professional or design team.
- No enquiries in respect of any property, or of any improvements erected thereon, has been made for any sign of timber infestation, asbestos or other defect, whether latent, patent, or structural.
- Substances such as asbestos or other potentially hazardous materials could, if present, adversely affect the value of the property. The stated value estimate is on the assumption that there is no material on or in the property that would cause loss in value. No responsibility is assumed for any such conditions and the recipient of this report is advised that the valuer is not qualified to detect such substances or estimate the remedial cost.
- While due care has been taken to note any contamination liability, our investigations have been undertaken for valuation purposes only, and this report does not constitute an environmental audit. Unless otherwise stated no account has been taken of the effect on value due to contamination or pollution.
- We have undertaken a visual inspection in respect of any building valued, but must advise that we have not commissioned structural surveys or tested any of the services and are therefore unable to confirm that these are free from defect. We note further that we have not inspected unexposed or inaccessible portions of any building and are therefore unable to certify that these are free from defect.
- We note we are not experts in relation to assessing the condition of the building structure and cladding, or in assessing the impact or otherwise of water/weather penetration issues. Should the building prove to have structural

APPENDIX 5

VALUATION REPORT SUMMARIES

or weather penetration issues we reserve the right to amend the valuation assessment and any recommendations contained within this report.

- Any elements of deterioration apparent during our consideration of the general state of repair of building/s has been noted or reflected in our valuation. We are however, unable to give any warranty as to structural soundness of any building and have assumed in arriving at our valuation that there are no structural defects or the inclusion of unsatisfactory materials.
- In preparing the valuation it has been assumed that items such as lifts, hot and cold water systems, electrical systems, ventilating systems and other devices, fittings, installations or conveniences as are in the building are in proper working order and functioning for the purposes for which they were designed, and conform to the current building, fire and government regulations and codes.
- Information on town planning and resource management is often obtained verbally from the local planning authority and if assurance is required Jones Lang LaSalle recommends that verification is sought from the relevant authority that confirms the position is correctly stated within this report, that the property is not subject to other decisions or conditions prescribed by public authorities and that there are no outstanding statutory notices.
- Jones Lang LaSalle's valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory regulations including the Building Act 2004 and the requirements of Territorial Authorities. Where we have obtained a Land Information Memorandum, we comment on this within our report. Where we have not obtained a Land Information Memorandum our valuation is therefore undertaken with the assumption that there are no outstanding requisitions.
- Unless otherwise stated all currencies within this report are in New Zealand Dollars.
- Non-residential valuations are (unless otherwise stated) carried out on the basis that the valuation is plus GST (if any). Residential property valuations are (unless otherwise stated) carried out on the basis that the valuation includes GST (if any).

APPENDIX 5 VALUATION REPORT SUMMARIES

UK VALUATIONS AND AGENCY CO., LTD.

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บริษัท ยูเค แวลูเอชัน แอนด์ เอเจนซี จำกัด
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216/26 ถนนนางลิ้นจี่ แขวงช่องนนทรี
เขตยานนาวา กรุงเทพฯ 10120
โทรศัพท์ : 66 (0) 2285 4508
โทรสาร : 66 (0) 2285 2408, 2285 2411

Surveyors • Valuers • Research & Feasibility Studies • Economic Damages • Intellectual Property Valuations • Legal Services

Property : 2-unit Penthouse and 1-unit Duplex, totally 3 units
Location : 11/321, 11/322, 11/325,
25th and 26th Floor, Chewathai Ratchaprarop Condominium,
Ratchaprarop Road, Makkasan Sub-district,
Ratchathewi District, Bangkok Metropolis
Our Ref : UK 2017/113
Client : Chewathai Public Co., Ltd.

• In Association with A.G. Wilkinson & Associates, Hong Kong and the People's Republic of China •

APPENDIX 5
VALUATION REPORT SUMMARIES

UK VALUATIONS AND AGENCY CO., LTD.
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บริษัท ยูเค แวลูเอชัน แอนด์ เอเจนซี จำกัด
ชั้น 9 แอส.พินันท์, ถนนวชิร
216/26 ถนนนวมินทร์ แขวงช่องนนทรี
เขตยานนาวา กรุงเทพฯ 10120
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April 19, 2017

Our Ref. : UK 2017/113

Chewathai Public Co., Ltd.
1168/80, 27th Floor, Lumpini Tower
Rama IV Road, Tungmahamek Sub-district,
Sathon District, Bangkok Metropolis

Attention: Mr. Boon Choon Kiat
Managing Director

Dear Sir,

Re: Review of the Market Value of 2-unit Penthouse and 1-unit Duplex, totally 3 units located within Chewathai Ratchaprarop, Ratchaprarop Road, Makkasan Sub-district, Ratchathewi District, Bangkok Metropolis.

We refer to your recent instruction for us to provide a market value of the above mentioned property. Please be advised that we had completely inspected the property on April 5, 2017. And we do confirm that we have now had the opportunity out an inspection of same, and have made relevant enquiries and searches as we consider necessary for the purpose of providing you with our opinion of the property as at today's date. As a result, the market value of which is equal to THB 52,500,000 (THB Fifty Two Million Five Hundred Thousand Only).

Given the confirmation, we are hereby, the impartial and disinterested party who take charge of the valuation for the subject property independently.

Yours sincerely,

For and on behalf of

UK VALUATIONS AND AGENCY CO., LTD

Udomsil Nathikanchanalo
Managing Director
Qualified Senior Valuer 028

Natee Tangditham
Valuation Manager
Qualified Senior Valuer 346

Reviewed by : Natee Tangditham
Somrat Terripet

Surveyed by : Natee Tangditham

kp

• In Association with A.G. Wilkinson & Associates, Hong Kong and the People's Republic of China •

APPENDIX 5 VALUATION REPORT SUMMARIES

บริษัท ยูเค แวอูเอชัน แอนด์ เอเจนซี่ จำกัด
UK VALUATIONS AND AGENCY CO., LTD.

Executive Summary (UK 2017/113)

We have inspected the subject property and investigated the current market conditions. Our conclusions are summarized as follows: -

The Subject Property					
Property Type	: 2-unit Penthouse and 1-unit Duplex, totally 3 units				
Location	: 11/321, 11/322 and 11/325, 25th and 26th Floor, Chewathai Ratchaprarop Condominium, Ratchaprarop Road, Makkasan Sub-district, Ratchathewi District, Bangkok Metropolis				
Purposes of Valuation	: Revaluation Purposes				
Basis of Valuation	: Market Value				
Highest and Best Use	: Residential Condominium				
Valuation Methodologies	: 1. Comparison Approach 2. Income Approach				
Chewathai Ratchaprarop Condominium					
Building	: Residential Condominium (Chewathai Ratchaprarop)				
Total Land Area	: 2-0-90.1 rai (or 890.1 sq. wah)				
Title Deed Nos.	: 2404, 15359 and 15360 (Total 3 units)				
Location	: 11/321, 11/322 and 11/325, 25th and 26th Floor, Chewathai Ratchaprarop Condominium, Ratchaprarop Road, Makkasan Sub-district, Ratchathewi District, Bangkok Metropolis				
Details	:	Unit Nos.	Floor Nos.	Size	
				Unit Size (m.)	Area (sq.m.)
		11/321	25	10.47 x 1.43	114.67
		11/322	25-26	19.63 x 11.36	300.88
		11/325	26	10.47 x 1.43	114.78
		Total		530.33	
Building No.	: 11				
Condominium Name	: Chewathai Ratchaprarop				
Condominium License	: 8/2554				
Owner	: TEE Development Co., Ltd.				
Encumbrances	: None				

APPENDIX 5
VALUATION REPORT SUMMARIES

บริษัท ยูค แอวูเอชั่น แอนด์ เอเจนซี่ จำกัด
UK VALUATIONS AND AGENCY CO., LTD.

Common Area Charges	: THB 35/Sq.m./Month
Percentage of sold-out	: 100 Percent
Percentage of Occupancy Rate	: 90 Percent
Market Value	: THB 52,500,000 (THB Fifty Two Million Five Hundred Thousand Only) (Equivalent to THB 99,000 per sq.m.)
Official Assessment	: THB 39,742,876 (Equivalent to THB 74,940 per sq.m.)
Date of Valuation	: April 7, 2017
Date of Site Survey	: April 5, 2017
Date of Title Document	: April 5, 2017
Preliminary Verification	

APPENDIX 6
GENERAL INFORMATION OF THE COMPANY

1. DIRECTORS

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

Name	Address	Designation
Mr. Bertie Cheng Shao Shiong	25 Bukit Batok Street 22 TEE Building Singapore 659591	Chairman and Independent Director
Mr. Phua Chian Kin	25 Bukit Batok Street 22 TEE Building Singapore 659591	Group Chief Executive and Managing Director
Mr. Lee Ah Fong	25 Bukit Batok Street 22 TEE Building Singapore 659591	Independent Director
Mr. Gn Hiang Meng	25 Bukit Batok Street 22 TEE Building Singapore 659591	Independent Director
Mr. Aric Loh Siang Khee	25 Bukit Batok Street 22 TEE Building Singapore 659591	Independent Director
Mr. Phua Boon Kin	25 Bukit Batok Street 22 TEE Building Singapore 659591	Deputy Group Managing Director
Ms. Saw Chin Choo	25 Bukit Batok Street 22 TEE Building Singapore 659591	Executive Director

2. PRINCIPAL ACTIVITIES

The Company is incorporated on 15 August 2000 in Singapore and first listed on the SESDAQ of the SGX-ST on 22 March 2001. It subsequently transferred its listing to the Mainboard of the SGX-ST on 3 September 2008. The Group has three business divisions, comprising its engineering business, real estate business and infrastructure business.

3. SHARE CAPITAL

3.1 Shares

As at the Latest Practicable Date, there is only one class of shares in the capital of the Company, comprising ordinary Shares. The issued share capital of the Company is as follows:

As at the Latest Practicable Date	No. of Shares (excluding treasury Shares)	Paid up capital
Issued and fully paid-up	501,952,639	S\$58,432,229.69

The Company has 1,270,400 treasury Shares as at the Latest Practicable Date.

APPENDIX 6

GENERAL INFORMATION OF THE COMPANY

3.2 Rights of the Shareholders in respect of Capital, Dividends and Voting

Selected texts of the constitution of the Company relating to the rights of the Shareholders in respect of capital, dividends and voting have been reproduced in **Appendix 7** to the Scheme Document.

The following discussion summarises the key differences between rights of holders of Offeror Shares and rights of holders of Shares based on, *inter alia*, the extracts of the Company's constitution and extracts of the Offeror's memorandum and articles of association. Shareholders are advised to read this in conjunction with the full text of the memorandum and articles of association of the Offeror as set out in **Appendix 3** to this Scheme Document. In particular, Shareholders who wish to opt to receive Offeror Shares in consideration for their Shares should note that as a private company, the memorandum and articles of association of the Offeror would not typically confer the same level of protection in favour of minority shareholders compared with those of a public listed company.

(a) Dividends

Pursuant to article 18.1 of the Offeror's articles of association, the directors of the Offeror may, by resolution of its directors, authorise a distribution at a time and of such amount as they think fit if they are satisfied, on reasonable grounds, that immediately after the distribution, the Offeror will satisfy solvency requirements.

By comparison, pursuant to regulation 126 of the Company's constitution, and under the Companies Act, the Company may only pay dividends out of profits.

(b) Issue of New Shares

Pursuant to article 2.1 of the Offeror's articles of association, shares and other securities may be issued at such time and on such terms as the directors may by a resolution of directors determine.

By comparison, pursuant to regulation 4 of the Company's constitution, and under the Companies Act, no Shares may be issued by the Directors without the prior approval of Shareholders at a general meeting.

In addition, pursuant to clause 7.1 of the Offeror's memorandum of association, the Offeror is authorised to issue a maximum of 600,000,000 no par value shares of a single class.

By comparison, there is no limit on the number of Shares which the Company may issue, provided the requisite authorisation from Shareholders as described above has been obtained prior to issuance of the Shares. Further, there is no concept of par value for the Shares.

(c) Variation of Rights

Pursuant to the Offeror's memorandum and articles of association, the rights conferred upon holders of Offeror Shares of any class may only be varied with the consent in writing or approval by way of resolution of the holders of a majority of the issued shares of that class.

By comparison, pursuant to the Company's constitution, the variation of the special rights attached to any class of shares may, subject to the provisions of the Act, be made either by the consent in writing or approval by way of resolution of the holders of three-quarters of the issued shares of that class.

APPENDIX 6
GENERAL INFORMATION OF THE COMPANY

(d) Amendment of Constitution

Pursuant to the Offeror's memorandum and articles of association, subject to the provisions relating to variation of rights of holders of shares of a certain class, the Offeror may amend its memorandum or articles by a resolution approved by a majority of shareholders or by a resolution approved by a majority of directors, save that no amendment may be made by a resolution approved by a majority of directors (i) to restrict the rights or power of the shareholders to amend the memorandum or articles (ii) to change the percentage of shareholders required to pass a resolution of shareholders to amend the memorandum or articles (iii) in circumstances where the memorandum or articles cannot be amended by shareholders or (iv) to provisions in the memorandum relating to 'rights conferred by shares', 'variation of rights', 'rights not varied by the issue of shares *pari passu*' and 'amendment of memorandum and articles'.

By comparison, under the Companies Act, the constitution of the Company may be amended by way of special resolution (requiring a three-quarters majority) of the Shareholders.

(e) Notice Period for General Meetings

Pursuant to article 7.3 of the Offeror's articles of association, a meeting of shareholders of the Offeror requires not less than 7 days' notice to be given.

By comparison, pursuant to regulation 49 of the Company's constitution, a general meeting of Shareholders requires not less than 14 days' notice to be given, and in the case of a special resolution or a resolution of which special notice is required to be given, at least 21 day's notice is required to be given.

In addition, pursuant to article 7.5 of the Offeror's articles of association, a meeting of shareholders held in contravention of the requirement to give notice is valid if shareholders holding at least 90 per cent of the total voting rights on all matters to be considered at the meeting have waived notice of the meeting, and for this purpose, the presence of a shareholder at the meeting shall constitute waiver in relation to all the shares that shareholder holds.

By comparison, pursuant to regulation 49 of the Company's constitution, a general meeting called by shorter notice than required under the Company's constitution shall be deemed to have been duly called if agreed to (in the case of an Annual General Meeting) by all members entitled to attend and vote thereat and (in the case of an Extraordinary General Meeting) by a majority in number of members entitled to attend and vote thereat and holding not less than 95 per cent of the total voting rights of all the members having that right.

(f) Record Date for Votes

Pursuant to article 7.4 of the Offeror's articles of association, the record date to determine those shareholders who are entitled to vote at a meeting of the Offeror may be fixed as the date of notice of the meeting, or such other date being a date not earlier than the date of notice.

By comparison, regulation 42(A) of the Company's constitution provides that a Depositor shall only be entitled to attend any general meeting and to speak and vote thereat if his name appears on the Depository Register maintained by CDP forty-eight hours before the general meeting.

APPENDIX 6

GENERAL INFORMATION OF THE COMPANY

(g) Special Resolution

There is no concept under the laws of the British Virgin Islands of a special resolution which can be passed by shareholders, although the articles of association of a company incorporated in the British Virgin Islands may reserve specific matters to require a certain percentage of shareholder approval over and above a simple majority. There is no such provision in the articles of association of the Offeror.

By comparison, in the case of the Company, a special resolution requires the affirmative vote of at least 75% of the votes cast at a general meeting.

(h) Winding Up

Pursuant to article 21 of the Offeror's articles of association, subject to the BVI Business Companies Act (No. 16 of 2004) and the BVI Business Companies Regulations, 2012 and any other regulations made thereunder, the Offeror may by resolution of shareholders or by resolution of directors appoint an eligible individual as voluntary liquidator alone or jointly with one or more voluntary liquidators.

Under regulation 145 of the Company's constitution, the Directors to have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up without the need to first obtain the approval of Shareholders.

Shareholders should note that the above is only a summary and does not purport to give a comprehensive comparison of the differences between the rights of holders of Offeror Shares and rights of holders of Shares. Shareholders who are in any doubt in relation to the differences between the rights of holders of Offeror Shares and rights of holders of Shares should consult their professional advisers.

3.3 Issue of Shares

The Company has not issued any new Shares for the period from end FY2016 to the Latest Practicable Date, save for 406 Shares which were issued pursuant to the exercise of certain Warrants.

3.4 Company Convertible Securities

As at the Latest Practicable Date, there are no outstanding Company Convertible Securities or securities which carry voting rights affecting the Shares.

As at the Joint Announcement Date, there were an aggregate of 186,385,684 outstanding Warrants, each of which was convertible into one Share at an exercise price of S\$0.25 per Warrant, however these Warrants have since expired on 26 May 2017.

4. FINANCIAL INFORMATION

4.1 Financial Information of the Group

A summary of the financial information of the Group for FY2014, FY2015, FY2016 and 3QFY2017 is set out below.

This is extracted from, and should be read together with the audited consolidated financial statements (or unaudited financial statements, as the case may be) of the Group for the relevant periods, which are available on SGXNET. The audited consolidated financial statements of the Group for FY2016 and the unaudited financial statements of the Group for 3QFY2017 are also reproduced in **Appendix 8** to the Scheme Document.

APPENDIX 6
GENERAL INFORMATION OF THE COMPANY

(a) **Consolidated Income Statements**

	Restated Audited FY2014 (S\$'000)	Audited FY2015 (S\$'000)	Audited FY2016 (S\$'000)	Unaudited 3QFY2017 (S\$'000)
Revenue	202,823	217,895	261,706	181,309
(Loss) Profit before tax	(8,317)	15,074	11,746	3,166
(Loss) profit for the year/period	(10,236)	12,882	10,719	2,109
(Loss) profit attributable to owners of the Company	(13,258)	11,133	8,404	1,211
Non-controlling interests	3,022	1,749	2,315	898
(Loss) earnings per Share (Singapore cents) – Basic	(2.75)	2.24	1.67	0.24
Dividends per Share (Singapore cents)	0.95	2.50	0.33	0.12

(b) **Consolidated Balance Sheets**

	Audited As at 31 May 2016 (S\$'000)	Unaudited As at 28 February 2017 (S\$'000)
ASSETS		
Current assets	391,888	479,059
Non-current assets	201,063	128,653
Total Assets	592,951	607,712
LIABILITIES AND EQUITY		
Current liabilities	244,002	255,004
Non-current liabilities	179,914	178,938
Total Liabilities	423,916	433,942
NET ASSETS	169,035	173,770
Share capital	58,701	58,701
Treasury shares	–	(269)
Currency translation reserve	(1,633)	(959)
Capital reserve	18,765	18,793
Accumulated profits	23,590	23,897
Non-controlling interests	69,612	73,607
NET EQUITY	169,035	173,770

APPENDIX 6

GENERAL INFORMATION OF THE COMPANY

4.2 Material Changes in Financial Position

Save as disclosed in the Scheme Document and any other information on the Group which is publicly available, there have been no known material changes to the financial position of the Group subsequent to its audited consolidated financial statements for FY2016.

4.3 Accounting Policies

The significant accounting policies of the Group applied in its audited consolidated financial statements for FY2016 are set out in the notes thereto.

As at the Latest Practicable Date, there are no changes in the accounting policy of the Group which will cause the figures disclosed in this paragraph not to be comparable to a material extent.

5. HOLDINGS DISCLOSURE

5.1 Holdings of Offeror Shares and Offeror Convertible Securities by the Company

As at the Latest Practicable Date, none of the Group Companies owns, controls or has agreed to acquire any Offeror Shares or Offeror Convertible Securities.

5.2 Interests of Directors in Offeror Shares and Offeror Convertible Securities

As at the Latest Practicable Date, save for Mr Phua Chian Kin who holds 1 Offeror Share, comprising the entire issued and paid up capital of the Offeror, none of the Directors has any direct or indirect interests in Offeror Shares or Offeror Convertible Securities.

5.3 Interests of Directors in Shares

As at the Latest Practicable Date, save as disclosed in this paragraph, as well as based on the register of directors maintained by the Company, none of the Directors owns, controls or has agreed to acquire, or has any interest in, direct or indirect, Shares:

Name of Director	Direct Interest as at the Latest Practicable Date		Deemed Interest as at the Latest Practicable Date	
	No. of Shares	(%) ⁽¹⁾	No. of Shares	(%) ⁽¹⁾
Mr. Bertie Cheng Shao Shiong	7,500,000	1.49	3,900,000 ⁽²⁾	0.78
Mr. Phua Chian Kin ⁽³⁾	282,054,456	56.19	17,423,004	3.47
Mr. Phua Boon Kin	105,172	0.02	–	–
Ms. Saw Chin Choo	1,390,000	0.28	3,312 ⁽⁴⁾	nm ⁽⁵⁾
Mr. Lee Ah Fong	–	–	–	–
Mr. Gn Hiang Meng	–	–	–	–
Mr. Aric Loh Siang Khee	–	–	–	–

Notes:

- (1) Based on 501,952,639 issued Shares (excluding 1,270,400 treasury Shares) as at the Latest Practicable Date.
- (2) A total of 3,900,000 Shares are held in the name of Hong Leong Finance Nominees Pte. Ltd. for Mr. Bertie Cheng Shao Shiong.
- (3) Mr. Phua Chian Kin is deemed to have an interest in the 17,423,004 Shares held by his spouse, Mdm Tay Kuek Lee and 4 P Investments Pte. Ltd., of which he is a shareholder. A total of 265,682,254 Shares held by Mr. Phua Chian Kin are registered in the name of Hong Leong Finance Nominees Pte Ltd, CIMB Securities (Singapore) Pte Ltd, SBS Nominees Pte Ltd, Phillip Securities Pte Ltd, OCBC Securities Private Limited and RHB Securities Singapore Pte Ltd and KGI Fraser Securities Pte Ltd, which include Shares which are charged in favour of such financial institutions for subsisting credit facilities in the ordinary course.
- (4) Ms. Saw Chin Choo is deemed to have an interest in the 3,312 Shares held by her spouse, Mr. Chow Ching Hoong.
- (5) Not meaningful.

APPENDIX 6

GENERAL INFORMATION OF THE COMPANY

5.4 Interests of Substantial Shareholder in Shares

As at the Latest Practicable Date, save as disclosed in this paragraph, as well as based on the register of members maintained by the Company, none of the Substantial Shareholders (excluding any Director) owns, controls or has agreed to acquire, or has any interest in, direct or indirect, Shares or Company Convertible Securities.

Name of Substantial Shareholder	Direct Interest as at the Latest Practicable Date		Deemed Interest as at the Latest Practicable Date	
	No. of Shares	(%) ⁽¹⁾	No. of Shares	(%) ⁽¹⁾
Lincoln Capital Private Limited ⁽²⁾	25,967,321	5.17	–	–

Notes:

- (1) Based on 501,952,639 issued Shares (excluding 1,270,400 treasury Shares) as at the Latest Practicable Date.
- (2) Mr. Tan Soon Hoe, through his 100% shareholding interest in Lincoln Capital Private Limited, is deemed to have an interest in the shares held directly by Lincoln Capital Private Limited.

6. DEALINGS DISCLOSURE

6.1 Dealings in Offeror Shares and Offeror Convertible Securities by the Company

None of the Group Companies has dealt for value in Offeror Shares or Offeror Convertible Securities during the period commencing three months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

6.2 Dealings in Offeror Shares and Offeror Convertible Securities by the Directors

Save for Mr Phua Chian Kin who subscribed for one Offeror Share on the incorporation of the Offeror on 28 December 2016, none of the Directors has dealt for value in Offeror Shares or Offeror Convertible Securities during the period commencing three months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

6.3 Dealings in Shares and Company Convertible Securities by the Directors

None of the Directors has dealt for value in Shares or Company Convertible Securities during the period commencing three months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

7. INTERESTS OF THE INDEPENDENT FINANCIAL ADVISER

7.1 Interests of the IFA

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

7.2 Dealings in Shares and Company Convertible Securities

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

APPENDIX 6

GENERAL INFORMATION OF THE COMPANY

8. VALUATION ON SUBJECT PROPERTIES

The Group has commissioned independent Valuation Reports on the valuations of the Subject Properties, which comprise all the properties of the Group (“**Valuation Reports**”), and copies of the Valuation Reports Summaries are set out in **Appendix 5** to this Scheme Document. Under Rule 26.3 of the Code, the Company is required, *inter alia*, to make an assessment of any potential tax liability which would arise if the assets, which are the subject of a valuation given in connection with an offer, were to be sold at the amount of the valuation. Based on the Valuation Reports, the potential net tax liabilities that may be incurred by the Group on the hypothetical disposal of the Subject Properties on an “as is” basis is approximately S\$3.49 million. The Company expects the aforesaid tax liabilities to crystallize (if any) as and when the Group disposes of its interests in these projects or when these projects are developed, sold and handed over to the purchasers.

9. ARRANGEMENTS AFFECTING DIRECTORS

9.1 No Payment or Benefit to Directors

As at the Latest Practicable Date, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any Director or to any director of any related corporation of the Company as compensation for loss of office or otherwise in connection with the Scheme.

9.2 No Agreement Conditional upon Outcome of the Scheme

As at the Latest Practicable Date, save for the Implementation Agreement and the Undertakings, there is no agreement, arrangement or understanding made between any Director and any other person in connection with or conditional upon the outcome of the Scheme.

9.3 No Material Interest in Material Contracts

As at the Latest Practicable Date, save for the Implementation Agreement and the Undertakings, no Director has a personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

10. MATERIAL LITIGATION

As at the Latest Practicable Date:

- (a) none of the Group Companies is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Group taken as a whole; and
- (b) the Directors are not aware of any litigation, claim, arbitration or other proceedings pending or threatened against any of the Group Companies or of any facts likely to give rise to any litigation, claim, arbitration or other proceedings which may materially and adversely affect the financial position of the Group taken as a whole.

11. GENERAL DISCLOSURE

11.1 Financial Statements

The audited consolidated financial statements of the Group for FY2016 and the unaudited consolidated financial statements of the Group for 3QFY2017 are available on SGXNET.

11.2 Directors' Service Contracts

There (a) are no service contracts between any Director or proposed director with any Group Company with more than 12 months to run, which the employer cannot, within the next 12 months, terminate without payment of compensation, and (b) were no such service contracts entered into or

APPENDIX 6

GENERAL INFORMATION OF THE COMPANY

amended between any of the Directors or proposed director and any Group Company during the period between the start of the six months immediately preceding the Joint Announcement Date and the Latest Practicable Date.

11.3 Material Contracts with Interested Persons

Save as disclosed publicly, there are no material contracts entered into by any Group Company in which any Director has a material personal interest, whether direct or indirect. There are also no material contracts (not being a contract entered into in the ordinary course of business) entered into by any Group Company with other interested persons (as defined in the Note on Rule 23.12 of the Code) during the period beginning three years before the Joint Announcement Date up to the Latest Practicable Date.

11.4 Transfer Restrictions

The Constitution of the Company does not contain any restrictions on the right to transfer Shares, which has the effect of requiring Shareholders, before transferring them, to offer them for purchase to members of the Company or to any person.

11.5 Costs and Expenses

In the event that the Scheme does not become effective for any reason, the expenses and costs incurred by the Company in connection with the Scheme will be borne by the Company.

11.6 Directors' Intentions with respect to their Shares

Save for Mr Phua Chian Kin and Mr Phua Boon Kin who are required to abstain from voting on the Scheme, all Directors who have an interest in Shares intend to vote these Shares (or procure these Shares to be voted, where applicable) in favour of the Scheme.

In addition, all Directors who have an interest in Shares intend to elect to receive Offeror Shares in consideration of their Shares.

12. MARKET QUOTATIONS

Please refer to **paragraph 13** of the Offeror's Letter as set out in **Appendix 2** to the Scheme Document for information on:

- (a) the closing prices of the Shares on the SGX-ST on (i) the Latest Practicable Date, (ii) the Last Market Day, and (iii) the last Market Day of each month from October 2016 to March 2017 (being the six months preceding the Joint Announcement Date); and
- (b) the highest and lowest closing prices during the period commencing six months prior to the Joint Announcement Date and ending on the Latest Practicable Date, and the respective dates of the relevant closing prices.

13. CONSENTS

13.1 General

Rajah & Tann Singapore LLP, the Company's legal adviser, the Offeror's Financial Adviser and the Share Registrar have each given and have not withdrawn their respective written consents to the issue of the Scheme Document with the inclusion herein of their names and all the references to their names in the form and context in which they respectively appear in the Scheme Document.

13.2 IFA

The IFA has given and has not withdrawn its written consent to the issue of the Scheme Document with the inclusion herein of its name, the IFA Letter and all references thereto in the form and context in which they appear in the Scheme Document.

APPENDIX 6
GENERAL INFORMATION OF THE COMPANY

13.3 Auditors

Deloitte & Touche LLP has given and has not withdrawn its written consent to the issue of the Scheme Document with the inclusion herein of its name, its independent auditor's report on the audited consolidated financial statements of the Group for FY2016 and all references thereto in the form and context in which they appear in the Scheme Document.

13.4 Valuers

Each Valuer has given and has not withdrawn its written consent to the issue of the Scheme Document with the inclusion herein of its name, the Valuation Report Summaries and all references thereto in the form and context in which they appear in the Scheme Document.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office during normal business hours from the date of the Scheme Document up to the Effective Date:

- (a) the Constitution of the Company;
- (b) the annual reports of the Company for FY2014, FY2015 and FY2016, and the unaudited consolidated financial statements of the Group for 3QFY2017;
- (c) the Implementation Agreement;
- (d) the Undertakings;
- (e) the IFA Letter;
- (f) the Valuation Report Summaries; and
- (g) the letters of consent of Rajah & Tann Singapore LLP, Deloitte & Touche LLP, the IFA, the Company's legal adviser, the Offeror's Financial Adviser, the Share Registrar and each Valuer to the Scheme Document.

APPENDIX 7
REPRODUCED EXTRACTS FROM THE CONSTITUTION OF THE COMPANY

TREASURY SHARES

3. (A) The Company may hold its shares as treasury shares and deal with such shares in accordance with the provisions of the Act and applicable laws.

(B) The Company may, subject to and in accordance with the Act, purchase or otherwise acquire its shares in the issued share capital of the Company on such terms and in such manner as the Company may from time to time think fit. Ordinary shares that are purchased or acquired by the Company shall, unless held in treasury, be deemed to be cancelled immediately on purchase or acquisition. On the cancellation of a share as aforesaid, the rights and privileges attached to that share shall expire.

ISSUE OF SHARES

4. (A) Subject to the Act and these presents, no shares may be issued by the Directors without the prior approval of the Company in General Meeting pursuant to Section 161 of the Act, but subject thereto, and the terms of such approval, and to Article 5, and to any special rights attached to any shares for the time being issued, the Directors may allot (with or without conferring a right of renunciation) or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and whether or not subject to the payment of any part of the amount thereof in cash or otherwise as the Directors may think fit, and any shares may, subject to compliance with Sections 70 and 75 of the Act, be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions, whether as regards dividend, return of capital, participation in surplus, voting, conversion or otherwise, as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors in accordance with the Act, Provided Always that:-

- (a) no shares shall be issued to transfer a controlling interest in the Company without the specific prior approval of the Company in General Meeting; and
- (b) the rights (including voting rights) attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same.

(B) The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder, recognize a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

(C) Except so far as otherwise provided by the conditions of issue or by these presents, all new shares shall be issued subject to the provisions of the Statutes and of these presents with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture or otherwise.

5. (A) Subject to any direction to the contrary that may be given by the Company in General Meeting and as permitted by the rules of the Designated Stock Exchange, all new shares shall before issue be offered to such persons who as at the date (as determined by the Directors) of the offer are entitled to receive notices from the Company of General Meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 5(A).

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(B) The Company may, notwithstanding Article 5(A) above, authorise the Directors not to offer new shares to members to whom by reason of foreign securities laws, such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such members on such terms and conditions as the Company may direct.

(C) Without prejudice to the generality of Article 4A and notwithstanding Article 5A, the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution to:-

- (a) 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; and
- (b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issues shares in pursuance of any instrument made or granted by the Directors while the Ordinary Resolution was in force, Provided that:-
 - (i) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Designated Stock Exchange;
 - (ii) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of the Designated Stock Exchange for the time being in force (unless such compliance is waived by the Designated Stock Exchange) and these Articles; and
 - (iii) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

6. The Company may exercise the power of paying commissions in respect of subscription for shares which is conferred by the Act to the full extent thereby permitted, Provided Always that the amount or rate of the commissions paid or agreed to be paid and the number of shares to be subscribed for absolutely shall be disclosed in the manner required by the Act, in the relevant prospectus, statement, circular or notice as the case may be. Such commissions may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful subject to disclosure of the amount or rate thereof in the manner required by the Act in the relevant prospectus, statement, circular or notice as the case may be.

7. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period, the Company may pay interest on so much of that share capital (except treasury shares) as is for the time being paid up for the period and charge the same to capital as part of the cost of the construction of the works or buildings or the provision of the plant, subject to the conditions and restrictions mentioned in the Act.

8. (A) In the event of preference shares being issued, preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance-sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing capital or winding-up or sanctioning a sale of the

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undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears.

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

9. (A) Whenever the share capital of the Company is divided into different classes of shares, the variation or abrogation of the special rights attached to any class may, subject to the provisions of the Act, be made either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so made either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these presents relating to General Meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two or more persons holding at least one-third of the issued shares of the class present in person or by proxy or attorney and that any holder of shares of the class present in person or by proxy or attorney 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 where the class is a class of equity shares within the meaning of Section 64(1) of the Act or at least one vote for every share of the class where the class is a class of preference shares within the meaning of Section 180(2) of the Act, Provided Always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, the consent in writing, if obtained from the holders of three-quarters 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.

(B) The provisions in Article 9(A) shall *mutatis mutandis* apply to any repayment of preference capital (other than redeemable preference capital) and any variation or abrogation of the rights attached to preference shares or any class thereof.

(C) The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

ALTERATION OF SHARE CAPITAL

10. The Company may from time to time by Ordinary Resolution increase its capital by such sum to be divided into such number of shares as the resolution shall prescribe.

11. The Company may by Ordinary Resolution alter its share capital in the manner permitted under the Act and applicable laws, including (without limitation):-

- (a) consolidate and divide all or any of its share capital into such number of shares set out in the resolution;
- (b) 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 its capital by the number of the shares so cancelled;
- (c) subject to the provisions of the Statutes, sub-divide its shares, or any of them, into such number of shares set out in the resolution, so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares;
- (d) subject to the provisions of the Statutes, convert any class of shares into any other class of shares.

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12. The Company may reduce its share capital or other undistributable reserve in any manner permitted by, and with and subject to, any authorization, consent or confirmation required, by law.

12. (A) Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these Articles, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.

GENERAL MEETINGS

47. An Annual General Meeting shall be held once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings.

48. The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.

NOTICE OF GENERAL MEETINGS

49. Any General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by twenty-one days' notice in writing at the least and an Annual General Meeting or any other General Meeting, by fourteen days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in manner hereinafter mentioned to all members other than such as are not under the provisions of these presents entitled to receive such notices from the Company, Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it so agreed:-

(A) in the case of an Annual General Meeting by all the members entitled to attend and vote thereat; and

(B) in the case of Extraordinary General Meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. of the total voting rights of all the members having that right;

Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. At least fourteen days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to any stock exchange upon which the shares in the Company may be listed, Provided Always that in the case of any General Meeting at which it is proposed to pass a Special Resolution, at least twenty-one days' notice in writing of such General Meeting shall be given to any stock exchange upon which the shares in the Company may be listed.

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

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

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

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

- (A) declaring dividends;
- (B) receiving and adopting the accounts, the reports of the Directors and Auditors and other documents required to be attached and annexed to the accounts;
- (C) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
- (D) re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting); and
- (E) fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and
- (F) fixing the fees of Directors.

52. 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.

PROCEEDINGS AT GENERAL MEETINGS

53. The Chairman of the Board of Directors, failing whom the Deputy Chairman, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither be present within five minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the meeting.

54. No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two members present in person or by proxy.

55. If within thirty minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may by not less than ten days' notice appoint.

56. The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or *sine die*) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned *sine die*, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty days or more or *sine die*, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.

57. Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

58. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special

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Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

59. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:-

- (A) the chairman of the meeting; or
- (B) not less than two members present in person or by proxy and entitled to vote; or
- (C) any member present in person or by proxy, or where such a member has appointed two proxies any one of such proxies, or any number or combination of such members or proxies, holding or representing as the case may be not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (D) any member present in person or by proxy, or where such a member has appointed two proxies any one of such proxies, or any number or combination of such members or proxies, holding or representing as the case may be 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 on all the shares conferring that right,

Provided Always that no poll shall be demanded on the choice of the chairman of the meeting or on a question of adjournment. A demand for a poll may be withdrawn only with the approval of the meeting.

60. Unless a poll is required, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

61. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote.

62. A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the chairman of the meeting may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.

VOTES OF MEMBERS

63. Subject to any special rights or restrictions as to voting attached by or in accordance with these presents to any class of shares, on a show of hands every member who is present in person or by proxy shall have one vote, the chairman of the meeting to determine which proxy shall be entitled to vote where a member is represented by two proxies, and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder. A member who is bankrupt shall not, while his bankruptcy continues, be entitled to exercise his rights as a member, or attend, vote or act at any meeting of the Company.

64. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or, as

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the case may be, the order in which the names appear in the Depository Register in respect of the joint holding.

65. Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member, to vote in person or by proxy at any General Meeting, or to exercise any other right conferred by membership in relation to meetings of the Company.

66. No member shall be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum payable by him to the Company in respect of such shares remains unpaid.

67. No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.

68. On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

69. (A) A member may appoint not more than two (2) proxies to attend and vote at the same General Meeting, provided that if a member shall nominate two proxies to attend and vote at the same General Meeting, then the member shall specify the proportion of his shares to be represented by each such proxy, failing which the appointment shall be deemed to be in the alternative.

(B) A proxy need not be a member.

(C) If the member is a Depositor, the Company shall be entitled and bound:-

(a) to reject any instrument of proxy lodged by any Depositor if the Depositor is not shown to have any shares entered against his name in the Depository Register as at forty-eight (48) hours before the General Meeting at which the proxy is to act as certified by CDP to the Company: and

(b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at forty-eight (48) hours before the time of the relevant General Meeting as certified by CDP to the Company.

(D) (a) In a poll, the maximum number of shares that a proxy can cast shall be:-

(i) the Depositor's shareholding specified in the instrument of proxy if that shareholding does not exceed the true balance standing to the Securities Account of the Depositor as appears on the Depository Register forty-eight (48) hours before the General Meeting; or

(ii) restricted to the true balance standing to the Securities Account of the Depositor as appears on the Depository Register forty-eight (48) hours before the General Meeting, if the Depositor's shareholding specified in the instrument of proxy is more than the aforesaid true balance standing in the Securities Account of the Depositor.

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- (b) A proxy is required to cast his vote in the manner as specified in the instrument of proxy and in the absence of any instruction by the Depositor, he can cast his vote in any manner he deems fit. Nothing in this Article shall require the Company, the Directors or the Chairman to ensure that a proxy complies with the provisions of these Articles.

70. (A) An instrument appointing a proxy for any member shall be in writing in any usual or common form or in any other form which the Directors may approve and:-

- (a) in the case of an individual member, shall be signed by the member or his attorney duly authorised in writing; and
- (b) in the case of a member which is a corporation shall be either given under its common seal or signed on its behalf by an attorney duly authorised in writing or a duly authorised officer of the corporation.

(B) The signatures on an instrument of proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of a member by an attorney, the letter or power of attorney or a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the next following Article, failing which the instrument of proxy may be treated as invalid.

71. An instrument appointing a proxy must be left at 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 Office) not less than forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates, Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates.

72. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll and to speak at the meeting.

73. A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

DIVIDENDS

123. The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.

124. If and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

125. Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, and subject to the Act, all dividends shall be declared and paid according to the number of issued and fully paid shares. Where shares are partly paid, dividends shall be apportioned and

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paid proportionately to the amount paid or credited as paid thereon. For the purposes of this Article, no amount paid on a share in advance of calls shall be treated as paid on the share.

126. No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes. Any dividend unclaimed after six (6) years from the date of declaration shall be made forfeit and revert to the Company.

127. No dividend or other monies payable on or in respect of a share shall bear interest as against the Company.

128. (A) The Directors may retain any dividend or other monies payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(B) The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.

129. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

130. The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises with regard to such distribution, the Directors may settle the same as they think expedient and in particular, may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any member upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

131. Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of the member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person and such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

132. If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.

133. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.

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CAPITALISATION OF PROFITS AND RESERVES

134. Subject to the approval of the Company in General Meeting (whether such approval is pursuant to an Ordinary Resolution authorizing the Directors to exercise the power of the Company to issue shares generally pursuant to Article 5 or otherwise), the Directors may issue bonus shares for which no consideration is payable to the Company or capitalize any sum standing to the credit of any of the Company's reserve accounts as representing profits available for distribution under the provisions of the Statutes, by appropriating such sum to the persons registered as the holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on the date of the resolution (or such other' date as may be specified therein or determined as therein provided) In proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares or (subject to any special rights previously conferred on any shares or class of shares for the time being issued) unissued shares of any other class not being redeemable shares, for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid. The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalization or bonus issue, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorize any person to enter on behalf of all the members interested into an agreement with the Company providing for any such capitalization or bonus issue and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

APPENDIX 8
REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

STATEMENTS OF FINANCIAL POSITION

May 31, 2016

	Note	Group		Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	32,206	24,012	1,710	677
Bank balances pledged	7	3,448	1,975	1,369	1,360
Trade receivables	8	43,210	85,273	-	3,661
Other receivables	9	25,546	20,298	13,597	17,633
Current portion of loans receivable from associates	10	24,042	19,664	1,148	3,906
Inventories	11	16	18	-	-
Construction work-in-progress in excess of progress billings	12	103,914	77,809	-	-
Development properties	13	113,275	122,613	-	-
Completed properties and land held for sale	13	46,231	14,973	-	-
Total current assets		391,888	366,635	17,824	27,237
Non-current assets					
Bank balances pledged	7	414	429	-	-
Available-for-sale investment	14	-	*	-	-
Investment in associates	15	58,776	43,241	4,783	781
Investment in joint venture	15	1,360	808	-	-
Investment in subsidiaries	16	-	-	107,227	100,949
Club membership	17	42	46	42	46
Property, plant and equipment	18	89,666	79,248	398	463
Investment properties	19	35,717	36,036	24,000	24,000
Deferred tax assets	20	2,643	1,382	-	-
Other receivables	9	6,210	10,534	-	-
Loans receivable from associates	10	6,235	19,216	351	-
Total non-current assets		201,063	190,940	136,801	126,239
Total assets		592,951	557,575	154,625	153,476

* Denotes amount less than \$1,000

APPENDIX 8
REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

STATEMENTS OF FINANCIAL POSITION

May 31, 2016

	Note	Group		Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans and overdrafts	21	53,444	52,612	7,180	8,900
Trade payables	22	108,217	98,547	38	3,673
Other payables	23	31,441	26,101	54,412	42,528
Progress billings in excess of construction work-in-progress	12	-	41	-	-
Provision for maintenance costs	24	643	1,692	-	-
Derivative financial instruments	25	70	-	-	-
Current portion of finance leases	26	87	80	-	-
Current portion of long-term loan	27	4,050	-	-	-
Current portion of long-term borrowings	28	39,861	50,679	16,537	5,425
Current portion of financial guarantee liabilities	30	606	667	224	667
Income tax payable		5,583	3,348	-	-
Total current liabilities		244,002	233,767	78,391	61,193
Non-current liabilities					
Finance leases	26	372	385	-	-
Long-term loan	27	-	4,050	-	-
Long-term borrowings	28	147,836	123,344	15,623	29,039
Term notes	29	29,758	29,577	-	-
Financial guarantee liabilities	30	923	1,452	311	1,047
Long-term deposit	31	730	730	730	730
Deferred tax liabilities	20	273	2,066	-	-
Other payables	23	22	18	-	-
Total non-current liabilities		179,914	161,622	16,664	30,816
Capital, reserves and non-controlling interests					
Share capital	32	58,701	58,701	58,701	58,701
Currency translation reserve	33	(1,633)	(582)	-	-
Capital reserve	34	18,765	18,737	(42)	(42)
Accumulated profits		23,590	18,709	911	2,808
Equity attributable to owners of the Company		99,423	95,565	59,570	61,467
Non-controlling interests	35	69,612	66,621	-	-
Net equity		169,035	162,186	59,570	61,467
Total liabilities and equity		592,951	557,575	154,625	153,476

See accompanying notes to financial statements.

APPENDIX 8
REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

Year ended May 31, 2016

	Note	Group 2016 \$'000	2015 \$'000
Revenue	36	261,706	217,895
Cost of sales		(231,851)	(182,033)
Gross profit		29,855	35,862
Other operating income	37	9,407	6,193
Selling and distribution expenses		(2,937)	(2,264)
Administrative expenses		(25,123)	(22,825)
Other operating expenses	38	(5,266)	(5,976)
Share of results of associates and joint venture	15	14,603	11,121
Finance costs	39	(8,793)	(7,037)
Profit before tax		11,746	15,074
Income tax expense	40	(1,027)	(2,192)
Profit for the year	41	10,719	12,882
Other comprehensive (loss) income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Currency translation differences, representing other comprehensive (loss) income for the year		(1,849)	470
Total comprehensive income for the year		8,870	13,352
Profit attributable to:			
Owners of the Company		8,404	11,133
Non-controlling interests		2,315	1,749
		10,719	12,882
Total comprehensive income attributable to:			
Owners of the Company		7,353	11,623
Non-controlling interests		1,517	1,729
		8,870	13,352
Earnings per share			
Basic (cents)	43	1.67	2.24
Diluted (cents)	43	1.67	2.19

See accompanying notes to financial statements.

APPENDIX 8
REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

STATEMENTS OF CHANGES IN EQUITY

Year ended May 31, 2016

	Share capital \$'000	Currency translation reserve \$'000	Capital reserve \$'000	Accumulated profits \$'000	Equity attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total \$'000
Group							
Balance at May 31, 2014, as restated	56,151	(1,072)	21,084	19,875	96,038	46,291	142,329
<u>Total comprehensive income for the year:</u>							
Income for the year	-	-	-	11,133	11,133	1,749	12,882
Other comprehensive income for the year	-	490	-	-	490	(20)	470
Total comprehensive income for the year	-	490	-	11,133	11,623	1,729	13,352
<u>Transaction with owners, recognised directly in equity:</u>							
Disposal of a subsidiary (Note 48)	-	-	-	-	-	(2,375)	(2,375)
Issue of shares arising from exercise of warrants (Note 32)	2,550	-	-	-	2,550	-	2,550
Deemed capital injection by non-controlling interests	-	-	-	-	-	11,300	11,300
Expenses incurred on issue of bonus warrants (Note 34)	-	-	(2)	-	(2)	-	(2)
Dividends paid (Note 42)	-	-	-	(12,299)	(12,299)	(1,559)	(13,858)
Effects of changes on shareholding on non-controlling interest arising from Dividend in Specie, net	-	-	(2,345)	-	(2,345)	11,235	8,890
Balance at May 31, 2015	58,701	(582)	18,737	18,709	95,565	66,621	162,186

APPENDIX 8
REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

STATEMENTS OF CHANGES IN EQUITY

Year ended May 31, 2016

	Share capital \$'000	Currency translation reserve \$'000	Capital reserve \$'000	Accumulated profits \$'000	Equity attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total \$'000
Group							
Balance at June 1, 2015	58,701	(582)	18,737	18,709	95,565	66,621	162,186
<u>Total comprehensive income for the year:</u>							
Income for the year	-	-	-	8,404	8,404	2,315	10,719
Other comprehensive loss for the year	-	(1,051)	-	-	(1,051)	(798)	(1,849)
Total comprehensive income for the year	-	(1,051)	-	8,404	7,353	1,517	8,870
<u>Transaction with owners, recognised directly in equity:</u>							
Issue of shares arising from exercise of warrants (Note 32)	*	-	-	-	*	-	*
Acquisition of non-controlling interests in a subsidiary	-	-	28	-	28	(82)	(54)
Capital injection by non-controlling interest	-	-	-	-	-	490	490
Deemed capital injection by non-controlling interests	-	-	-	-	-	2,430	2,430
Dividends paid (Note 42)	-	-	-	(3,523)	(3,523)	(1,364)	(4,887)
Balance at May 31, 2016	58,701	(1,633)	18,765	23,590	99,423	69,612	169,035

* Denotes amount less than \$1,000

See accompanying notes to financial statements.

APPENDIX 8
REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

STATEMENTS OF CHANGES IN EQUITY

Year ended May 31, 2016

	Share capital \$'000	Capital reserve \$'000	Accumulated profits \$'000	Total \$'000
Company				
Balance at May 31, 2014	56,151	(40)	2,880	58,991
Profit for the year, representing total comprehensive income for the year	-	-	12,227	12,227
<u>Transaction with owners, recognised directly in equity:</u>				
Issue of shares arising from exercise of warrants (Note 32)	2,550	-	-	2,550
Expenses incurred on issue of bonus warrant (Note 34)	-	(2)	-	(2)
Dividends paid (Note 42)	-	-	(12,299)	(12,299)
Balance at May 31, 2015	58,701	(42)	2,808	61,467
Profit for the year, representing total comprehensive income for the year	-	-	1,626	1,626
<u>Transaction with owners, recognised directly in equity:</u>				
Issue of shares arising from exercise of warrants (Note 32)	*	-	-	*
Dividends paid (Note 42)	-	-	(3,523)	(3,523)
Balance at May 31, 2016	58,701	(42)	911	59,570

* Denotes amount less than \$1,000

See accompanying notes to financial statements.

APPENDIX 8
REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended May 31, 2016

	Group	
	2016 \$'000	2015 \$'000
Operating activities		
Profit before tax	11,746	15,074
Adjustments for:		
Share of results of associates and joint venture	(14,603)	(11,121)
Change in fair value of investment properties	-	(1,223)
Depreciation of property, plant and equipment	3,854	2,754
Gain on disposal of a subsidiary	(54)	(299)
Gain on dilution of equity interest in associates	(3,068)	-
Amortisation of deferred sales commission expenses	732	1,053
Amortisation of deferred show flat costs	630	315
Amortisation of financial guarantee liabilities	(642)	(865)
Amortisation of issuance costs on term notes	181	121
Allowance for doubtful trade receivables	74	128
Allowance for doubtful other receivables	354	2,859
Trade receivables written off	1	13
Other receivables written off	53	-
Allowance for diminution in value of completed properties and land held for sale	534	518
Loss on dissolution of joint development	2,911	-
Impairment loss on value of club membership	4	-
Change in fair value of foreign exchange forward contract	70	-
Property, plant and equipment written off	39	70
Gain on disposal of property, plant and equipment	(2,215)	(760)
Provision for maintenance costs	379	1,852
Interest income	(1,450)	(2,410)
Interest expense	8,793	7,037
Operating cash flows before movements in working capital	8,323	15,116
Trade receivables	40,157	(42,603)
Other receivables	(4,407)	(4,147)
Inventories	2	(18)
Construction work-in-progress in excess of progress billings	(26,105)	(45,172)
Development properties	10,381	36,845
Completed properties and land held for sale	(39,363)	(13,420)
Trade payables	11,603	51,346
Other payables	8,203	3,548
Progress billings in excess of construction work-in-progress	(41)	(449)
Utilisation of provision for maintenance costs	(1,411)	(334)
Cash generated from operations	7,342	712
Interest paid	(11,156)	(9,028)
Income tax paid	(1,890)	(966)
Net cash used in operating activities	(5,704)	(9,282)

APPENDIX 8
REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended May 31, 2016

	Group	
	2016	2015
	\$'000	\$'000
Investing activities		
Proceeds on disposal of available-for-sale investment	*	-
Proceeds on disposal of property, plant and equipment	2,229	761
Purchase of property, plant and equipment (Note A)	(16,114)	(69,746)
Cash inflow arising from dissolution of joint development (Note 49)	1,031	-
Purchase of investment properties	-	(2,715)
Proceeds on disposal of an associate	-	182
Investment in associates (Note B)	(3,948)	(2,678)
Investment in joint venture	-	(9)
Acquisition of non-controlling interests in a subsidiary	(54)	-
Disposal of a subsidiary	-	(551)
Loans receivable from associates (Note B)	(4,699)	(10,156)
Repayment of loan receivable from associates	11,980	23,636
Dividend received from associates (Note B)	6,895	-
Interest received	3,948	431
Net cash from (used in) investing activities	<u>1,268</u>	<u>(60,845)</u>
Financing activities		
Drawdown of bank loans	147,406	78,132
Repayment of bank loans	(143,688)	(83,950)
Drawdown of long-term borrowings	62,041	65,152
Repayment of long-term borrowings	(37,346)	(42,986)
Loan to former joint developer	(6,000)	-
(Increase) Decrease in bank balances pledged	(1,458)	4,534
Repayment of obligations under finance leases	(78)	(156)
Proceeds from issuance of term notes	-	29,456
Net proceeds from exercise of warrants	-	2,550
Payment of warrant issuance expenses	-	(2)
Capital injection from non-controlling interests	490	-
Deemed capital injection by non-controlling interest	2,430	11,300
Dividends paid to shareholders (Note C)	(3,523)	(3,409)
Dividends paid to non-controlling interests	(1,364)	(1,559)
Net cash from financing activities	<u>18,910</u>	<u>59,062</u>
Net increase (decrease) in cash and cash equivalents	14,474	(11,065)
Cash and cash equivalents at beginning of year	21,126	31,373
Effect of foreign exchange rate changes	(3,394)	818
Cash and cash equivalents at end of year (Note 6)	<u>32,206</u>	<u>21,126</u>

* Denotes amount less than \$1,000

APPENDIX 8 REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended May 31, 2016

Note A

During the year, the Group acquired property, plant and equipment with an aggregate cost of \$16,513,000 (2015 : \$70,123,000) of which \$93,000 (2015 : \$207,000) was acquired under finance lease arrangements and there was an adjustment of \$306,000 (2015 : \$Nil) to the leasehold building. In 2015, finance cost capitalised as cost of leasehold building under construction during the financial year amounted to \$170,000 at interest rates ranging from 1.94% to 2.57% per annum.

Note B

During the year, the Group made an investment in associates with an aggregate cost of \$8,431,000 of which \$2,402,000 was made through the capitalisation of loan due from associates and \$2,081,000 was made through the capitalisation of dividend receivables due from associates.

Note C

In 2015, the Company distributed Dividend in Specie in the form of its subsidiary's share of which every fifteen shares held by each entitled shareholder will receive one subsidiary's share at a price of 26.5 cents per share amounting to \$8,890,000 (Note 42). This has led to dilution of the Company's shareholdings in its subsidiary of 33,547,322 shares with cost price of 25.0 cents per share.

See accompanying notes to financial statements.

APPENDIX 8

REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

NOTES TO FINANCIAL STATEMENTS

May 31, 2016

1 GENERAL

The Company (Registration No. 200007107D) is incorporated in Singapore with its principal place of business and registered office at 25 Bukit Batok Street 22, TEE Building, Singapore 659591. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activities of the Company are investment holding and property investment and development.

The principal activities of its associates, joint venture and subsidiaries are disclosed in Notes 15 and 16 respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended May 31, 2016 were authorised for issue by the Board of Directors on August 31, 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On June 1, 2015, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

APPENDIX 8

REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

NOTES TO FINANCIAL STATEMENTS

May 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

At the date of authorisation of these financial statements, the following FRSs and amendments/improvements to FRS that are relevant to the Group and the Company were issued but not effective.

- FRS 109 *Financial Instruments* ⁽⁴⁾
- FRS 115 *Revenue from Contracts with Customers* ⁽⁴⁾
- FRS 116 *Leases* ⁽⁵⁾
- Amendments to FRS 115 *Clarifications to FRS 115 Revenue from Contracts with Customers* ⁽⁴⁾
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative* ⁽¹⁾
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative* ⁽²⁾
- Amendments to FRS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses* ⁽³⁾
- Amendments to FRS 27 *Separate Financial Statements: Equity Method in Separate Financial Statements* ⁽¹⁾
- Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation* ⁽¹⁾
- Amendments to FRS 110 *Consolidated Financial Statements* and FRS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* ⁽⁶⁾
- Amendments to FRS 110 *Consolidated Financial Statements*, FRS 112 *Disclosure of Interests in Other Entities*, FRS 28 *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception* ⁽⁶⁾
- Amendments to FRS 111 *Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations* ⁽¹⁾
- Improvements to Financial Reporting Standards (November 2014) ⁽¹⁾

(1) Applies to annual periods beginning on or after January 1, 2016, with early application permitted.

(2) Applies prospectively to annual periods beginning on or after January 1, 2017, with early application permitted.

(3) Applies to annual periods beginning on or after January 1, 2017, with early application permitted.

(4) Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

(5) Applies to annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply FRS 115 at or before the date of initial application of FRS 116.

(6) Application has been deferred indefinitely, however, early application is still permitted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above FRSs and amendments/improvements to FRS in future periods will not have material impact on the financial statements of the Group and the Company in the period of their initial adoption except for the following:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets. The key requirements of FRS 109 are summarised below.

All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

APPENDIX 8

REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

NOTES TO FINANCIAL STATEMENTS

May 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 109 Financial Instruments (cont'd)

With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

FRS 115 Revenue from Contracts with Customers

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue as and when the entity satisfies a performance obligation.

Under FRS 115, 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. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

In June 2016, amendments to FRS 115 was issued to provide clarifications on (i) identifying performance obligations (ii) principal versus agent considerations and (iii) licensing application guidance. The amendments also included two additional transition reliefs on contract modifications and completed contracts.

FRS 116 Leases

FRS 116 was issued in June 2016 and it will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts are determined on the basis of whether there is an identified asset controlled by the customer.

APPENDIX 8

REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

NOTES TO FINANCIAL STATEMENTS

May 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 116 Leases (cont'd)

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Amendments to FRS 1 Presentation of Financial Statements: Disclosure Initiative

The amendments have been made to the following:

- Materiality and aggregation - An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.

Statements of financial position and statement of profit or loss and other comprehensive income - The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.

- Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will be subsequently be reclassified to profit or loss.
- Notes - Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

Amendments to FRS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Amendments to FRS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that unrealised losses on debt instruments measured at fair value in the financial statements but at cost for tax purposes can give rise to deductible temporary differences.

The amendments also clarify that the carrying amount of an asset does not limit the estimation of probable future taxable profits, and that when comparing deductible temporary differences with future taxable profits, the future taxable profits excludes tax deductions resulting from the reversal of those deductible temporary differences.

Amendments to FRS 27 Separate Financial Statements: Equity Method in Separate Financial Statements

FRS 27 requires an entity to account for its investments in subsidiaries, joint venture and associates either at cost or in accordance with FRS 39 (or FRS 109 when effective). The amendments allow an additional option for an entity to account for these investees in its separate financial statements using the equity method as described in FRS 28.

The accounting option must be applied by category of investments.

Amendments to FRS 16 Property, Plant and Equipment and Amendments to FRS 38 Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to FRS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to FRS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- a) when the intangible asset is expressed as a measure of revenue; or
- b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Amendments to FRS 110 Consolidated Financial Statements and Amendments to FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the requirements in dealing with the sale or contribution of assets between an investor and its associate or joint venture. In a transaction involving an associate or a joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

When an entity sells or contributes assets that constitute a business to a joint venture or associate, or loses control of a subsidiary that contains a business but it retains joint control or significant influence, the gain or loss resulting from that transaction is recognised in full.

When an entity sells or contributes assets that do not constitute a business to a joint venture or associate, or loses control of a subsidiary that does not contain a business but it retains joint control or significant influence, the gain or loss resulting from that transaction is recognised only to the extent of the unrelated investors' interests in the joint venture or associate, i.e. the entity's share of the gain or loss is eliminated.

Amendments to FRS 110 Consolidated Financial Statements, FRS 112 Disclosure of Interests in Other Entities, FRS 28 Investments in Associates and Joint Ventures – Investments Entities: Applying the Consolidation Exception

The amendments clarify that:

- The exemption from preparing consolidated financial statements is available to a parent entity that is subsidiary of an investment entity, even though the investment entity measures its subsidiaries at fair value in accordance with FRS 110;
- The requirement for an investment entity to consolidate a subsidiary applies only to a subsidiary that is not itself an investment entity and whose main purpose and activities are to provide services related to the investment entity parent's investment activities;
- In applying the equity method to an associate (or joint venture) that is an investment entity, a non-investment entity investor should retain the fair value measurements that the associate (or joint venture) used for its subsidiaries; and
- An investment entity that prepares financial statements in which all of its subsidiaries are measured at fair value through profit or loss shall present the disclosures relating to investment entities required by this FRS 112.

Amendments to FRS 111 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations

The amendments to FRS 111 provide guidance on how to account for the acquisition of both the initial and additional interests in a joint operation that constitutes a business as defined in FRS 103 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations, in FRS 103 and other Standards should be applied, to the extent that they do not conflict with the requirements of FRS 111. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is required to disclose the relevant information required by FRS 103 and other standards for business combination

Improvements to Financial Reporting Standards (November 2014)

The following amendments apply for annual periods beginning on or after January 1, 2016.

Standard	Topic	Key amendment
FRS 107 <i>Financial Instruments: Disclosures</i>	Servicing contracts	Provides additional guidance to clarify whether a servicing contract results in continuing involvement in a transferred asset for the purpose of determining the disclosures required.

Management is evaluating the potential impact of the application of the above FRs and amendments/improvements to FRs on the financial statements of the Group and of the Company in the period of initial application.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Improvements to Financial Reporting Standards (November 2014) (cont'd)

It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the entity's financial statements in the period of initial application as the management has yet to complete its detailed assessment.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decision need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to any non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and any non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Changes in the Group's ownership interests in existing subsidiaries (cont'd)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition and considered as the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiaries, associates and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

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REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

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May 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Changes in the Group's ownership interests in existing subsidiaries (cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of the acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date - and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments.

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs.

Financial assets are classified into the following specified categories: "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Available-for-sale investment

Certain shares held by the Group are classified as being available for sale and are stated at cost less accumulated impairment losses. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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May 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

For certain categories of financial asset, such as receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or other financial liabilities.

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- On initial recognition, the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities (cont'd)

Financial liabilities at fair value through profit or loss (FVTPL) (cont'd)

- It forms part of a contract containing one or more embedded derivatives, and FRS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other operating expenses' line in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 4.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL, subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Group enters into a foreign exchange forward contract to manage its exposure to foreign exchange rate risk. Further details of derivative financial instrument are disclosed in Note 25 to the financial statements.

The derivative is initially recognised at fair value at the date the derivative contract is entered into and is subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

CONSTRUCTION CONTRACTS - Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase cost and other incidental cost in bringing the inventories to their present location and condition. Cost is calculated using the first-in-first-out method. Net realisable value represents the estimated selling price less costs to be incurred in marketing, selling and distribution.

DEVELOPMENT PROPERTIES - Development properties are stated at cost plus attributable profits less progress billings if their revenue is recognised based on percentage of completion. Progress billings not yet paid by customers are included within "trade receivables".

Cost of property comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development.

Completed properties and land held for sale but remained unsold at year end are stated at lower of cost and net realisable value. Cost is determined by apportionment of the total land cost, development costs and borrowing costs capitalised attributable to unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less costs to be incurred in marketing and selling, and the anticipated costs to completion, where appropriate.

Development properties are classified as current when they are expected to be realised in, or are intended for sale in, the Group's normal operating cycle.

Show flat expenses are incurred to build a show flat before the launch of a new development property. The show flat provides potential buyers how the development property would look like when it is completed. During the construction stage, costs incurred are deferred and recognised as prepayment in the statements of financial position until the show flats are ready for use and are amortised over the marketing period.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred sales commission expenses are payable to estate agents only when buyers are secured. These direct and incremental costs recoverable as a result of securing a specifically identifiable contract with a buyer are deferred and recognised as deferred commission expense in the statements of financial position. Such assets are expensed as and when the related revenue is recognised.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Property in the course of construction for production, supply or administrative purposes, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets (excluding freehold land) over their estimated useful lives, using the straight-line method, on the following bases:

Building on freehold land	-	2.5% to 4%
Leasehold building	-	2.7%
Leasehold improvements	-	20%
Computers	-	25% to 100%
Renovation	-	20%
Motor vehicles	-	10% to 100%
Machinery and tools	-	15% to 100%
Office equipment	-	15% to 20%

Freehold land is not depreciated.

Depreciation is also not provided on leasehold building under construction as the asset is not yet available for use.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

Fully depreciated assets still in use are retained in the financial statements.

INVESTMENT PROPERTIES - Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

CLUB MEMBERSHIP - Investment in club membership held for long-term is stated at cost less any impairment to net realisable value.

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May 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible 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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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 for which the estimates of future cash flows have not been adjusted.

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.

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 reversal of an impairment loss is recognised immediately in profit or loss.

ASSOCIATES AND JOINT VENTURE - An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consents of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligation or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

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May 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Where a group entity transacts with an associate or a joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

INTEREST IN JOINT OPERATIONS - A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

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

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Construction contracts

Revenue from construction contract is recognised in accordance with the Group's accounting policy on construction contracts (see above).

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Development properties

Revenue from sales of development properties is recognised when risks and rewards of ownership of the real estate is transferred to the buyer, which may be:

- a) on a continuous transfer basis; or
- b) at a single point of time (e.g. at completion, upon or after delivery).

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May 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Development properties (cont'd)

Under (a), revenue is recognised based on the percentage of completion method when the transfer of significant risks and rewards of ownership occurs as construction progresses. Under the percentage of completion method, revenue and costs are recognised by reference to the stage of completion of the development activity at the end of the reporting period based on survey of work completed at the end of each reporting period performed by independent qualified surveyors. Profits are recognised only in respect of properties with finalised sales agreements. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Under (b), where transfer of significant risks and rewards of ownership coincides with the time when the property is completed or when the development units are delivered to the purchasers, revenue is recognised upon completion of construction, and when legal title passes to the buyer or when equitable interest in the property rests with the buyer upon release of the handover notice to the buyer, whichever is earlier. Payments received from buyers prior to this stage are recorded as advances from customers from sale of properties and are classified as current liabilities.

Rendering of services

Service revenue, as represented by the contract value of the services to be rendered, is recognised upon the completion of the services rendered.

Income from providing financial guarantee is recognised in profit or loss over the guarantee period on a straight line basis.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income

The Group's policy for recognition of revenue from operating leases is described above.

Revenue from hotel operations

Revenue is recognised when goods and services have been provided to the customer and the costs in relation to the goods and services can be reliably measured.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT OBLIGATIONS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and interest in associates and joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary difference associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences as they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities for the investment properties that are measured using the fair value model, the carrying amount of such properties is presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment properties are depreciable and are held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

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 they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly to equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component in equity under the header of currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) and of borrowings are recognised in other comprehensive income and accumulated in a separate component of equity under the header of currency translation reserve.

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.

CASH AND CASH EQUIVALENTS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS - Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand, cash at banks, fixed deposits, project accounts less pledged fixed deposits and bank overdrafts and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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.

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3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(a) *Critical judgements in applying the entity's accounting policies*

The management is of the opinion that there are no instances of application of judgements which are expected to have a significant effect on the amounts recognised in the financial statements other than the investigation by the Commercial Affairs Department as set out in Note 47 to the financial statements and those involving estimates as discussed below.

(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) Percentage of completion for revenue recognition

As described in Note 2, the Group uses the stage of completion method to account for its contract revenue and contract costs arising from the sale of development properties when the transfer of significant risks and rewards of ownership occurs as construction progresses.

The stage of completion is measured based on survey of work completed at the end of each reporting period performed by independent qualified surveyors. Where there is no certification of value available, the stage of completion is based on the respective costs incurred to date as compared to the total budgeted costs of the development.

Significant judgements are required to estimate the total development contract costs which include estimation for variation works and any other claims from contractors. In making the judgements, the Group relies on past experience and the work of specialists. The valuation of development properties and allowance for diminution in value, if any, are therefore subject to uncertainty in respect of variation works and estimation of future costs.

(ii) Allowances for doubtful trade and other receivables

The Group and Company make allowances for bad and doubtful debts based on on-going evaluation of collectability and aging analysis of individual receivables by reference to their past default experience. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates.

Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

The Group made full allowance for a deposit amounting to \$3,374,000 (2015: \$3,374,000) to acquire 26 plots of freehold land located in Mukim Klang, Daerah Klang, Negeri Selangor, Malaysia from a third party (the "Seller"). The Group has terminated the acquisition as a result of non-compliance of conditions precedent by the Seller and assessed and determined the balance may not be collectible.

In 2015, included in other receivables due from related parties is an amount of \$3,750,000 due from a company in which the Group has a 10% equity interest (Note 14). The Group has assessed and determined that there is no event or changes in circumstances which indicate the balance is not collectible. The amount was settled in 2016 as disclosed in Note 9.

The carrying amounts of the Group's and the Company's trade and other receivables are disclosed in Notes 8 and 9 respectively.

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3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) *Key sources of estimation uncertainty (cont'd)*

(iii) Loans receivable from associates

The Group and Company make allowances for bad and doubtful debts based on assessment of the recoverability of loans receivable from associates. Allowances are applied to loans receivable when events or changes in circumstances indicate that the balance may not be collectible. The identification of bad and doubtful debt requires the use of judgment and estimates. Where the expectation is different from the original estimates, such difference will impact the carrying value of receivables and doubtful debts expenses in the period in which estimates has been changed. The carrying amount of the Group's and Company's loans receivable from associates is disclosed in Note 10.

(iv) Impairment of investment in associates, joint venture and subsidiaries

Management exercises their judgement in estimating recoverable amounts of its investment in associates and joint venture of the Group and Company and subsidiaries of the Company.

The recoverable amounts of the investments are reviewed at the end of each reporting period to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, management needs to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows.

The carrying amounts of the Group's and Company's investment in associates and joint venture and the Company's investment in subsidiaries are disclosed in Notes 15 and 16 respectively.

(v) Construction work-in-progress

The costs of uncompleted contracts are computed based on the estimates of total contract costs for the respective contracts.

Management has performed the cost studies, taking into account the costs to date and costs to complete on each contract. Management has also reviewed the status of such contracts and is satisfied that the cost estimates to complete, the total contract costs and the profitability are realistic.

Based on the above studies, the management is of the opinion that the carrying amount as at the end of the reporting period is reasonable.

The carrying amount of the Group's construction work-in-progress is disclosed in Note 12.

(vi) Valuation of investment properties

Investment properties are stated at fair value based on an independent professional valuation. In determining the fair value, the valuer has used valuation techniques which involve certain estimates and significant unobservable inputs which are disclosed in Note 19. The key assumptions used to determine the fair value include market-corroborated capitalisation yield, terminal yield and discount rate.

The valuer has considered valuation techniques (including income capitalisation method, discounted cash flow method and direct comparison method) in arriving at the open market value as at the end of the reporting period. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting prices to those reflective of the investment properties. Income capitalisation method involves assessment of the income earning capacity and capitalised it at the adopted capitalisation rate to derive a core value. Discounted cash flow method recognises the time value of money by estimating the net present value of future cash flows.

In relying on valuation reports, the management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions. The carrying amounts of investment properties at the end of the reporting period are disclosed in Note 19.

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3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) *Key sources of estimation uncertainty (cont'd)*

(vii) Development properties, completed properties and land held for sale

Development properties, completed properties and land held for sale are stated at lower of cost and estimated net realisable value, assessed on an individual property basis. When it is probable that the total development costs will exceed the total projected revenue, the amount in excess of net realisable value is recognised as an expense immediately.

The process of evaluating the net realisable value of each property is subject to management judgement and the effect of assumptions in respect of development plans, timing of sale and the prevailing market conditions. Management performs cost studies for each property, taking into account the costs incurred to date, the development status and costs to complete each development property. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties.

The carrying amount of the Group's development properties and completed properties and land held for sale are disclosed in Note 13.

(viii) Provision for maintenance costs

The Group provides for maintenance costs based on management's best estimate of the Group's liability for additional costs to be incurred for the completed projects within the warranty periods granted on such completed projects based on past experience.

Management is of the opinion that the provision for maintenance costs as at the end of the reporting period is reasonable.

The carrying amount of the Group's provision for maintenance costs is disclosed in Note 24.

(ix) Deferral of show flat costs

Show flat expenses are incurred to build a show flat before the launch of a new development property. The show flat provides potential buyers how the development property would look like when it is completed. During the construction stage, costs incurred are deferred in the consolidated statement of financial position until the show flats are ready for use and amortised over the marketing period.

Management reviews the marketing period, considering current market demand for property market and response from marketing activities of these development properties.

The carrying amount of deferred show flat cost is disclosed in Note 9.

(x) Deferral of sales commission expenses

Sales commission expenses are payable to estate agents only when buyers are secured. These direct and incremental costs recoverable as a result of securing a specifically identifiable contract with a buyer are deferred and recognised as deferred commission expense in the statements of financial position. Such assets are expensed when the related revenue is recognised.

The carrying amount of deferred commission expense is disclosed in Note 9.

(xi) Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 1 to 40 years. Changes in the expected level of usage and technological development could impact the economic useful life and the residual value of these assets, therefore future depreciation charges could be revised.

The carrying amount of property, plant and equipment is disclosed in Note 18.

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NOTES TO FINANCIAL STATEMENTS

May 31, 2016

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) *Key sources of estimation uncertainty (cont'd)*

(xii) Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever there is any indication that the assets are impaired. If any such indication exists, the recoverable amount (ie. higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the impairment loss.

The carrying amount of property, plant and equipment is disclosed in Note 18.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<u>Financial assets</u>				
Loans and receivables (including cash and bank balances)	134,191	177,788	18,131	26,961
<u>Financial liabilities</u>				
Amortised cost	412,129	384,630	94,520	90,295
Financial guarantee liabilities	1,529	2,119	535	1,714
Derivative financial instrument	70	-	-	-

Financial assets consist of cash and bank balances, trade receivables, other receivables, loans receivable from associates excluding prepayments, deferred sales commission expenses, deferred show flat costs and deposits for options to purchase properties.

Financial liabilities consist of bank loans and overdrafts, trade payables, other payables, finance leases, long-term loan, long-term borrowings, term notes, financial guarantee liabilities and long-term deposit excluding advances received from customers.

(b) *Financial risk management policies and objectives*

The Group's activities expose it to a variety of financial risks, such as market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk, cash flow interest rate risk and fair value risk.

The Group uses derivative financial instruments to manage its exposure to foreign exchange rate risk such as foreign exchange forward contract to mitigate the risk.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

Foreign exchange risk management

The Group transacts business in various foreign currencies including United States Dollar, Thai Baht, Malaysian Ringgit, New Zealand Dollar and Australian Dollar and therefore is exposed to foreign exchange risk.

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May 31, 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

Foreign exchange risk management (cont'd)

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
United States Dollar	-	80	2	12	-	-	-	-
Thai Baht	2,290	2,834	289	1,407	-	-	-	-
Malaysian Ringgit	-	-	13	23	-	-	13	23
New Zealand Dollar	-	-	6	7	-	-	-	-
Australian Dollar	-	-	69	47	-	-	-	-

The Group has a number of investments in foreign subsidiaries and associates, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans where they gave rise to an impact on the Group's profit or loss.

If the relevant foreign currency weakens by 10% against the functional currency of each group entity, profit or loss will increase (decrease) by:

	United States Dollar impact		Thai Baht impact		Malaysian Ringgit impact		New Zealand Dollar impact		Australian Dollar impact	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Group

Profit or loss	*	7	200	143	(1)	(2)	(1)	(1)	(7)	(5)
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Company

Profit or loss	-	-	-	-	(1)	(2)	-	-	-	-
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If the relevant foreign currency strengthens by 10% against the functional currency of each group entity, the effect on profit or loss will be vice-versa.

* Denotes amount less than \$1,000

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

Interest rate risk management

The Group has exposure to interest rate risk through the impact of floating interest rate on cash and bank balances and borrowings. The Group obtained financing through bank loans, overdrafts and finance leases and the details of the Group's interest rate exposure is disclosed in Notes 21, 26 and 28.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for the year ended May 31, 2016 would decrease/increase by \$786,000 (2015 : loss for the year would increase/decrease by \$373,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate receivables and borrowings.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's profit for the year ended May 31, 2016 would decrease/increase by \$152,000 (2015 : \$174,000). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Credit risk management

The Group's principal financial assets are cash and bank balances, trade and other receivables and loans receivable from associates.

The credit risk on cash and bank balances and derivative financial instruments is limited as these balances are placed with or transacted with financial institutions which are creditworthy.

The Group's credit risk is primarily attributable to its trade and other receivables and loans receivable from associates. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The maximum amount that the Group and the Company could be forced to settle under the financial guarantee contract, if the full guaranteed amount is claimed by the counterparty to the guarantee are \$102,166,000 and \$83,355,000 (2015 : \$79,574,000 and \$166,123,000) respectively. Based on the expectations at the end of the reporting period, the Group and Company consider that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffered credit losses.

Liquidity risk management

The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. The Group minimises liquidity risk by keeping committed credit lines available.

As at May 31, 2016, the Company's current liabilities exceeded its current assets by \$60,567,000 (2015 : \$33,956,000). Management is of the view that its subsidiaries will be able to provide financial support, by way of issue of dividends, to enable the Company to meet its financial obligations as and when they fall due.

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

Liquidity and interest risk analysis

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statements of financial position.

	Weighted average effective interest rate % p.a.	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Adjustment \$'000	Total \$'000
<u>Group</u>						
2016						
Non-interest bearing	-	140,771	-	-	-	140,771
Finance lease liability (fixed rate)	5.14	105	365	43	(54)	459
Variable interest rate instruments	3.84	95,894	142,708	14,100	(19,849)	232,853
Fixed interest rate instruments	3.67	7,758	32,229	-	(1,941)	38,046
Financial guarantee liabilities	-	101,243	923	-	(100,637)	1,529
2015						
Non-interest bearing	-	127,953	-	-	-	127,953
Finance lease liability (fixed rate)	5.31	104	366	61	(66)	465
Variable interest rate instruments	3.76	102,763	98,499	18,983	(19,146)	201,099
Fixed interest rate instruments	3.88	9,075	35,585	15,291	(4,838)	55,113
Financial guarantee liabilities	-	78,122	1,310	142	(77,455)	2,119

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

Liquidity and interest risk analysis (cont'd)

Non-derivative financial liabilities (cont'd)

	Weighted average effective interest rate % p.a.	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Adjustment \$'000	Total \$'000
<u>Company</u>						
2016						
Non-interest bearing	-	55,180	-	-	-	55,180
Variable interest rate instruments	3.81	17,846	7,657	9,677	(4,793)	30,387
Fixed interest rate instruments	3.32	7,297	1,925	-	(269)	8,953
Financial guarantee liabilities	-	83,044	311	-	(82,820)	535
2015						
Non-interest bearing	-	46,931	-	-	-	46,931
Variable interest rate instruments	3.42	9,011	20,893	11,444	(6,544)	34,804
Fixed interest rate instruments	3.38	6,828	2,058	-	(326)	8,560
Financial guarantee liabilities	-	165,076	1,047	-	(164,409)	1,714

The earliest period that the guarantee could be called is within 1 year (2015 : 1 year) from the end of the reporting period. The Group and Company consider that it is more likely than not that no amount will be payable under the arrangement.

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and Company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statements of financial position.

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

Liquidity and interest risk analysis (cont'd)

Non-derivative financial assets (cont'd)

	Weighted average effective interest rate % p.a.	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Adjustment \$'000	Total \$'000
<u>Group</u>						
2016						
Non-interest bearing	-	94,868	-	-	-	94,868
Variable interest rate instruments	4.15	249	6,407	-	(656)	6,000
Fixed interest rate instruments	4.07	27,816	6,378	-	(871)	33,323
2015						
Non-interest bearing	-	135,250	7,278	-	-	142,528
Fixed interest rate instruments	4.43	23,889	12,937	-	(1,566)	35,260
<u>Company</u>						
2016						
Non-interest bearing	-	15,263	-	-	-	15,263
Fixed interest rate instruments	3.30	2,600	363	-	(95)	2,868
2015						
Non-interest bearing	-	21,695	-	-	-	21,695
Fixed interest rate instruments	4.33	5,494	-	-	(228)	5,266

Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, provisions and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of the other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

Fair value of financial assets and financial liabilities (cont'd)

- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

(c) *Capital risk management policies and objectives*

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Notes 21, 26, 28 and 29 and equity attributable to owners of the Company, comprising of share capital, reserves and accumulated profits. The Group is required to maintain maximum gearing in order to comply with covenants in loan agreements with banks and financial institutions.

Management also ensures that the Group maintains certain security ratios of outstanding term loans over the value of the properties in order to comply with the loan covenants imposed by banks and financial institutions.

The Group monitors capital using debt ratio as follows:

	Group	
	2016 \$'000	2015 \$'000
Total debt	271,358	256,677
Total assets	592,591	557,575
Total equity	169,035	162,186
Debt-to-total assets ratio (times)	0.46	0.46
Debt-to-total equity ratio (times)	1.61	1.58

The Group's overall strategy with regards to capital risk management remains unchanged from 2015.

Breach of bank covenants

In 2015, two financial covenants relating to secured borrowings amounting to \$16,951,000 of a subsidiary were not met. As a waiver of the breach of the loan covenants from the relevant lender was obtained subsequent to the end of the reporting period, the secured borrowings of \$16,951,000 was reclassified from non-current liabilities to current liabilities. In the current year, such loans were reclassified back to non-current liabilities as there is no breach of bank covenant.

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5 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Significant related party transactions as follows:

	Group	
	2016 \$'000	2015 \$'000
(a) <u>Associates and joint venture</u>		
Dividend income	8,976	-
Interest income	1,310	2,339
Purchase of investment properties	-	(1,963)
Financial guarantee income	642	865
Management fee income	1,154	-
Consultancy and service income	85	139
Provision of engineering services	274	682
(b) <u>Company in which a director has significant financial interest</u>		
Rental expenses	184	155
(c) <u>Compensation of directors and key management personnel</u>		
The remuneration of directors and other members of key management during the year were as follows:		
Short-term benefits	4,027	3,561
Post-employment benefits	155	130

The remuneration of directors and other members of key management are determined by the Remuneration Committee having regard to the performance of individuals and market trends.

(d) Finance lease entered on behalf of a director

In 2015, the Group had entered into a finance lease for the purchase of a motor vehicle on behalf of a director who undertakes to repay the finance lease and the finance lease of \$41,000 was not recorded into the Group's financial statements. In 2016, the finance lease had ceased.

(e) Guarantees given to related parties

No guarantees have been given except that the financial guarantee liabilities (Note 30) pertaining to the effects of fair value of corporate guarantee on initial recognition provided by the Group on behalf of associates to obtain banking facilities.

(f) Provision of civil and structural engineering consultancy services

In 2015, an independent non-executive director of a subsidiary is a director of an entity that controls a firm which provided civil and structural engineering consultancy amounting to \$34,000 to the Group.

(g) Professional fees paid to an independent non-executive director

An independent non-executive director of the Company is a partner of a firm which provided professional services amounting to \$15,000 (2015 : \$30,000).

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5 RELATED PARTY TRANSACTIONS (cont'd)

(h) Professional fees paid to an independent non-executive director of a subsidiary

An independent non-executive director of a subsidiary is a partner of a firm which provided professional services amounting to \$80,000 (2015 : \$50,000).

(i) Purchase of Multicurrency Medium Term Note issued by a subsidiary by the spouse of an independent non-executive director

In 2015, the spouse of an independent non-executive director of the Group has purchased \$250,000 of Multicurrency Medium Term Note ("MTN") issued by a subsidiary under the MTN Programme.

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash at banks	20,723	14,501	1,709	676
Cash on hand	42	68	1	1
Project accounts:				
Cash at banks	8,434	8,189	-	-
Fixed deposits	2,000	-	-	-
Fixed deposits	1,007	1,254	-	-
	32,206	24,012	1,710	677
Less: Bank overdrafts (Note 21)	-	(2,886)	-	-
Cash and cash equivalents in the consolidated statement of cash flows	32,206	21,126	1,710	677

Fixed deposits bear average effective interest rate of 2.37% (2015 : 0.59%) per annum and for a tenure of approximately 172 days (2015 : 136 days).

Project accounts are subject to restrictions under the Housing Developers (Project Account) Rules (1997 Ed). Withdrawals from these project accounts are restricted to payments for project expenditure incurred until the completion of the project.

7 BANK BALANCES PLEDGED

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Bank balances pledged	3,862	2,404	1,369	1,360
Less: Amounts receivable within 12 months (shown under current assets)	(3,448)	(1,975)	(1,369)	(1,360)
Amounts receivable after 12 months	414	429	-	-

These bank balances were pledged as security for certain bank facilities and bear average effective interest rate of 0.66% (2015 : 1.95%) per annum and for a tenure of approximately 566 days (2015 : 730 days).

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8 TRADE RECEIVABLES

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Contract trade receivables	41,097	73,508	-	3,661
Retention sums	1,903	3,678	-	-
Others	210	8,087	-	-
Total	43,210	85,273	-	3,661

The credit period given to customers ranges from 14 to 45 days (2015 : 14 to 45 days). No interest is charged on the outstanding trade receivables.

Before accepting any new customer, the Group and Company assess the potential customer's credit quality and define credit limits by customer.

An allowance has been made for estimated irrecoverable amounts from the sale of goods and rendering of services by the Group to third parties of \$189,000 (2015 : \$127,000). This allowance has been determined by reference to past default experience.

The Group and the Company closely monitor the credit quality of its trade receivables and consider trade receivables that are neither past due nor impaired to be of a good credit quality. Included in the Group's and Company's trade receivable balance are debtors with a carrying amount of \$1,751,000 (2015 : \$1,221,000) and \$Nil (2015 : \$Nil) respectively which are past due at the end of the reporting period for which the Group has not made allowance as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 174 days (2015 : 175 days).

In determining the recoverability of a trade receivable, the Group and Company consider any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The Group has nine (2015 : thirteen) customers making up \$22,398,000 (2015 : \$17,911,000) which accounted for 51.8% (2015 : 21.0%) of the Group's trade receivables. Management believes that there is no further credit allowance required in excess of the allowance for doubtful debts.

Retention sums are classified as current as they are expected to be received within the Group's normal operating cycle.

Movements in the allowance for doubtful debts:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
At beginning of the year	127	1	-	3,285
Foreign currency exchange adjustment	(13)	(1)	-	-
Amounts utilised during the year	-	(8)	-	-
Amounts written off (written back) during the year	1	7	-	(3,285)
Increase in allowance recognised in profit or loss (Note 38)	74	128	-	-
At end of the year	189	127	-	-

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9 OTHER RECEIVABLES

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Associates and joint venture (Notes 5 and 15)	260	719	100	19
Subsidiaries (Note 16)	-	-	13,162	16,108
Related parties (Note 5)	1,116	4,093	-	-
Interest receivables due from associates (Notes 5 and 15)	3,962	7,655	-	1,211
Interest receivables	78	8	7	-
Deferred sales commission expenses	2,291	733	-	-
Deferred show flat costs	607	900	-	-
Prepayments	1,627	1,732	44	276
Deposits	7,062	1,337	158	19
Former joint developer	6,523	-	-	-
Joint developer	-	10,971	-	-
Loan to former joint developer	6,000	-	-	-
Advances to directors of subsidiaries (Note 5)	319	54	-	-
Outside parties	1,911	2,630	126	-
	<u>31,756</u>	<u>30,832</u>	<u>13,597</u>	<u>17,633</u>
Less: Amounts receivable within 12 months (shown under current assets)	(25,546)	(20,298)	(13,597)	(17,633)
Amounts receivable after 12 months	<u>6,210</u>	<u>10,534</u>	<u>-</u>	<u>-</u>

In determining the recoverability of other receivables, the Group and the Company consider any change in the credit quality of the other receivables from the date credit was initially granted up to the end of the reporting period.

Management has assessed the credit worthiness of the other receivables and allowances have been determined by reference to past default experience.

- (a) The advances to directors of subsidiaries are unsecured, interest-free and not repayable within the next twelve months.
- (b) Included in other receivables due from related parties are amounts of \$Nil and \$1,116,000 (2015 : \$3,750,000 and \$343,000) which are due from a company in which Group has a 10% equity interest (Note 14) and non-controlling shareholders respectively. Both amounts are unsecured, interest-free and repayable within 12 months (2015 : repayable after 12 months). The fair value approximates its carrying amount. The amount due from related parties was settled via novation of this balance to the available-for-sale investment as disclosed in Note 14.
- (c) The amounts due from outside parties are unsecured, interest-free and repayable on demand. An allowance has been made for estimated irrecoverable amounts by the Group of \$354,000 (2015 : \$Nil).
- (d) The amounts due from subsidiaries are unsecured, interest-free and repayable on demand. An allowance has been made for estimated irrecoverable amounts by the Company of \$19,494,000 (2015 : \$19,451,000).

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May 31, 2016

9 OTHER RECEIVABLES (cont'd)

- (e) In March 2010, the Group entered into a joint development with a joint developer to develop 47, 49, 51, 55, 57, 59 and 61 Cairnhill Circle, Singapore. In 2015, the Group recognised the related assets, liabilities, income and expenses arising from the joint operation in accordance with the accounting policy as described in Note 2. In May 2016, the Group dissolved the joint development resulting in the assets and liabilities relating to The Peak @ Cairnhill I (Note 13) were fully transferred to the Group while the assets and liabilities relating to The Peak @ Cairnhill II were fully transferred to the joint developer. The carrying amount of assets and liabilities of The Peak @ Cairnhill II at the date of dissolution are disclosed in Note 49.

In 2016, loan to former joint developer (2015 : joint developer) of \$6,000,000 (2015 : \$Nil) is unsecured and is repayable after 12 months from the reporting date. The loan bears floating interest of 1.1% per annum below Hong Leong Finance Enterprise Base Rate, which approximates an average of 4.15% per annum. The amount of \$6,523,000 (2015 : \$4,662,000) due from former joint developer (2015 : joint developer) is unsecured, interest-free and repayable within 12 months from the reporting date. During the year, amount due from former joint developer of \$4,662,000 was written off as a result of the dissolution of joint development as disclosed in Note 49. The carrying amount approximates its fair value.

In 2015, there was an amount of \$6,309,000 due from former joint developer which was unsecured, interest-free and expected to be repaid upon settlement of the final account, which was expected to be after 12 months from the last reporting date.

- (f) Deferred sales commission expenses are recognised as and when revenue is recognised.

Deferred show flat costs are capitalised less amortisation over marketing period.

- (g) In 2016, included in the deposits are the options for purchase of properties amounted to \$2,595,000 and \$3,374,000 for an option to acquire a freehold land located at 20, Lorong 35, Geylang and an option to acquire 26 plots of the land (the "Land") located in Mukim Klang, Daerah Klang, Negeri Selangor, Malaysia respectively, and a refundable deposit for potential investment amounting to \$3,410,000 (2015 : \$Nil) which is unsecured, bear interest at 4.00% per annum, and is refunded subsequent to year end.

In 2015, included in the deposits are the options for purchase of properties amounted to \$248,000 and \$3,374,000 for an option to acquire the 11th floor and the penthouse of a 4-star hotel in Sydney and a deposit to acquire the Land respectively. The Group terminated the acquisition of the Land as a result of non-compliance of conditions precedent by the Seller and assessed that the balance of \$3,374,000 may not be collectible and hence provided as doubtful receivable. In 2016, the management reassessed that the balance may still be uncollectible and hence remain as doubtful receivable at the end of the reporting period.

- (h) The amount due from associates of \$260,000 (2015 : \$719,000) is unsecured, interest-free and repayable within 12 months from the reporting date.

Movements in the allowance for doubtful debts:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
At beginning of the year	3,375	492	19,451	16,166
Foreign currency exchange adjustment	(2)	24	-	-
Amount written off during the year	-	-	-	-
Increase in allowance recognised in profit or loss (Note 38)	354	2,859	43	3,285
At end of the year	3,727	3,375	19,494	19,451

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10 LOANS RECEIVABLE FROM ASSOCIATES

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Loans receivable from associates	30,277	38,880	1,499	3,906
Less: Amounts receivable within 12 months (shown under current assets)	(24,042)	(19,664)	(1,148)	(3,906)
Amounts receivable after 12 months	6,235	19,216	351	-

Included in the Group's loans receivable from associates is an amount of \$7,233,000 (2015 : \$7,278,000) which is unsecured, interest-free and expected to be repaid upon completion of the development project held by an associate. The remaining amount of \$23,044,000 (2015 : \$31,602,000) is unsecured, bears interest which is fixed at rates ranging from 5.00% to 7.00% (2015 : 5.00% to 8.00%) per annum. The Company's loans receivable from associates of \$1,499,000 (2015 : \$3,906,000) is unsecured and bears interest which is fixed at 5.35% (2015 : 8.00%) per annum. Management has assessed the credit worthiness of the associates and believes that no allowance is required for the loans receivable from associates.

The fair value of the Group's and Company's loans receivable from associates approximates their carrying amounts as their interest rates approximate current market interest rates on or near the end of the reporting period.

The Group executed two deeds of subordination (the "Deeds") to secure all liabilities and indebtedness of two (2015 : two) of its associates. As a result of the Deeds, the loans receivable from associates amounting to \$1,403,000 (2015 : \$4,666,000) are subordinated in rank to the credit facilities granted by the banks to the associates.

11 INVENTORIES

	Group	
	2016 \$'000	2015 \$'000
At cost:		
Consumables	16	18

12 CONSTRUCTION WORK-IN-PROGRESS

	Group	
	2016 \$'000	2015 \$'000
Contract cost incurred plus recognised profits	345,235	113,846
Less: Progress billings	(241,321)	(36,078)
Net	103,914	77,768

Presented in the statements of financial position as:

Construction work-in-progress in excess of progress billings	103,914	77,809
Progress billings in excess of construction work-in-progress	-	(41)
Net	103,914	77,768

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13 DEVELOPMENT PROPERTIES

	2016 \$'000	Group 2015 \$'000
Cost incurred plus attributable profit	179,198	151,171
Progress billings	(10,335)	(12,334)
Dissolved during the year (Note 49)	(7,572)	-
Allowance for diminution in value	(1,785)	(1,251)
Net	<u>159,506</u>	<u>137,586</u>

Presented in the statements of financial position as:

Development properties	113,275	122,613
Completed properties and land held for sale	46,231	14,973
Total	<u>159,506</u>	<u>137,586</u>

Allowance for diminution in value

	Group \$'000
Balance as at June 1, 2014	733
Charge to profit or loss (Note 38)	518
Balance as at May 31, 2015	<u>1,251</u>
Charge to profit or loss (Note 38)	534
Balance as at May 31, 2016	<u>1,785</u>

Cost of development properties comprise specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding development properties are also capitalised, on a specific identification basis, as part of the cost of the development properties until the completion of development. These projects have operating cycles longer than one year. Development properties are classified as current assets as they are intended for sale in the Group's normal operating cycle.

The Group makes allowance for diminution in value taking into account estimated net realisable values of the project by reference to comparable properties, location and property market conditions.

The allowance for diminution value was made on a property due to the weakening market conditions and the slow take up rate of the property.

In May 2016, the Group dissolved the joint development and the assets and liabilities relating to The Peak @ Cairnhill I were fully transferred to the Group. The carrying amount of assets and liabilities of The Peak @ Cairnhill I at the date of dissolution are disclosed in Note 49.

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13 DEVELOPMENT PROPERTIES (cont'd)

Details of the Group's development properties and completed properties and land held for sale as at May 31, 2016 are as follows:

Name of Property/location	Description	Tenure	Estimated percentage of completion	Year to be completed/ completed	Land area (sq m)	Gross floor area (sq m)	Group's interest in property
<u>Properties in the course of development:</u>							
31 & 31A, Harvey Avenue Singapore	2 units of 3 storey houses	Freehold	*	December 2017	1,026	1,376	63%
Hilbre 28 64, 66, 68, 70, 72 74, 76, 78 and 80 Hillside Drive, Hillside Gardens, Singapore	28 units of residential apartment	999 years leasehold from September 1, 1876	20%	December 2018	2,026	2,850	63%
183 LONGHAUS 183 Upper Thomson Road, Singapore	40 residential units and 10 commercial units	Freehold	*	October 2020	1,576	4,727	63%
Third Avenue, PT 12059 Mukim of Dengkil, District of Sepang Selangor Darul Ehsan, Malaysia	701 residential units and 31 commercial units	Freehold	29%	June 2018	24,085	72,257	63%
<u>Completed properties and land held for sale:</u>							
The Peak @ Cairnhill I, 47,49 and 51 Cairnhill Circle, Singapore	20 units of residential apartment	Freehold	100%	-	978	3,008	63%
Peach Garden Phu Huu Residential District 9, Ho Chi Minh City, Vietnam	37 plots of land	50 years leasehold from October 14, 2011	100%	-	6,029	-	41%

* No revenue has been recognised in respect of these development properties.

Certain development properties were pledged to banks to secure long-term borrowings granted to the Group as disclosed at Notes 21 and 28 respectively.

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13 DEVELOPMENT PROPERTIES (cont'd)

Finance costs capitalised as cost of development properties during the financial year amounted to \$2,448,000 (2015 : \$2,901,000). The rate of interest relating to finance costs capitalised in development properties for the Group during the financial year is 2.35% to 7.60% (2015 : 1.41% to 7.60%) per annum.

14 AVAILABLE-FOR-SALE INVESTMENT

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Unquoted equity shares, at cost	-	*	-	-

* Denotes amount less than \$1,000

The available-for-sale investment represents a 10% equity interest in an entity incorporated in Singapore whose principal activity is investment holding. A director of the subsidiary of the Group is also a director of this entity.

This investment is classified as available-for-sale investment as the Group has no control or significant influence over this investment and is carried at cost less accumulated impairment losses as its fair value could not be reliably measured.

On March 4, 2016, the Group entered into a share sale agreement ("SSA") with Oxley China Pte. Ltd. ("Oxley") and Lian Beng (China) Pte. Ltd. ("LBC") (collectively, the "Purchasers"). Pursuant to the SSA, the Group will, in equal proportions to the Purchasers:

- a) transfer its entire interest in available-for-sale investment, comprising 10% of the entire issued and paid-up share capital of available-for-sale investment, for a cash consideration of \$10; and
- b) novate the \$3,900,000 shareholder's loan granted by the Group to the available-for-sale investment in consideration for cash repayment of the same corresponding amount. This amount is equivalent to the book value of the shares and shareholder's loan as at December 31, 2015.

The transaction was completed on March 16, 2016.

15 INVESTMENT IN ASSOCIATES AND JOINT VENTURE

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Associates				
Quoted equity shares, at cost	14,358	-	4,483	781
Unquoted equity shares, at cost	9,124	15,051	300	-
Deemed cost of investment	5,766	5,792	-	-
Share of post-acquisition reserves, net of dividend received	29,528	22,398	-	-
Total	58,776	43,241	4,783	781
Joint venture				
Unquoted equity shares, at cost	9	9	-	-
Share of post-acquisition reserves, net of dividend received	1,351	799	-	-
Total	1,360	808	-	-

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15 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (cont'd)

Deemed cost of investment pertains to the effects of fair value of financial guarantee on initial recognition provided by the Group on behalf of associates to obtain banking facilities.

Management had performed an impairment review on the investment of associates and no impairment loss is recognised during the financial year based on the higher of fair value less cost to sell and value in use.

Details of the Group's significant associates and joint venture at May 31, 2016 are as follows:

Name of associate/ joint venture Place of incorporation and operation	Principal activity	Proportion of effective ownership interest and voting power held	
		2016 %	2015 %
Associates			
Unique Development Pte. Ltd. ("UDPL") Singapore ^{(3) (5)}	Development of real estate	13	13
Unique Realty Pte. Ltd. ("UREL") Singapore ^{(3) (5)}	Development of real estate	13	13
Residenza Pte. Ltd. ("RPL") Singapore ^{(3) (5)}	Development of real estate	20	20
Unique Consortium Pte. Ltd. ("UCPL") Singapore ^{(1) (5)}	Development of real estate	13	13
Development 26 Pte. Ltd. ("D26") Singapore ^{(3) (5)}	Development of real estate	28	28
Chewathai Public Company Limited ("CWL") (Formerly known as <i>Chewathai Limited</i>) Thailand ^{(2) (5) (6)}	Development of real estate	20	31
Global Environmental Technology Co., Ltd. ("GETCO") Thailand ⁽²⁾	Wastewater treatment	49	49
CMTE Technology Sdn. Bhd. ("CMTE") (Formerly known as <i>CMC Communication Sdn. Bhd.</i>) Malaysia ⁽³⁾	Telecommunications engineering	50	50
CMC Infocomm Limited ("CMCI") Singapore ^{(3) (6)}	Telecommunications engineering	42	-

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15 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (cont'd)

Name of associate/ joint venture Place of incorporation and operation	Principal activity	Proportion of effective ownership interest and voting power held	
		2016 %	2015 %
Joint venture			
TEE-HC Engineering Company Limited Macao ⁽⁴⁾	Provision of mechanical and electrical engineering	55	55

(1) Audited by Deloitte & Touché LLP, Singapore for equity accounting purposes for Group consolidation.

(2) Audited by another firm of auditors, Ernst & Young Office Limited, Thailand for equity accounting purposes for Group consolidation.

(3) Audited by another firm of auditors, Ernst & Young LLP, Singapore for equity accounting purposes for Group consolidation.

(4) Audited by another firm of auditors, KPMG, Macao for equity accounting purposes for Group consolidation.

(5) Held by a subsidiary, TEE Land Limited (Note 16).

(6) Listed on the Stock Exchange of its respective country of incorporation. Pursuant to the associates' listing, the interest in these associates were diluted resulting in a gain on dilution of equity interest in associates of \$3,068,000 (Note 37) and reclassification of cumulative translation differences amounting to \$227,000 from equity to profit or loss.

In accordance with the requirements of Rules 715 and 716 of the SGX-ST Listing Manual, the directors of the Company and the Audit Committee, having reviewed the appointment of different auditors for the Group's associates, are satisfied that these appointments would not compromise the standard and effectiveness of the audit of the Group.

As at May 31, 2016, the fair value of quoted equity shares of Chewthai Public Company Limited and CMC Infocomm Limited, is Thai Baht ("THB") 384,982,000 (equivalent to \$14,899,000) and \$5,120,000 respectively, based on quoted bid prices in an active market.

The Group has not recognised its share of losses amounting to \$265,000 (2015 : \$311,000) in profit or loss during the financial year. The accumulated losses not recognised at the date of reporting period were \$583,000 (2015 : \$318,000).

Summarised financial information in respect of the Group's associates and joint venture is set out below:

	Group	
	2016 \$'000	2015 \$'000
Total assets	624,065	678,724
Total liabilities	(436,693)	(554,761)
Net assets	187,372	123,963
Group's share of associates' and joint venture's net assets	54,370	38,257
Revenue	236,717	271,464
Profit for the financial year	49,658	41,303
Group's share of associates' and joint venture's results for the financial year	14,603	11,121

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15 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (cont'd)

The summarised financial information below represents amounts shown in the associates' and joint venture's financial statements prepared in accordance with FRs and includes adjustments by the Group to align with the Group's accounting policy for equity accounting purposes. Summarised and reconciliation of the financial information in respect of each of the Group's material associates and joint venture is set out below.

Summarised statement of financial position

2016

	Associates							Joint Venture				
	UDPL \$'000	UREL \$'000	RPL \$'000	UCPL \$'000	D26 \$'000	CWL \$'000	GETCO \$'000	CMCI \$'000	Individually immaterial associates \$'000	Total \$'000	TEE-HC Engineering \$'000	Total \$'000
Proportion of the group's effective ownership interest	13%	13%	20%	13%	28%	20%	49%	42%	13-50%		55%	
Current assets	24,411	33,477	17,331	1,304	14,041	106,996	6,789	17,328	198,035	419,712	4,488	424,200
Non-current assets	-	-	-	139,634	-	19,525	8,467	4,367	27,872	199,865	-	199,865
Current liabilities	(3,926)	(12,574)	(2,242)	(13)	(6,012)	(67,958)	(3,372)	(9,121)	(70,544)	(175,762)	(2,015)	(177,777)
Non-current liabilities	(3,196)	(2,322)	(7,256)	(91,894)	-	(12,595)	(3,652)	(575)	(137,426)	(258,916)	-	(258,916)
Net assets	17,289	18,581	7,833	49,031	8,029	45,968	8,232	11,999	17,937	184,899	2,473	187,372
Group's share of net assets	3,458	3,716	2,507	9,806	3,613	15,925	4,034	5,053	4,481	52,593	1,360	53,953
Deemed cost of investment	1,054	610	201	691	300	1,185	-	-	1,725	5,766	-	5,766
Other adjustments	-	-	-	-	-	-	-	178	239	417	-	417
Carrying amount of the group's interest in associate and joint venture	4,512	4,326	2,708	10,497	3,913	17,110	4,034	5,231	6,445	58,776	1,360	60,136

Summarised statement of profit or loss and comprehensive income

2016

	Associates							Joint Venture				
	UDPL \$'000	UREL \$'000	RPL \$'000	UCPL \$'000	D26 \$'000	CWL \$'000	GETCO \$'000	CMCI \$'000	Individually immaterial associates \$'000	Total \$'000	TEE-HC Engineering \$'000	Total \$'000
Revenue	-	58,812	22,798	-	9,369	75,317	6,967	18,217	15,559	207,039	29,678	236,717
Profit (Loss) for the year	(2,757)	7,156	2,606	24,584	4,504	12,322	1,022	(1,498)	775	48,714	944	49,658

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15 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (cont'd)

Summarised statement of financial position

2015

	Associates						Joint Venture					
	UDPL \$'000	UREL \$'000	RPL \$'000	UCPL \$'000	D26 \$'000	CWL \$'000	GETCO \$'000	CMTE \$'000	Individually immaterial associates \$'000	Total \$'000	TEE-HC Engineering \$'000	Total \$'000
Proportion of the group's effective ownership interest	13%	13%	20%	13%	28%	31%	49%	50%	13-28%		55%	
Current assets	66,802	96,816	33,160	2,976	32,925	111,169	8,154	11,670	153,935	517,607	6,883	524,490
Non-current assets	-	-	-	105,497	1	20,310	9,377	4,874	14,175	154,234	-	154,234
Current liabilities	(32,293)	(10,550)	(22,782)	(926)	(2,165)	(35,246)	(3,745)	(4,423)	(38,246)	(150,376)	(5,414)	(155,790)
Non-current liabilities	(14,463)	(74,841)	(5,151)	(83,100)	(20,708)	(70,061)	(4,753)	(7,607)	(118,287)	(398,971)	-	(398,971)
Net assets	20,046	11,425	5,227	24,447	10,053	26,172	9,033	4,514	11,577	122,494	1,469	123,963
Group's share of net assets	4,009	2,285	1,673	4,890	4,524	10,148	4,426	2,257	2,777	36,989	808	37,797
Deemed cost of investment	1,070	610	200	690	312	1,185	-	-	1,725	5,792	-	5,792
Other adjustments	-	-	-	-	-	-	-	-	460	460	-	460
Carrying amount of the group's interest in associate and joint venture	5,079	2,895	1,873	5,580	4,836	11,333	4,426	2,257	4,962	43,241	808	44,049

Summarised statement of profit or loss and comprehensive income

2015

	Associates						Joint Venture					
	UDPL \$'000	UREL \$'000	RPL \$'000	UCPL \$'000	D26 \$'000	CWL \$'000	GETCO \$'000	CMTE \$'000	Individually immaterial associates \$'000	Total \$'000	TEE-HC Engineering \$'000	Total \$'000
Revenue	62,108	92,825	27,763	-	20,803	20,294	5,980	16,328	3,659	249,760	21,704	271,464
Profit (Loss) for the year	3,397	7,334	3,228	20,200	2,918	1,792	958	(249)	295	39,873	1,430	41,303

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16 INVESTMENT IN SUBSIDIARIES

	Company	
	2016 \$'000	2015 \$'000
Quoted equity shares, at cost	70,636	70,582
Unquoted equity shares, at cost	35,846	29,722
Deemed cost of investment	2,256	2,156
Impairment loss	(1,511)	(1,511)
Net	107,227	100,949

Deemed cost of investment pertains to the effects of fair value of financial guarantees on initial recognition provided by the Company on behalf of its subsidiaries for the granting of banking facilities.

Management had performed an impairment review on the investment of subsidiaries and is of the view that no impairment is required during the financial year based on the carrying amount of the underlying net assets which approximates the estimated fair value less cost to sell.

Details of the Company's significant subsidiaries at May 31, 2016 are as follows:

Name of subsidiary/ Country of incorporation and operation	Principal activity	Proportion of effective ownership interest and voting power held	
		2016 %	2015 %
Trans Equatorial Engineering Pte. Ltd. Singapore ⁽¹⁾	Provision of mechanical and electrical engineering services	100	100
PBT Engineering Pte. Ltd. Singapore ⁽¹⁾	Provision of addition, alteration and upgrading of existing buildings, mechanical and electrical engineering services	100	100
TEE Land Limited Singapore ⁽¹⁾	Development of real estate and investment holding	63.24	63.18
TEE E&C (Malaysia) Sdn. Bhd. (Formerly known as TEE M&E Engineering Sdn. Bhd.) Malaysia ⁽²⁾	Provision of mechanical and electrical engineering services	100	100

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) Audited by another firm of auditors, Deloitte & Touche LLP, Malaysia

In accordance with the requirements of Rules 715 and 716 of the SGX-ST Listing Manual, the directors of the Company and the Audit Committee, having reviewed the appointment of different auditors for the Group's subsidiaries, are satisfied that these appointments would not compromise the standard and effectiveness of the audit of the Group.

The Company undertakes to provide financial support to certain subsidiaries with net current liabilities to ensure that subsidiaries can meet their contractual obligations when they fall due.

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16 INVESTMENT IN SUBSIDIARIES (cont'd)

Information about the composition of wholly-owned and non wholly-owned subsidiaries of the Group as at May 31, 2016 and 2015 is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries		Number of non wholly-owned subsidiaries	
		2016	2015	2016	2015
Mechanical and electrical engineering services	Singapore, Malaysia, Hong Kong, Brunei, Vietnam	11	12	-	1
Development of real estates	Singapore, Malaysia, New Zealand, Australia	-	-	24	23
Infrastructure and wastewater treatment	Singapore, Thailand, Philippines, Cambodia	5	3	3	3

Details of non wholly-owned subsidiaries that have material non-controlling interests to the Group are disclosed below:

Name of subsidiary	Place of incorporation and operation	Effective equity interest and voting power held by non-controlling interest		Profit (Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2016	2015	2016	2015	2016	2015
		%	%	\$'000	\$'000	\$'000	\$'000
TEE Land Limited	Singapore	36.76	36.82	2,377	1,527	70,976	67,968
Individually immaterial subsidiaries with non-controlling interest				(62)	222	(1,364)	(1,347)
				2,315	1,749	69,612	66,621

The summarised financial information of TEE Land Limited and its subsidiaries on a 100% basis is set out below:

	2016 \$'000	2015 \$'000
Current assets	242,085	226,813
Non-current assets	163,871	158,277
Current liabilities	71,625	87,427
Non-current liabilities	162,863	130,581
Equity attributable to owners of the company	158,009	155,959

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16 INVESTMENT IN SUBSIDIARIES (cont'd)

	2016 \$'000	2015 \$'000
Revenue for the year	34,889	60,157
Expenses	(27,877)	(51,181)
Profit for the year	7,012	8,976
Profit attributable to:		
Owners of the company	7,331	11,086
Non-controlling interests	(319)	(2,110)
Profit for the year	7,012	8,976
Other comprehensive (loss) income attributable to:		
Owners of the company	(1,572)	121
Non-controlling interests	(265)	6
Other comprehensive (loss) income for the year	(1,837)	127
Total comprehensive income attributable to:		
Owners of the company	5,759	11,207
Non-controlling interests	(584)	(2,104)
Total comprehensive income for the year	5,175	9,103
Net cash outflow used in operating activities	(1,488)	(1,825)
Net cash outflow used in investing activities	(1,386)	(60,111)
Net cash inflow from financing activities	10,392	53,758
Net cash inflow (outflow)	7,518	(8,178)

17 CLUB MEMBERSHIP

	Group and Company	
	2016 \$'000	2015 \$'000
Club membership, at cost	73	73
Impairment loss	(31)	(27)
Net	42	46

Management had performed an impairment review on the club membership based on its estimated fair value less cost to sell and this led to impairment loss of \$4,000 (2015 : \$Nil) recognised during the financial year.

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18 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land \$'000	Buildings on freehold land \$'000	Leasehold building construction \$'000	Leasehold building improvements \$'000	Leasehold Computers \$'000	Renovation \$'000	Motor vehicles \$'000	Machinery and tools \$'000	Office equipment \$'000	Total \$'000	
Cost:											
At June 1, 2014	36	-	10,315	-	204	847	575	3,636	1,353	612	17,578
Foreign currency exchange adjustment	2	-	-	-	10	(1)	(85)	(15)	8	(17)	(98)
Additions	10,816	36,050	12,283	-	849	1,353	201	12	8,559	70,123	70,123
Disposals	-	-	-	-	(75)	-	(890)	(1)	-	-	(966)
Write-offs	-	-	-	-	(45)	(127)	-	(2)	(28)	(202)	(202)
At May 31, 2015	10,854	36,050	22,598	-	214	1,575	1,716	2,932	1,370	9,126	86,435
Reclassification	-	-	(22,598)	22,598	-	-	-	-	-	-	-
Foreign currency exchange adjustment	(363)	(1,206)	-	-	(8)	(11)	(127)	(40)	(6)	(293)	(2,054)
Additions	-	14,991	-	69	25	1,16	24	179	1	1,108	16,513
Adjustment	-	-	-	(306)	-	-	-	-	-	-	(306)
Disposals	-	-	-	-	-	(4)	(157)	(1,126)	(45)	(37)	(3,048)
Write-offs	-	-	-	-	(21)	(201)	(210)	(10)	(37)	(479)	(479)
At May 31, 2016	10,491	49,835	-	22,361	231	1,655	1,255	1,145	229	9,859	97,061
Accumulated depreciation:											
At June 1, 2014	-	-	-	-	200	603	506	2,878	1,148	293	5,628
Foreign currency exchange adjustment	-	(38)	-	-	9	-	(15)	(8)	8	(54)	(98)
Depreciation	-	574	-	-	1	211	365	561	200	842	2,754
Disposals	-	-	-	-	(75)	-	(890)	-	-	-	(965)
Write-offs	-	-	-	-	(45)	(70)	-	(2)	(15)	(132)	(132)
At May 31, 2015	-	536	-	-	694	786	2,541	1,354	1,066	7,187	7,187
Foreign currency exchange adjustment	-	(40)	-	-	(2)	(39)	(27)	(7)	(50)	(172)	(172)
Depreciation	-	1,224	-	642	391	286	117	6	1,187	3,854	3,854
Disposals	-	-	-	-	(3)	(152)	(1,716)	(1,126)	(37)	(37)	(3,034)
Write-offs	-	-	-	-	(19)	(168)	(210)	(10)	(33)	(440)	(440)
At May 31, 2016	-	1,720	-	642	204	1,061	713	705	217	2,133	7,395
Carrying amount:											
At May 31, 2016	10,491	48,115	-	21,719	27	594	542	440	12	7,726	89,666
At May 31, 2015	10,854	35,514	22,598	-	4	881	930	391	16	8,060	79,248

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18 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Detail of the Group's properties are as follow:

Address of properties	Tenure of properties	Term of lease	Remaining term of lease	Existing use
25 Bukit Batok Street 22, TEE Building, Singapore 659591	Leasehold	From May 1, 1992 to April 30, 2052	36 years	Office and rental
2-14 Kings Cross Road, Potts Point, NSW 111, Australia	Freehold	Not applicable	Not applicable	Hotel operations
33 Levey Street, Wollli Creek Sydney, NSW 2205, Australia	Freehold	Not applicable	Not applicable	Hotel operations

The carrying amount of the Group's motor vehicles includes an amount of \$352,000 (2015 : \$387,000) which are held under finance leases (Note 26).

The Group's freehold land, buildings on freehold land and leasehold building of \$79,513,000 (2015 : \$55,529,000) is pledged to bank to secure facilities granted to the Group (Note 28).

In 2015, finance costs capitalised as cost of property under construction during the financial year amounted to \$170,000 at interest rate ranging from 1.94% to 2.57% per annum. No finance costs capitalised during the financial year.

	Computers \$'000	Renovation \$'000	Office equipment \$'000	Total \$'000
<u>Company</u>				
Cost:				
At June 1, 2014	37	7	6	50
Additions	451	-	15	466
Disposals	-	(7)	(6)	(13)
At May 31, 2015	488	-	15	503
Additions	1	-	123	124
At May 31, 2016	489	-	138	627
Accumulated depreciation:				
At June 1, 2014	10	1	1	12
Depreciation	30	1	2	33
Disposals	-	(2)	(3)	(5)
At May 31, 2015	40	-	-	40
Depreciation	163	-	26	189
At May 31, 2016	203	-	26	229
Carrying amount:				
At May 31, 2016	286	-	112	398
At May 31, 2015	448	-	15	463

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19 INVESTMENT PROPERTIES

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
At fair value:				
At beginning of the year	36,036	33,120	24,000	23,000
Changes in fair value included in profit or loss (Note 37)	-	1,223	-	1,000
Additions	-	2,715	-	-
Foreign currency exchange adjustments	(319)	(1,022)	-	-
At end of the year	<u>35,717</u>	<u>36,036</u>	<u>24,000</u>	<u>24,000</u>

As at May 31, 2016 and 2015, the Group's and Company's investment properties are stated at estimated fair value based on valuation carried out by independent professional valuers, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The valuations were performed in accordance with International Valuation Standards.

The investment properties were pledged to a bank to secure long-term borrowings granted to the Group and the Company (Note 28).

The property rental income from the Group's and Company's investment properties, which are leased out under operating leases, amounted to \$3,355,000 (2015 : \$3,560,000) and \$1,957,000 (2015 : \$1,946,000) respectively. The direct operating expenses (including repairs and maintenance) arising from the Group's and Company's rental-generating investment properties, amounted to \$728,000 (2015 : \$758,000) and \$210,000 (2015 : \$201,000) respectively. As at the end of the reporting period, a tenant of one of the investment properties had early vacated the premises and terminated the lease with the Company. The Company is currently negotiating the rental deposit refund (Note 31) and compensation for early lease termination. As the amount and outcome is uncertain, no income is recognised.

The Group classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at May 31, 2016 and 2015, the fair value measurements of the Group's investment properties are classified within Level 3 of the fair value hierarchy.

The investment properties held by the Group as at May 31, 2016 and 2015 are as follow:

Name of property	Location	Description	Tenure
Nordam 33 Changi North Crescent	Singapore	4-storey purpose-built factory building with ancillary offices	30 years from 2006
Workotel 19 Main South Road Upper Riccarton, Christchurch	New Zealand	109 cabins and 4 houses for providing rental accommodation	Freehold
Thistle Guesthouse 21 Main South Road Upper Riccarton, Christchurch	New Zealand	10 bedrooms and 1 ground floor apartment and an attached sleep-out for providing rental accommodation	Freehold
Chewathai Ratchaparop Condominium, No.11 Ratchaparop Road Makkasan Sub-district, Ratchathewi District, Bangkok	Thailand	3 condominium apartment units for providing rental accommodation	Freehold

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19 INVESTMENT PROPERTIES (cont'd)

There were no transfers between different levels during the year. Details of valuation techniques and significant unobservable inputs used in the fair value measurement as at May 31, 2016 and 2015 are as follows:

Investment properties	Fair value		Valuation methodology	Significant unobservable inputs (Level 3)	2016	Range	
	2016 \$'000	2015 \$'000				2016	2015
Singapore	24,000	24,000	Direct comparison method	Price per square meter of gross floor area ⁽¹⁾	\$2,000 - \$2,100	\$2,200 - \$2,800	
New Zealand	9,754	10,073	Income capitalisation method	Occupancy turnover ⁽¹⁾	-	93%	
				Turnover ⁽¹⁾	-	\$32,000/week	
				Operating income ⁽¹⁾	-	\$20,000/week	
				Net operating income margin ⁽¹⁾	-	50%	
				Capitalisation rate ⁽²⁾	-	10% - 11%	
			Discounted cash flow method	Discount rate ⁽²⁾	11.00%	12.09%	
				Terminal yield rate ⁽²⁾	-	9.90%	
			Direct comparison method	Price per square meter of gross floor area ⁽¹⁾	\$300 - \$400		-
Thailand	1,963	1,963	Direct comparison method	Price per square meter of gross floor area ⁽¹⁾	\$3,500 - \$6,000	\$5,000 - \$6,000	
				Occupancy turnover ⁽¹⁾	90.00%	-	
				Turnover ⁽¹⁾	\$2,600/week	-	
				Operating income ⁽¹⁾	\$2,300/week	-	
				Net operating income margin ⁽¹⁾	90.00%	-	
			Capitalisation rate ⁽²⁾	6.00%	-		
	<u>35,717</u>	<u>36,036</u>					

(1) Any significant isolated increase (decrease) in these inputs would result in a significantly higher (lower) fair value measurement.

(2) Any significant isolated decrease (increase) in this input would result in a significantly (higher) lower fair value measurement.

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20 DEFERRED TAX

The following are the major deferred tax assets and liabilities recognised by the Group and Company, and movements thereon during the year:

Deferred tax assets

	Provisions \$'000	Tax losses \$'000	Total \$'000
<u>Group</u>			
At June 1, 2014	16	97	113
Credit to profit or loss for the year (Note 40)	34	1,292	1,326
Foreign currency exchange adjustment	-	(57)	(57)
At May 31, 2015	50	1,332	1,382
Credit to profit or loss for the year (Note 40)	(50)	1,362	1,312
Foreign currency exchange adjustment	-	(51)	(51)
At May 31, 2016	-	2,643	2,643

Deferred tax liabilities

	Recognition of profits from properties under development \$'000	Accelerated tax depreciation \$'000	Total \$'000
<u>Group</u>			
At June 1, 2014	1,043	41	1,084
Charge to profit or loss for the year (Note 40)	976	13	989
Foreign currency exchange adjustment	(7)	-	(7)
At May 31, 2015	2,012	54	2,066
Credit to profit or loss for the year (Note 40)	(1,800)	9	(1,791)
Foreign currency exchange adjustment	(2)	-	(2)
At May 31, 2016	210	63	273

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21 BANK LOANS AND OVERDRAFTS

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Secured				
- Bank loans	6,895	18,956	3,780	4,500
- Bills payable	20,850	2,110	-	-
	27,745	21,066	3,780	4,500
Unsecured				
- Bank loans	13,393	16,688	3,400	4,400
- Bills payable	12,306	11,972	-	-
- Bank overdrafts	-	2,886	-	-
	25,699	31,546	3,400	4,400
Total	53,444	52,612	7,180	8,900

The following outstanding balances are secured with the following:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Secured with:				
Development properties	-	10,000	-	-
Shares of a subsidiary	3,780	4,500	3,780	4,500
Trade receivables	22,350	6,566	-	-
Pledge over fixed deposit	1,615	-	-	-
Total	27,745	21,066	3,780	4,500

The effective interest rate on the outstanding balances ranges from 3.11% to 5.50% (2015 : 2.22% to 5.95%) per annum.

22 TRADE PAYABLES

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Subsidiaries (Note 16)	-	-	-	3,661
Contract trade payables	90,545	88,588	-	12
Retention payables	17,216	9,959	-	-
Others	456	-	38	-
Total	108,217	98,547	38	3,673

The credit period granted by suppliers ranged from 30 to 90 days (2015 : 30 to 90 days). No interest is charged on the outstanding balance.

Retention payables are classified as current as they are expected to be settled within the Group's normal operating cycle.

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23 OTHER PAYABLES

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Subsidiaries (Note 16)	-	-	53,378	41,273
Related parties (Note 5)	87	272	55	-
Associates (Notes 5 and 15)	1,754	2,818	3	-
Non-controlling shareholder	2,939	2,174	-	-
Accrued expenses	6,158	4,003	886	993
Accrued interest expense	1,419	1,351	55	91
Rental and security deposits	1,575	965	-	-
Former joint developer	8,440	-	-	-
Joint developer	-	10,211	-	-
Advances received from customers	3,689	1,493	-	-
Other payables	5,402	2,832	35	171
	31,463	26,119	54,412	42,528
Less: Amounts payable within 12 months (shown under current liabilities)	(31,441)	(26,101)	(54,412)	(42,528)
Amounts payable after 12 months	22	18	-	-

The amounts due to subsidiaries, associates, related parties and non-controlling shareholder are unsecured, interest-free and repayable on demand.

Included in the amount due to former joint developer ("JD") (2015 : amount due to joint developer) is an agreed amount payable to the JD of \$7,650,000 (2015 : \$8,185,000) as the Group recognises the enhanced value that the JD brings to the joint development and of the JD's effort in facilitating the joint development. The amount due to the former JD (2015 : amount due to JD) is unsecured, interest-free and repayable on demand. The remaining amount of \$790,000 (2015 : \$2,026,000) is unsecured, interest-free and repayable on demand.

24 PROVISION FOR MAINTENANCE COSTS

	Group	
	2016 \$'000	2015 \$'000
At beginning of the year	1,692	174
Charge to profit or loss for the year	379	1,852
Utilised	(1,411)	(334)
Foreign currency exchange adjustment	(17)	-
At end of the year	643	1,692

The provision for maintenance costs expense charged to profit or loss is included under cost of sales.

The provision for maintenance costs represents management's best estimate of the Group's liability for additional costs to be incurred for the completed projects within the warranty periods granted on such completed projects.

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25 DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2016	2015
	\$'000	\$'000
Foreign exchange forward contracts	70	-

The Group utilises the foreign exchange forward contracts to manage the exposure to foreign exchange rate changes.

At the end of the reporting period, the total notional amount of outstanding foreign exchange forward contracts to which the Group is committed are as follows:

	Group	
	2016	2015
	\$'000	\$'000
Sell Singapore Dollar buy Malaysian Ringgit	12,000	-

Change in the fair value of foreign exchange forward contracts amounting to \$70,000 has been charged to profit or loss in the year (2015 : \$Nil) (Note 38). The fair value measurement of the foreign exchange forward contracts is classified within Level 2 of the fair value hierarchy.

Subsequent to the end of the reporting period, the foreign exchange forward contracts have been terminated in July 2016.

26 OBLIGATIONS UNDER FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Amounts payable under finance leases:				
Within one year	105	104	87	80
In the second to fifth years inclusive	365	366	331	326
After five years	43	61	41	59
	513	531	459	465
Less: Future finance charges	(54)	(66)	-	-
Present value of lease obligations	459	465	459	465
Less: Amounts due for settlement				
within 12 months (shown under current liabilities)			(87)	(80)
Amounts due for settlement after 12 months			372	385

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 6 years (2015 : 6 years). For the year ended May 31, 2016, the average effective borrowing rate was 5.14% (2015 : 5.31%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into our contingent rental payments.

The fair value of the Group's lease obligations approximates their carrying amounts.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets (Note 18).

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27 LONG-TERM LOAN

The unsecured long-term loan is repayable to a former joint developer (2015 : joint developer), to be repaid upon settlement of final account which is within twelve months (2015 : repayable after twelve months) from the end of the reporting period. No interest is charged on the outstanding balance. The fair value of the long-term loan approximates its carrying amount.

28 LONG-TERM BORROWINGS

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Borrowings	187,697	174,023	32,160	34,464
Less: Current portion due within 12 months	(39,861)	(33,728)	(16,537)	(5,425)
Long term borrowings reclassified as current due to breach of bank covenants (see Note 4)	-	(16,951)	-	-
Amounts due for settlement after 12 months	<u>147,836</u>	<u>123,344</u>	<u>15,623</u>	<u>29,039</u>
Secured	170,517	155,835	14,980	16,275
Unsecured	17,180	18,188	17,180	18,189
Total	<u>187,697</u>	<u>174,023</u>	<u>32,160</u>	<u>34,464</u>

The following outstanding balances are secured with the following:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Secured with:				
Development properties	97,114	88,458	-	-
Investment properties	20,135	21,887	14,980	16,275
Leasehold building	13,970	13,064	-	-
Buildings on freehold land	39,298	32,426	-	-
Total	<u>170,517</u>	<u>155,835</u>	<u>14,980</u>	<u>16,275</u>

The Group and Company have eighteen (2015 : seventeen) and nine (2015 : seven) principal bank loans respectively.

The Group's and Company's long-term borrowings bear interest at rates ranging from 2.17% to 7.60% (2015 : 1.41% to 7.60%) per annum. The directors estimate the fair value of the Group's and Company's long-term borrowings to approximate the carrying amount and interest rates to approximate current market interest rates on or near the end of the reporting period.

On July 6, 2012, the Group executed a deed of subordination (the "Deed") to secure all liabilities and indebtedness of one of its subsidiaries, TEE Resources Sdn Bhd. The Deed is in line with the credit facilities of an aggregate principal amount of up to Malaysian Ringgit ("RM") 87,500,000 (equivalent to \$29,330,000) (2015 : RM110,000,000 (equivalent to \$40,458,000)) granted to TEE Resources Sdn Bhd by Malaysia Building Society Berhad.

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29 TERM NOTES

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Notes issued under MTN Programme, net of issuance cost	29,758	29,577	-	-

The Company and Group have in place \$350 million and \$600 million Multicurrency Medium Term Note Programme ("MTN Programme") respectively under which they can issue notes in series or tranches and may be denominated in Singapore dollars or other currency deemed appropriate at the time.

On October 27, 2014, the Group had completed the issuance of \$30 million of Senior Unsecured Fixed Rate Notes (the "Notes") with tenure of 3 years under the MTN Programme. The Notes are unsecured, bear a fixed interest rate of 6.50% per annum payable semi-annually in arrears. The Notes will mature on October 27, 2017.

As at May 31, 2016, the fair value of term notes is \$24,500,000 (2015 : \$24,438,000) based on a quoted bid price and is classified as Level 1 of the fair value hierarchy.

30 FINANCIAL GUARANTEE LIABILITIES

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial guarantee liabilities	1,529	2,119	535	1,714
Less: Amounts shown under current liabilities	(606)	(667)	(224)	(667)
Amounts shown under non-current liabilities	923	1,452	311	1,047

Financial guarantee liabilities pertain to the effects of fair value of corporate guarantee on initial recognition provided by the Group and Company on behalf of associates and subsidiaries to obtain banking facilities, less amortisation.

31 LONG-TERM DEPOSIT

Long-term deposit is for the lease of premises located at 33 Changi North Crescent, Singapore (Note 19) for a period of 10 years from 2007. As at the end of the reporting period, the tenant had early vacated the premises and terminated the lease with the Company. The Company is currently negotiating the rental deposit refund, and the negotiation is not expected to be finalised within 12 months from the end of the reporting period. The fair value of the long-term deposit approximates its carrying amount.

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32 SHARE CAPITAL

	2016	Group and Company 2015	2016	2015
	Number of ordinary shares		\$'000	\$'000
Issued and paid up:				
At beginning of the year	503,222,297	493,025,721	58,701	56,151
Issue of shares arising from exercise of warrants	336	10,196,576	*	2,550
At end of the year	503,222,633	503,222,297	58,701	58,701

* Denotes amount less than \$1,000

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends.

The Company issued 336 (2015 : 10,196,576) new ordinary shares upon the exercise of warrants with an exercise price of 25.0 cents per ordinary share.

33 CURRENCY TRANSLATION RESERVE

Exchange differences relating to the translation from the functional currencies of the Group's foreign operations into Singapore dollars are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of currency translation reserve.

34 CAPITAL RESERVE

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
At beginning of the year	18,737	21,084	(42)	(40)
Expenses incurred on issue of bonus warrant	-	(2)	-	(2)
Acquisition of non-controlling interests in a subsidiary	28	-	-	-
Effect of changes on shareholding on non-controlling interest arising from Dividend in Specie, net	-	(2,345)	-	-
At end of the year	18,765	18,737	(42)	(42)

35 NON-CONTROLLING INTERESTS

Included in non-controlling interests is an amount of \$13,730,000 (2015 : \$11,300,000) of loan due to non-controlling interests which has been classified as equity as the loan is repayable at the discretion of the subsidiary.

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36 REVENUE

	2016	Group 2015
	\$'000	\$'000
Revenue from construction contracts	221,391	151,581
Sale of goods	274	681
Sale of development properties – percentage of completion	21,416	53,993
Rental income	5,525	5,715
Hotel operations	10,869	4,549
Consultancy and service income	2,231	1,376
Total	261,706	217,895

37 OTHER OPERATING INCOME

	2016	Group 2015
	\$'000	\$'000
Interest income arising from:		
Fixed deposits	140	71
Associates (Notes 5 and 15)	1,310	2,339
Gain on disposal of a subsidiary (Note 48)	54	299
Change in fair value of investment properties (Note 19)	-	1,223
Gain on disposal of property, plant and equipment	2,215	760
Amortisation of financial guarantee liabilities	642	865
Management fees income	1,169	18
Government grant	280	184
Gain on dilution of equity interest in associates (Note 15)	3,068	-
Others	529	434
Total	9,407	6,193

38 OTHER OPERATING EXPENSES

	2016	Group 2015
	\$'000	\$'000
Foreign currency exchange adjustment loss	1,226	2,398
Property, plant and equipment written off	39	70
Allowance for doubtful other receivables (Note 9)	354	2,859
Allowance for doubtful trade receivables (Note 8)	74	128
Other receivables written off	53	-
Other receivables written back	-	(10)
Trade receivables written off	1	13
Allowance for diminution in value on completed properties and land held for sale (Note 13)	534	518
Loss on dissolution of joint development (Note 49)	2,911	-
Impairment loss on club membership (Note 17)	4	-
Change in fair value of foreign exchange forward contract (Note 25)	70	-
Total	5,266	5,976

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39 FINANCE COSTS

	Group	
	2016 \$'000	2015 \$'000
Interest on bank loans and overdrafts	11,217	10,081
Interest on obligations under finance leases	24	27
Total borrowing costs	11,241	10,108
Less: Amounts included in the cost of development properties, completed properties and land held for sale and property, plant and equipment (Notes 13 and 18)	(2,448)	(3,071)
Net	8,793	7,037

40 INCOME TAX EXPENSE

	Group	
	2016 \$'000	2015 \$'000
Current:		
- On the profit for the year	3,968	2,794
- Adjustment in respect of prior years	(502)	(321)
- Withholding tax expense	664	56
Deferred (Note 20):		
- Adjustment in respect of prior years	9	(1)
- Credit for the year	(3,112)	(336)
	1,027	2,192

Domestic income tax is calculated at 17% (2015 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2016 \$'000	2015 \$'000
Profit before tax	11,746	15,074
Less: Share of results of associates and joint venture (Note 16)	(14,603)	(11,121)
	(2,857)	3,953
Tax at the domestic income tax rate of 17% (2015 : 17%)	(486)	672
Tax effect of income that are not taxable in determining taxable profit	844	1,765
Deferred tax benefits not recognised	832	1,739
Deferred tax benefits previously not recognised now utilised	(117)	(194)
Withholding tax expense	664	56
Overprovision of income tax in prior years	(502)	(321)
Under (Over) provision of deferred tax in prior years	9	(1)
Effect of different tax rates of overseas operations	38	(1,126)
Exempt income and tax rebate	(267)	(245)
Others	12	(153)
	1,027	2,192

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40 INCOME TAX EXPENSE (cont'd)

Deferred tax assets have not been recognised as follows:

	Group	
	2016	2015
	\$'000	\$'000
<u>Tax losses</u>		
Amount at beginning of year	39,886	31,111
Adjustment in respect of prior years	(8,342)	(565)
Tax losses for the year	4,840	10,483
Utilised during the year	(599)	(1,143)
Amount at end of year	<u>35,785</u>	<u>39,886</u>
<u>Other temporary differences</u>		
Amount at beginning of year	592	63
Adjustment in respect of prior years	156	786
Amount during the year	56	(257)
Utilised during the year	(92)	-
Amount at end of year	<u>712</u>	<u>592</u>
Total	<u>36,497</u>	<u>40,478</u>
Deferred tax assets at 17% (2015 : 17%) not taken up in the financial statements	<u>6,204</u>	<u>6,881</u>

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses and temporary differences available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

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41 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2016	2015
	\$'000	\$'000
Directors' remuneration:		
Directors of the Company	2,269	2,140
Directors of the subsidiaries	1,988	1,845
Employee benefits expense (including directors' remuneration)	28,956	25,634
Costs of defined contribution plans included in employee benefits expense	1,547	1,266
Cost of development properties recognised as cost of sales	16,801	38,270
Audit fees:		
Auditors of the Company		
- current year	392	395
Other auditors		
- current year	206	113
- adjustment in respect of prior year	(5)	11
Non-audit fees:		
Auditors of the Company		
- current year	77	66
- adjustment in respect of prior year	10	2
Other auditors		
- current year	13	6

Retirement Benefit Obligations

The employees of TEE International Limited and certain of its subsidiaries are members of state-managed retirement benefit plans. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

As at May 31, 2016, contributions of \$207,000 (2015 : \$111,000) due in respect of current financial year had not been paid over to the plans.

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42 DIVIDENDS

	Group and Company	
	2016	2015
	\$'000	\$'000
<u>Tax-exempt one-tier final and special dividend paid in respect of previous year</u>		
Cash	2,768	2,506
<u>Tax-exempt one-tier interim dividend paid in respect of current year</u>		
Cash	755	903
In Specie	-	8,890
	3,523	12,299

Subsequent to the end of the reporting period, the directors of the Company recommended a final tax exempt dividend of 0.18 cents per ordinary share amounting to \$906,000 for the financial year ended May 31, 2016. The proposed dividends are not accrued as a liability for the current financial year in accordance with FRS 10 *Events after the Reporting Period*.

43 EARNINGS PER SHARE

The calculation of basic earnings per ordinary share is based on Group profit attributable to owners of the Company of \$8,404,000 (2015 : \$11,133,000) divided by the weighted average number of ordinary shares of 503,222,353 (2015 : 498,095,646) in issue during the year.

Fully diluted earnings per ordinary share is calculated based on 503,222,353 (2015 : 508,645,798) ordinary shares.

	Group			
	2016		2015	
	Basic \$'000	Diluted \$'000	Basic \$'000	Diluted \$'000
Profit attributable to owners of the Company	8,404	8,404	11,133	11,133
Weighted average number of ordinary shares for the purposes of basic/diluted earnings per share	503,222,353	503,222,353	498,095,646	508,645,798
Earnings per share (cents)	1.67	1.67	2.24	2.19

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44 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group	
	2016	2015
	\$'000	\$'000
Minimum lease payments under operating leases recognised as expense in the year	2,321	2,664

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2016	2015
	\$'000	\$'000
Within one year	1,049	1,727
In the second to fifth year inclusive	45	829
Total	1,094	2,556

Operating lease payments represent rentals payable by the Group for certain of its office premises, warehouse and equipment. Leases are negotiated for an average term of 3 years and rentals are fixed for an average of 3 years.

The Company does not have outstanding commitments under non-cancellable operating leases.

The Group and Company as lessor

The Group and Company rent out its investment properties under operating lease to outside parties. Property rental income earned by the Group and Company during the year was \$3,355,000 (2015 : \$3,560,000) and \$1,957,000 (2015 : \$1,946,000) respectively.

At the end of the reporting period, the Group and Company have contracted with tenants for the following future minimum lease payments:

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Within one year	291	1,933	-	1,933
In the second to fifth year inclusive	333	2,578	-	2,578
Total	624	4,511	-	4,511

As at the end of the reporting period, a tenant of one of the investment properties had early vacated the premises and terminated the lease with the Group. The Group is currently negotiating the rental deposit refund (Note 31) and compensation for early lease termination. As the amount and outcome is uncertain, no income is recognised.

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45 SEGMENT INFORMATION

In the current year, the Group has reorganised into four (2015 : three) major operating divisions – Corporate & Other, Engineering, Real Estate and Infrastructure. The divisions are the basis on which the Group reports its segment information. Certain assets, liabilities and profit and loss items are also reallocated to the respective segments. The prior year's segment information has been reclassified to enhance comparability with the current year's segment information (Note 50), following the above change in the operating divisions. The accounting policies of these reportable segments are the same as the Group's accounting policies described in Note 2.

Corporate & Other involves a range of activities from corporate exercises and include income and expenses not attributable to other operating segments. Engineering involves providing mechanical and electrical work relating to the expansion and improvement of infrastructure, constructing new buildings and converting existing buildings and facilities for new uses and offering turnkey approaches to the construction of infrastructure as well as in system development from system definition, system development and system deployment. Real estate involves the development and sale of private residential properties and investment in hotels and properties. Infrastructure business offers infrastructure solutions in the areas of water and energy related projects. This includes comprehensive sustainable solutions to meet demands for integrated infrastructure, utilities and environmental services.

(a) Reportable Operating Segment Information

In accordance with FRS 108 *Operating Segments*, management has determined the operating segments based on the reports regularly reviewed by the Group Chief Executive that are used to make strategic decisions.

Segment revenue and expenses: Segment revenue and expenses are the operating revenue and expenses reported in the Group's profit or loss that are directly attributable to a segment and the relevant portion of such revenue and expenses that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of cash and bank balances, operating receivables, loans to associates, construction work-in-progress in excess of progress billings, inventories, development properties, available-for-sale investment, investment in associates, investment in joint venture, club membership, completed properties and land held for sale, deferred tax assets, property, plant and equipment, intangible assets and investment properties, net of allowances. Segment liabilities include all operating liabilities used by a segment and consist principally of bank loans and overdrafts, operating payables, progress billings in excess of construction work-in-progress, provision for maintenance costs, income tax payable, finance leases, term notes, long term borrowings, long-term loan, long-term deposit, financial guarantee liabilities, derivative financial instruments and deferred tax liabilities.

Inter-segment transfers: Segment revenue and expenses include transfers between operating segments. Inter-segment sales are charged at cost plus a percentage of profit mark-up. These transfers are eliminated on consolidation.

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May 31, 2016

	Corporate & Other		Engineering		Real Estate		Infrastructure		Elimination		Group	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)
Other information												
Depreciation	189	33	329	942	3,289	1,732	47	47	-	-	3,854	2,754
Gain from dilution of equity interest in associates	-	-	-	-	(1,254)	-	(1,814)	-	-	-	(3,068)	-
Allowance for diminution in value of completed properties held for sale	-	-	-	-	534	518	-	-	-	-	534	518
Change in fair value of investment properties	-	(1,000)	-	-	-	(223)	-	-	-	-	-	(1,223)
Allowance for doubtful other receivables	-	-	354	-	-	3,374	-	(515)	-	-	354	2,859
Gain on disposal of property, plant and equipment	-	-	(2,215)	(760)	-	-	-	-	-	-	(2,215)	(760)
Loss on dissolution of joint development	-	-	-	-	2,911	-	-	-	-	-	2,911	-
Purchase of property, plant and equipment	124	466	418	581	15,965	69,064	6	12	-	-	16,513	70,123

45 SEGMENT INFORMATION (cont'd)

APPENDIX 8 REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

NOTES TO FINANCIAL STATEMENTS

May 31, 2016

45 SEGMENT INFORMATION (cont'd)

b) Geographical Information

Segment revenue: Segment revenue is analysed based on the location of customers regardless of where the goods are produced.

Segment non-current assets: Segment non-current assets (excluding deferred tax assets) are analysed based on the location of those assets.

	Revenue		Non-current assets	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Singapore	201,495	172,357	120,277	122,530
Malaysia	44,668	34,995	706	1,178
Thailand	3,000	2,833	538	587
Brunei	-	865	*	9
Vietnam	-	-	-	341
Hong Kong	274	681	1,367	828
Philippines	-	-	-	1
Australia	10,871	4,549	65,676	53,890
New Zealand	1,398	1,615	9,856	10,194
Total	261,706	217,895	198,420	189,558

* Denotes amount less than \$1,000

c) Other information

The Group has three major customers (2015 : three) from the engineering segment that contribute greater than 10% of the Group's total revenue.

	2016 \$'000	2015 \$'000
Customer A	83,658	47,716
Customer B	51,160	32,538
Customer C	26,941	28,871

46 EVENTS AFTER THE REPORTING PERIOD

- a) On June 9, 2016, the Group's associate in Thailand, Chewathai Public Company Limited ("Chewathai"), acquired the land and building known as AQ Aria Asoke located at Makkasan Sub-district, Ratchathewi District, Bangkok ("Project") for \$22,561,000 (THB586,000,000). The Project is a 29-storey building comprising 315 residential units and one commercial unit. The acquisition is in the normal course of business of Chewathai. The objective of this acquisition is for development of the Project until completion and subsequent sale of all the units.
- b) On July 11, 2016, the Group announced that its subsidiary, Development 35 Pte Ltd, has completed the acquisition of the property situated on freehold land at 20 Lorong 35, Geylang Singapore for S\$20,000,000.
- c) On July 27, 2016, CMC Infocomm Limited, an associate of the Group, has entered into a shareholders agreement with Argosy Properties Inc., to form a joint venture for the purpose of designing, developing, installing, implementing and maintaining telecommunications equipment and systems for commercial and industrial applications in the Philippines.

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NOTES TO FINANCIAL STATEMENTS

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46 EVENTS AFTER THE REPORTING PERIOD (cont'd)

- d) On August 10, 2016, the Board of Directors of the Company resolved to propose the adoption of an employee share option scheme and an employee performance share plan (collectively, the "Schemes"). The adoption of the Schemes are subject to shareholders' approval.

47 INVESTIGATION BY THE COMMERCIAL AFFAIRS DEPARTMENT

In April 2012, the Company announced that it has been informed by Mr. Bertie Cheng Shao Shiong, the Independent Director and Non-Executive Chairman of the Company, and Mr. Phua Chian Kin, the Group Chief Executive and Managing Director, that they are the subject of investigation by the Commercial Affairs Department ("CAD") on possible contravention of market rigging provision in the Securities and Futures Act (Chapter 289). Mr. Cheng and Mr. Phua have indicated that they will cooperate fully with the CAD in its investigation, and are providing CAD with access to the relevant records for the period from July 1, 2008 to March 31, 2009.

To its best knowledge, the Board of Directors of the Company is not aware that the CAD investigation had any impact on the Group and Company.

48 DISPOSAL OF SUBSIDIARY

On March 15, 2016, the Company has disposed its interest in TEE Vietnam Co. Ltd.

Details of the disposal are as follows:

	2016 \$'000
Book value of net assets over which control was lost:	
<u>Current asset</u>	
Other receivables, representing total current asset	11
<u>Current liabilities</u>	
Other payables	14
Inter-company payable	51
Total current liabilities	65
Net liabilities derecognised	(54)
Gain on disposal:	
Consideration received	-
Net liabilities decrecognised	54
Gain on disposal	54

The gain on disposal of the subsidiary is recorded as part of other operating income (Note 37) from disposal of subsidiary in the statement of profit or loss and other comprehensive income.

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NOTES TO FINANCIAL STATEMENTS

May 31, 2016

48 DISPOSAL OF SUBSIDIARY (cont'd)

On July 10, 2014, the Company has disposed its interest in Interlift Sales Pte Ltd.

Details of the disposal are as follows:

	2015 \$'000
Book value of net assets over which control was lost:	
Assets classified as held for sale representing total assets	14,116
Liabilities directly associated with assets classified as held for sale representing total liabilities	(8,856)
Net assets derecognised	5,260
Consideration received:	
Cash	2,080
Set-off of contingent consideration (Note 24)	1,122
Total consideration received	3,202
Gain on disposal:	
Consideration received	3,202
Net assets derecognised	(5,260)
Non-controlling interest derecognised	2,375
Others	(18)
Gain on disposal	299

The gain on disposal of the subsidiary is recorded as part of other operating income (Note 37) from disposal of subsidiary in the statement of profit or loss and other comprehensive income.

	2015 \$'000
Net cash outflow arising from disposal:	
Cash consideration received	2,080
Cash and cash equivalents disposed of	(2,631)
	(551)

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NOTES TO FINANCIAL STATEMENTS

May 31, 2016

49 DISSOLUTION OF JOINT DEVELOPMENT

As referred in Note 9 to the financial statements, in March 2010, the Group entered into a joint development with a joint developer to develop 47, 49, 51, 55, 57, 59 and 61 Cairnhill Circle, Singapore, into 2 properties, The Peak @ Cairnhill I and The Peak @ Cairnhill II. Upon the completion of both properties, the Group dissolved the joint development in May 2016. All the unsold units in The Peak @ Cairnhill II and The Peak @ Cairnhill I are transferred to the joint developer and the Group respectively.

Details of the Peak @ Cairnhill II are as follows:

Name of property/location	Description	Tenure	Estimated percentage of Completion	Year to be completed	Land area (sq m)	Gross floor area (sq m)
<u>Property in the course of development:</u>						
The Peak @ Cairnhill II 55, 57, 59 and 61 Cairnhill Circle, Singapore	60 units of residential apartment	Freehold	100%	December 2015	1,509	4,642

Carrying amounts of net assets

	2016 \$'000
Current assets	
Completed properties held for sale	25,670
Other receivables	55
Cash and bank balances	279
Total current assets	<u>26,004</u>
Non-current liabilities	
Long-term borrowings	<u>(18,360)</u>
Total non-current liabilities	<u>(18,360)</u>
Current liabilities	
Trade payables	(9)
Other payables	<u>(1,424)</u>
Total current liabilities	<u>(1,433)</u>
Net assets derecognised	<u>6,211</u>

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REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

NOTES TO FINANCIAL STATEMENTS

May 31, 2016

49 DISSOLUTION OF JOINT DEVELOPMENT (cont'd)

Details of The Peak @ Cairnhill I are as follows:

Assets acquired and liabilities assumed

	2016 \$'000
Current assets	
Completed properties held for sale	18,098
Other receivables	32
Cash and bank balances	1,310
Total current assets	19,440
Non-current liabilities	
Long-term borrowings	(9,682)
Total non-current liabilities	(9,682)
Current liabilities	
Trade payables	(77)
Other payables	(1,719)
Total current liabilities	(1,796)
Net assets acquired and liabilities assumed	7,962

The net loss on dissolution of joint development in the statement of profit or loss and other comprehensive income is as follows:

	2016 \$'000
Net assets derecognised	(6,211)
Net assets acquired and liabilities assumed	7,962
Write off of receivables due from joint developer (Note 9)	(4,662)
Loss on dissolution of joint development (Note 38)	(2,911)

Net cash (outflow) inflow arising from dissolution of joint development:

	2016 \$'000
Cash and cash equivalents outflow	(279)
Cash and cash equivalents inflow	1,310
Cash and cash equivalents arising from dissolution of joint development	1,031

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NOTES TO FINANCIAL STATEMENTS

May 31, 2016

50 RECLASSIFICATIONS AND COMPARATIVE FIGURES

As referred in Note 45 to the financial statements, in the current year, the Group has reorganised into four (2015 : three) major operating divisions – Corporate & Other, Engineering, Real Estate and Infrastructure. The divisions are the basis on which the Group reports its segment information. Certain assets, liabilities and profit and loss items are also reallocated to the respective segments. The prior year's segment information has been reclassified to enhance comparability with the current year's segment information, following the above change in the operating divisions.

Segment information previously reported:

	Engineering 2015 \$'000	Real Estate 2015 \$'000	Infrastructure 2015 \$'000	Elimination 2015 \$'000	Group 2015 \$'000
Segment revenue					
External sales	154,904	60,157	2,834	-	217,895
Inter-segment sales	62,817	-	-	(62,817)	-
Total revenue	<u>217,721</u>	<u>60,157</u>	<u>2,834</u>	<u>(62,817)</u>	<u>217,895</u>
Segment results					
Segment results	6,393	4,647	(50)	-	10,990
Finance costs					(7,037)
Share of results of associates and joint venture					<u>11,121</u>
Profit (Loss) before tax					15,074
Income tax expense					<u>(2,192)</u>
Profit (Loss) for the year					<u>12,882</u>
Segment assets					
Unallocated corporate assets	154,454	291,875	474	-	446,803
Consolidated total assets					<u>110,772</u>
					<u>557,575</u>
Segment liabilities					
Unallocated corporate liabilities	99,947	30,119	3,232	-	133,298
Consolidated total liabilities					<u>262,091</u>
					<u>395,389</u>
Other information					
Depreciation	977	1,732	45	-	2,754
Allowance for diminution in value of development properties	-	518	-	-	518
Change in fair value of investment properties	(1,000)	(223)	-	-	(1,223)
Allowance for doubtful other receivables	-	3,374	(515)	-	2,859

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REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

NOTES TO FINANCIAL STATEMENTS

May 31, 2016

50 RECLASSIFICATIONS AND COMPARATIVE FIGURES (cont'd)

Segment information as reclassified:

	Corporate & Other 2015 \$'000	Engineering 2015 \$'000	Real Estate 2015 \$'000	Infrastructure 2015 \$'000	Elimination 2015 \$'000	Group 2015 \$'000
Segment revenue						
External sales	1,946	152,958	60,157	2,834	-	217,895
Inter-segment sales	19,377	43,440	-	-	(62,817)	-
Total revenue	<u>21,323</u>	<u>196,398</u>	<u>60,157</u>	<u>2,834</u>	<u>(62,817)</u>	<u>217,895</u>
Segment results						
Segment results	14,129	7,543	3,863	(180)	(14,365)	10,990
Share of results of associates and joint venture	-	786	9,992	343	-	11,121
Finance costs	(1,902)	(1,494)	(3,639)	(183)	181	(7,037)
Profit (Loss) before tax	<u>12,227</u>	<u>6,835</u>	<u>10,216</u>	<u>(20)</u>	<u>(14,184)</u>	<u>15,074</u>
Income tax expense	(1)	(928)	(1,240)	(23)	-	(2,192)
Profit (Loss) for the year	<u>12,226</u>	<u>5,907</u>	<u>8,976</u>	<u>(43)</u>	<u>(14,184)</u>	<u>12,882</u>
Segment assets						
Segment assets	35,399	130,025	345,467	1,253	-	512,144
Investment in associates and joint venture	-	808	36,066	7,175	-	44,049
Deferred tax assets	-	50	1,332	-	-	1,382
Total assets	<u>35,399</u>	<u>130,883</u>	<u>382,865</u>	<u>8,428</u>	<u>-</u>	<u>557,575</u>
Segment liabilities						
Segment liabilities	3,025	96,909	30,120	3,244	-	133,298
Loans and borrowings	43,365	32,511	180,716	85	-	256,677
Income tax payable	-	2,049	1,289	10	-	3,348
Deferred tax liabilities	-	33	2,012	21	-	2,066
Total liabilities	<u>46,390</u>	<u>131,502</u>	<u>214,137</u>	<u>3,360</u>	<u>-</u>	<u>395,389</u>
Other information						
Depreciation	33	942	1,732	47	-	2,754
Allowance for diminution in value of completed properties held for sale	-	-	518	-	-	518
Change in fair value of investment properties	(1,000)	-	(223)	-	-	(1,223)
Allowance for doubtful other receivables	-	-	3,374	(515)	-	2,859
Purchase of property, plant and equipment	466	581	69,064	12	-	70,123
Gain on disposal of property, plant and equipment	-	(760)	-	-	-	(760)

APPENDIX 8
REPRODUCED FINANCIAL STATEMENTS OF THE GROUP



TEE International Limited

(Incorporated in the Republic of Singapore)
Company Registration No: 200007107D

Unaudited Third Quarter Financial Statements and Dividend Announcement for the Period Ended 28 February 2017

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement for the group together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group S\$'000		Increase/ (Decrease) %	The Group S\$'000		Increase/ (Decrease) %
	Third Quarter Ended			Nine Months Ended		
	28/02/2017	29/02/2016		28/02/2017	29/02/2016	
Revenue	52,592	46,483	13.1	181,309	168,259	7.8
Cost of sales	(43,436)	(40,132)	8.2	(155,361)	(147,964)	5.0
Gross profit	9,156	6,351	44.2	25,948	20,295	27.9
Other operating income	768	1,552	(50.5)	3,741	7,087	(47.2)
Selling & distribution expenses	(1,219)	(751)	62.3	(2,707)	(1,672)	61.9
Administrative expenses	(5,750)	(6,399)	(10.1)	(16,314)	(18,071)	(9.7)
Other operating expenses	(179)	203	NM	(356)	(1,215)	(70.7)
Share of results of associates and joint venture	*	2,275	(100.0)	275	7,499	(96.3)
Finance costs	(2,464)	(2,201)	11.9	(7,421)	(6,359)	16.7
Profit before tax	312	1,030	(69.7)	3,166	7,564	(58.1)
Income tax expense	(14)	(136)	(89.7)	(1,057)	(559)	89.1
Profit for the period	298	894	(66.7)	2,109	7,005	(69.9)

Profit attributable to:

Owners of the Company
Non-controlling interests

	28/02/2017	29/02/2016	Increase/ (Decrease) %	28/02/2017	29/02/2016	Increase/ (Decrease) %
Owners of the Company	169	611	(72.3)	1,211	5,819	(79.2)
Non-controlling interests	129	283	(54.4)	898	1,186	(24.3)
Profit for the period	298	894	(66.7)	2,109	7,005	(69.9)

* Denotes amount less than \$1,000

1(a)(ii) A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group S\$'000		Increase/ (Decrease) %	The Group S\$'000		Increase/ (Decrease) %
	Third Quarter Ended			Nine Months Ended		
	28/02/2017	29/02/2016		28/02/2017	29/02/2016	
Profit for the period	298	894	(66.7)	2,109	7,005	(69.9)
Other comprehensive income (loss):						
Currency translation differences	584	(482)	NM	2,776	(1,089)	NM
Other comprehensive income (loss) for the period	584	(482)	NM	2,776	(1,089)	NM
Total comprehensive income for the period	882	412	NM	4,885	5,916	(17.4)

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REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

TEE International Limited

1(a)(ii) A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year (Continued)

	The Group S\$'000		Increase/ (Decrease)	The Group S\$'000		Increase/ (Decrease)
	Third Quarter Ended			Nine Months Ended		
	28/02/2017	29/02/2016	%	28/02/2017	29/02/2016	%
Total comprehensive income attributable to:						
Owners of the Company	92	398	(76.9)	1,885	5,350	(64.8)
Non-controlling interests	790	14	NM	3,000	566	NM
	882	412	NM	4,885	5,916	(17.4)

1(a)(iii) Notes to the income statement

	The Group S\$'000		Increase/ (Decrease)	The Group S\$'000		Increase/ (Decrease)
	Third Quarter Ended			Nine Months Ended		
	28/02/2017	29/02/2016	%	28/02/2017	29/02/2016	%
A Other operating income:						
Interest income	367	344	6.7	1,014	1,048	(3.2)
Amortisation of financial guarantee liabilities	94	160	(41.3)	572	512	11.7
Gain on disposal of property, plant and equipment	-	3	(100.0)	1	2,210	(100.0)
Change in fair value of foreign exchange forward contract	-	-	-	70	-	NM
Gain from dilution of equity interest in associate	-	-	-	-	1,814	(100.0)
Management fee income	105	833	(87.4)	332	940	(64.7)
Compensation received from a tenant	-	-	-	1,413	-	NM
Others	202	212	(4.7)	339	563	(39.8)
	768	1,552	(50.5)	3,741	7,087	(47.2)
B Finance costs:						
Loan interests	1,978	1,709	15.7	5,945	4,877	21.9
Term notes interest	480	486	(1.2)	1,458	1,464	(0.4)
Finance leases	6	6	-	18	18	-
	2,464	2,201	11.9	7,421	6,359	16.7
C Other operating expenses:						
Net foreign currency exchange adjustment loss (gain)	178	(218)	NM	354	1,199	(70.5)
Trade receivables written off	1	-	NM	2	1	100.0
Property, plant and equipment written off	-	15	(100.0)	-	15	(100.0)
	179	(203)	NM	356	1,215	(70.7)
D Depreciation of property, plant and equipment	408	941	(56.6)	1,538	2,670	(42.4)
E Amortisation of issuance costs on term notes	45	45	-	136	136	-
F Amortisation of deferred sales commission expenses	808	156	NM	1,710	379	NM
G Amortisation of deferred show flat expenses	89	183	(51.4)	341	467	(27.0)
H Adjustment for (over) under provision of income tax in respect of prior year	(709)	(509)	39.3	(714)	(494)	44.5

NM – not meaningful

APPENDIX 8
REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

TEE International Limited

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

	The Group S\$'000		The Company S\$'000	
	28/02/2017	31/05/2016	28/02/2017	31/05/2016
ASSETS				
Current assets				
Cash and cash equivalents	24,255	32,206	354	1,710
Bank balances pledged	1,386	3,448	1,386	1,369
Trade receivables	41,608	43,210	39	-
Other receivables	14,762	25,546	11,783	13,597
Current portion of loans receivable from associates	28,099	24,042	933	1,148
Held-to-maturity investment	25	-	25	-
Inventories	23	16	-	-
Construction work-in-progress in excess of progress billings	86,519	103,914	-	-
Development properties	162,137	113,275	-	-
Completed property held for sale	40,834	46,231	-	-
Assets classified as held for sale	79,411	-	-	-
Total current assets	479,059	391,888	14,520	17,824
Non-current assets				
Bank balances pledged	434	414	-	-
Investment in associates	58,022	58,776	4,783	4,783
Investment in joint venture	751	1,360	-	-
Investment in subsidiaries	-	-	108,930	107,227
Held-to-maturity investment	25	-	25	-
Club membership	42	42	42	42
Property, plant and equipment	23,025	89,666	325	398
Investment properties	36,661	35,717	24,000	24,000
Deferred tax assets	3,488	2,643	-	-
Other receivables	6,205	6,210	58	-
Loans receivable from associates	-	6,235	-	351
Total non-current assets	128,653	201,063	138,163	136,801
Total assets	607,712	592,951	152,683	154,625
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans and overdrafts	46,842	53,444	7,180	7,180
Trade payables	99,007	108,217	-	38
Other payables	33,958	31,441	59,099	54,412
Progress billings in excess of construction work-in-progress	1,074	-	-	-
Provision for maintenance costs	744	643	-	-
Derivative financial instruments	-	70	-	-
Current portion of finance leases	79	87	-	-
Current portion of long-term loan	-	4,050	-	-
Current portion of long-term borrowings	38,870	39,861	4,611	16,537
Current portion of term notes	29,894	-	-	-
Current portion of financial guarantee liabilities	160	606	80	224
Income tax payable	4,376	5,583	-	-
Total current liabilities	255,004	244,002	70,970	78,391

APPENDIX 8
REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

TEE International Limited

1(b)(i) (Continued)

	The Group S\$'000		The Company S\$'000	
	28/02/2017	31/05/2016	28/02/2017	31/05/2016
<u>LIABILITIES AND EQUITY</u>				
Non-current liabilities				
Finance leases	311	372	-	-
Long-term borrowings	175,753	147,836	23,904	15,623
Term notes	-	29,758	-	-
Financial guarantee liabilities	567	923	245	311
Long-term deposit	-	730	-	730
Deferred tax liabilities	294	273	-	-
Other payables	2,013	22	-	-
Total non-current liabilities	178,938	179,914	24,149	16,664
Capital, reserves and non-controlling interests				
Share capital	58,701	58,701	58,701	58,701
Treasury shares	(269)	-	(269)	-
Currency translation reserve	(959)	(1,633)	-	-
Capital reserve	18,793	18,765	(42)	(42)
Accumulated profits	23,897	23,590	(826)	911
Equity attributable to owners of the Company	100,163	99,423	57,564	59,570
Non-controlling interests	73,607	69,612	-	-
Net equity	173,770	169,035	57,564	59,570
Total liabilities and equity	607,712	592,951	152,683	154,625

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

The Group S\$'000 <u>As at 28/02/2017</u>		The Group S\$'000 <u>As at 31/05/2016</u>	
Secured	52,953	Unsecured	62,732
		Secured	52,438
		Unsecured	40,954

Amount repayable after one year

The Group S\$'000 <u>As at 28/02/2017</u>		The Group S\$'000 <u>As at 31/05/2016</u>	
Secured	163,866	Unsecured	12,198
		Secured	146,283
		Unsecured	31,683

Details of any collateral

The total secured borrowings are represented by:

- (i) Obligations under finance leases secured on certain motor vehicles of the Group and
- (ii) Bank loans and long-term bank loans secured by any security interest over any asset of the Group (and in this instance, security interest shall take into account any collateral over the relevant asset granted by the Group as reflected in the latest audited or unaudited financial statements of the Group and shall, in any event, include any security created over any receivables due or owing to the Group or paid or payable to the Group).

Note: As at 31/05/2016, these borrowings exclude the long-term loan of \$4,050,000 due to former joint developer.

APPENDIX 8
REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

TEE International Limited

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

	The Group S\$'000		The Group S\$'000	
	Third Quarter Ended		Nine Months Ended	
	28/02/2017	29/02/2016	28/02/2017	29/02/2016
Operating activities				
Profit before tax	312	1,030	3,166	7,564
Adjustments for:				
Share of results of associates and joint venture	*	(2,275)	(275)	(7,499)
Depreciation of property, plant and equipment	408	941	1,538	2,670
Gain from dilution of equity interest in associate	-	-	-	(1,814)
Amortisation of deferred sales commission expenses	808	156	1,710	379
Amortisation of deferred show flat costs	89	183	341	467
Amortisation of financial guarantee liabilities	(94)	(160)	(572)	(512)
Amortisation of issuance costs on term notes	45	45	136	136
Change in fair value of foreign exchange forward contract	-	-	(70)	-
Trade receivables written off	1	-	2	1
Property, plant and equipment written off	-	15	-	15
Gain on disposal of property, plant and equipment	-	(3)	(1)	(2,210)
Provision for (Write back of) maintenance costs	-	(22)	204	(18)
Unrealised currency translation gain	119	-	98	-
Interest income	(367)	(344)	(1,014)	(1,048)
Interest expense	2,464	2,201	7,421	6,359
Operating cash flows before movements in working capital	3,785	1,767	12,684	4,490
Trade receivables	4,841	34,640	1,315	42,669
Other receivables	(696)	2,657	8,339	(2,681)
Inventories	-	1	(6)	(1)
Construction work-in-progress in excess of progress billings	16,234	10,797	16,839	7,264
Development properties	(6,108)	(9,498)	(36,756)	(26,304)
Acquisition of development property	-	-	(11,500)	-
Completed property held by sale	3,673	-	5,397	-
Trade payables	(9,736)	(37,988)	(8,284)	(18,841)
Other payables	(3,748)	429	2,533	7,166
Long term deposit	-	-	(730)	-
Progress billings in excess of construction work-in-progress	945	28	1,074	92
Utilisation of provision for maintenance costs	(24)	(143)	(102)	(1,389)
Cash (used in) from operations	9,166	2,690	(9,197)	12,465
Interest paid	(2,780)	(1,729)	(9,275)	(7,085)
Income tax paid	(627)	182	(2,996)	(492)
Net cash from (used in) operating activities	5,759	1,143	(21,468)	4,888
Investing activities				
Proceeds on disposal of property, plant and equipment	-	(11)	1	2,221
Purchase of property, plant and equipment	(2,802)	(2,202)	(8,317)	(15,974)
Purchase of held-to-maturity investment	(50)	-	(50)	-
Investment in associates	(1,008)	(1,226)	(1,008)	(3,948)
Acquisition of non-controlling interests in a subsidiary	-	-	(36)	(54)
Loans receivable from associates	-	-	(1,213)	(3,639)
Repayment of loan receivables from associates	59	4,788	3,391	10,142
Dividend received from associates and joint venture	762	-	4,769	-
Interest received	90	1,087	1,074	3,652
Net cash (used in) from investing activities	(2,949)	2,436	(1,389)	(7,600)

* Denotes amount less than \$1,000

APPENDIX 8
REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

TEE International Limited

1(c) (Continued)

	The Group S\$'000		The Group S\$'000	
	Third Quarter Ended		Nine Months Ended	
	28/02/2017	29/02/2016	28/02/2017	29/02/2016
Financing activities				
Drawdown of bank loans	26,028	50,473	96,852	112,120
Repayment of bank loans	(35,033)	(51,281)	(107,039)	(111,446)
Drawdown of long-term borrowings	6,142	16,799	67,755	31,169
Repayment of long-term borrowings	(11,290)	(2,533)	(43,943)	(14,476)
Repayment of long-term loan	-	-	(4,050)	-
Decrease (Increase) in bank balances pledged	2,020	(1,432)	2,062	(1,425)
Repayment of obligations under finance leases	(22)	(18)	(66)	(64)
Capital contribution from non-controlling interest	-	501	1,732	2,467
Purchase of treasury shares	(27)	-	(269)	-
Dividends paid to shareholders	-	(755)	(904)	(2,768)
Dividends paid to non-controlling interests	-	-	(673)	(1,002)
Net cash (used in) from financing activities	(12,182)	11,754	11,457	14,575
Net (decrease) increase in cash and cash equivalents	(9,372)	15,333	(11,400)	11,863
Cash and cash equivalents at beginning of period	30,036	17,487	32,206	21,126
Effect of foreign exchange rate changes	6	(2,090)	(136)	(2,259)
Cash and cash equivalents at end of period (Note A)	20,670	30,730	20,670	30,730

Note A: Cash and cash equivalents

	The Group S\$'000		The Group S\$'000	
	Third Quarter Ended		Nine Months Ended	
	28/02/2017	29/02/2016	28/02/2017	29/02/2016
Cash at banks	12,086	24,230	12,086	24,230
Cash on hand	62	48	62	48
Fixed deposits	2,590	5,113	2,590	5,113
Project accounts (see Note below):				
Cash at banks	7,322	5,168	7,322	5,168
Fixed deposits	4,015	-	4,015	-
	26,075	34,559	26,075	34,559
Pledged fixed deposits	(1,820)	(3,829)	(1,820)	(3,829)
Bank overdrafts	(3,585)	-	(3,585)	-
Total cash and cash equivalents	20,670	30,730	20,670	30,730

Note:

Project accounts are subject to restrictions under the Housing Developers (Project Account) Rules (1997 Ed). Withdrawals from these projects accounts are restricted to payments for project expenditure incurred until the completion of the project.

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REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

TEE International Limited

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

	Share capital S\$'000	Treasury shares S\$'000	Currency Translation reserve S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	Equity attributable to owners of the company S\$'000	Non-controlling interests S\$'000	Total S\$'000
The Group								
Balance at 31/05/2016	58,701	-	(1,633)	18,765	23,590	99,423	69,612	169,035
<i>Total comprehensive income for the period:</i>								
Profit for the period	-	-	-	-	1,211	1,211	898	2,109
Other comprehensive income for the period	-	-	674	-	-	674	2,102	2,776
<i>Transactions with owners, recognised directly in equity</i>								
Acquisition of non-controlling interests in a subsidiary	-	-	-	28	-	28	(64)	(36)
Net capital contribution from non-controlling interests	-	-	-	-	-	-	1,732	1,732
Dividend paid	-	-	-	-	(904)	(904)	(673)	(1,577)
Purchase of treasury shares	-	(269)	-	-	-	(269)	-	(269)
Balance at 28/02/2017	58,701	(269)	(959)	18,793	23,897	100,163	73,607	173,770
Previous Corresponding Period								
Balance at 31/05/2015	58,701	-	(582)	18,737	18,709	95,565	66,621	162,186
<i>Total comprehensive income for the period:</i>								
Profit for the period	-	-	-	-	5,819	5,819	1,186	7,005
Other comprehensive loss for the period	-	-	(469)	-	-	(469)	(620)	(1,089)
<i>Transactions with owners, recognised directly in equity</i>								
Acquisition of non-controlling interests in a subsidiary	-	-	-	28	-	28	(82)	(54)
Net capital contribution from non-controlling interests	-	-	-	-	-	-	2,467	2,467
Dividend paid	-	-	-	-	(2,768)	(2,768)	(1,002)	(3,770)
Balance at 29/02/2016	58,701	-	(1,051)	18,765	21,760	98,175	68,570	166,745

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REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

TEE International Limited

1(d)(i) (Continued)

	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	Total S\$'000
<u>The Company</u>					
Balance at 31/05/2016	58,701	-	(42)	911	59,570
Loss for the period, representing total comprehensive loss for the period	-	-	-	(833)	(833)
Dividend paid	-	-	-	(904)	(904)
Purchase of treasury shares	-	(269)	-	-	(269)
Balance at 28/02/2017	58,701	(269)	(42)	(826)	57,564
<u>Previous Corresponding Period</u>					
Balance at 31/05/2015	58,701	-	(42)	2,808	61,467
Loss for the period, representing total comprehensive loss for the period	-	-	-	(75)	(75)
Dividend paid	-	-	-	(2,768)	(2,768)
Balance at 29/02/2016	58,701	-	(42)	(35)	58,624

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

The Company	
No of shares	Amount S\$'000
503,222,297	58,701
336	*
503,222,633	58,701

Share Capital

Balance as at 29/02/2016

Issue of shares arising from exercise of warrants

Balance as at 30/11/2016 and 28/02/2017

The Company	
No of shares	Amount S\$'000
1,270,400	269
1,270,400	269

Treasury Shares

Purchase of treasury shares

Balance as at 28/02/2017

* Denotes amount less than \$1,000

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REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

TEE International Limited

1(d)(ii) (Continued)

During the period ended 28/02/2017, there were no changes in the share capital of the Company.

The Company buy-backs 1,270,400 ordinary shares at a cost of S\$269,000 and held as treasury shares during the period ended 28/02/2017.

The number of outstanding warrants as at 28/02/2017 is 186,385,684 (29/02/2016: 186,386,020) and can be exercised before 26/05/2017.

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 Company	
	28/02/2017	31/05/2016
Total number of issued shares	503,222,633	503,222,633
Total number of treasury shares	(1,270,400)	-
Total number of issued shares excluding treasury shares	501,952,233	503,222,633

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

During the period ended 28/02/2017, there were 1,270,400 ordinary shares buy-backs at a cost of S\$269,000 and held as treasury shares.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures presented have not been audited or reviewed.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 the same accounting policies and methods of computation for the current financial year as those adopted for the audited financial statements for the financial year ended 31/05/2016.

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

Not applicable.

APPENDIX 8 REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

TEE International Limited

- 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

	The Group		The Group	
	Third Quarter Ended		Nine Months Ended	
	28/02/2017	29/02/2016	28/02/2017	29/02/2016
Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:				
(i) Based on the weighted average number of shares (cents)	0.03	0.12	0.24	1.16
- Weighted average number of shares (excluding treasury shares) ('000)	501,952	503,222	502,498	503,222
(ii) On a fully diluted basis (cents)	0.03	0.12	0.24	1.16
- Adjusted weighted average number of shares (excluding treasury shares) ('000)	501,952	503,222	502,498	503,222

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: (a) current financial period reported on; and (b) immediately preceding financial year

	Cents	
	As at 28/02/2017	As at 31/05/2016
	The Group	20.0
The Company	11.5	11.8

Net asset value per share is calculated based on 501,952,233 ordinary shares (excluding treasury shares) (31/05/2016: 503,222,633) on issue at the end of the period under review and of the immediately preceding financial year.

- 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

Income Statement

Third Quarter Ended 28/02/2017 ("3QFY2017") against Third Quarter Ended 29/02/2016 ("3QFY2016")

Revenue increased by S\$6.1 million due mainly to recognition of higher progressive revenue from development properties despite lower revenue from on-going engineering projects. Cost of sales increased by S\$3.3 million correspondingly.

Other operating income decreased by S\$0.8 million due mainly to lower contribution of management fees from a joint venture.

Selling and distribution expenses increased by S\$0.5 million due mainly to higher sales and direct marketing expenses incurred by TEE Land.

Administrative expenses decreased by S\$0.7 million due mainly to lower depreciation charges.

APPENDIX 8

REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

TEE International Limited

8. (Continued)

Share of results of associates and joint venture decreased by S\$2.3 million due mainly to completion of numerous development projects and full recognition of revenue in financial year 2016 by TEE Land's associated companies.

Finance costs increased by S\$0.3 million due mainly to additional borrowings.

Overall, profit after tax decreased by S\$0.6 million from S\$0.9 million to \$0.3 million due mainly to lower contribution from share of results of associates and joint venture.

Nine Months Ended 28/02/2017 ("9MFY2017") against Nine Months Ended 29/02/2016 ("9MFY2016")

Revenue increased by S\$13.1 million due mainly to recognition of higher progressive revenue from development properties despite lower revenue from on-going engineering projects. Cost of sales increased by S\$7.4 million correspondingly.

Other operating income decreased by S\$3.3 million due mainly to the absence, in 9MFY2017, of a one-off gain from the dilution of equity interest in an associate as well as the absence of gain on disposal of property, plant and equipment.

Selling and distribution expenses increased by S\$1.0 million due mainly to higher sales and direct marketing expenses incurred by TEE Land.

Other operating expenses decreased by S\$0.9 million due mainly to improvement in unrealised foreign currency fluctuation.

Share of results of associates and joint venture decreased by S\$7.2 million due mainly to completion of numerous development projects and full recognition of revenue in financial year 2016 by TEE Land's associated companies.

Finance costs increased by S\$1.1 million due mainly to additional borrowings.

Income tax expense increased by S\$0.5 million due mainly to taxable profit from progressive revenue recognised from development properties.

Overall, profit after tax decreased by S\$4.9 million from S\$7.0 million to S\$2.1 million due mainly to lower contribution from share of results of associates and joint venture.

Profit attributable to owners of the Company decreased by S\$4.6 million from S\$5.8 million to S\$1.2 million.

Statement of Financial Position

Financial Position As At 28/02/2017 against Financial Position As At 31/05/2016

Other receivables decreased by S\$10.8 million due mainly to payment by a former joint developer and payment of refundable deposit.

Development properties and long-term borrowings increased by S\$48.9 million and S\$26.9 million respectively due mainly to purchase of development properties by TEE Land.

Assets classified as held for sale increased by S\$79.4 million due mainly to the reclassification of 2 hotels in Australia, which were previously held under property, plant and equipment. Accordingly, property, plant and equipment decreased by S\$66.6 million.

Deferred tax assets increased by S\$0.8 million due mainly to deferred tax benefits recognised by certain loss making subsidiaries.

Construction work-in-progress decreased by S\$18.5 million due to progressive billing of the on-going engineering projects.

APPENDIX 8

REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

TEE International Limited

8. (Continued)

Bank loans and overdrafts decreased by S\$6.6 million due to repayments.

Other payables increased by S\$4.5 million due mainly to accrual of development costs for on-going development project and shareholder's loan from joint venture partner offset by payment to a former joint developer.

Long-term loan decreased by S\$4.1 million due to payment to a former joint developer.

Term notes of S\$29.9 million was reclassified from non-current liability to current liability as payment of the term notes is due within the next 12 months.

Income tax payable decreased by S\$1.2 million due mainly to payment of income tax for completed development projects.

Statement of Cash Flows

Nine Months Ended 28/02/2017 ("9MFY2017") Against Nine Months Ended 29/02/2016 ("9MFY2016")

Operating activities

Net cash used in operating activities was S\$21.5 million, mainly due to acquisition of development properties.

Investing activities

Net cash used in investing activities was S\$1.4 million, mainly due to repayment of loan receivables and dividend received from associated companies, offset by payment for purchase of property, plant and equipment.

Financing activities

Net cash from financing activities was S\$11.5 million, mainly from additional drawdown of borrowings.

As a result, the Group recorded a net decrease in cash and cash equivalents of S\$11.4 million.

9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

No forecast was made.

10 **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

The business environment remains challenging amid the uncertain economic outlook and increased geopolitical tensions. Against this background, the Group will continue to be prudent in cost management and focus on completing on-going Engineering and Real Estate projects. In addition, the Group will increase business development efforts by actively participating in new tenders for Singapore and Overseas engineering projects, as well as executing new marketing activities for new Real Estate launches.

To date, the Group has a total outstanding Engineering order book of approximately S\$264 million.

11 **Dividend**

(a) **Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

No.

APPENDIX 8

REPRODUCED FINANCIAL STATEMENTS OF THE GROUP

TEE International Limited

- 11 **Dividend (Continued)**
- (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 interim dividend has been declared or recommended in the current reporting period.
- 13 **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders for IPTs.
- 14 **Confirmation pursuant to Rule 720(1) of the Listing Manual.**

The Company hereby confirms that it has procured undertakings from all its Directors and executive officers in accordance with Rule 720(1) of the Listing Manual.
- 15 **General - Please disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the state use**

The Company intends to utilise the net proceeds from issue of shares arising from exercise of warrants for general corporate purposes, including refinancing of existing borrowings and financing of working capital, acquisition, investment and capital expenditure requirements of the Group as the directors may deem fit. The percentage allocation for each intended use cannot be determined at this moment. The Company will make periodic announcements on the utilisation of proceeds.

As at 28/02/2017, the number of outstanding warrants was 186,385,684. To-date, 10,196,912 warrants were converted to ordinary shares at the exercise price of S\$0.25 per warrant. The proceeds of approximately S\$2,550,000 was used for share capital increase of its Engineering subsidiary, Trans Equatorial Engineering Pte Ltd in August 2015.

APPENDIX 8
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TEE International Limited

**NEGATIVE ASSURANCE CONFIRMATION BY THE BOARD
PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

We, Phua Chian Kin and Saw Chin Choo, being two Directors of TEE International Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the third quarter and nine months ended 28 February 2017 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Phua Chian Kin
Group Chief Executive

Saw Chin Choo
Executive Director

Dated 27 March 2017

**APPENDIX 9
SCHEME**

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Originating Summons)
Number 607 of 2017)

In the Matter of
TEE International Limited
(Registration No. 200007107D)

And

In the Matter of Section 210 of
the Companies Act, Chapter 50

SCHEME OF ARRANGEMENT

under Section 210 of the Companies Act, Chapter 50

Between

TEE International Limited

And

Shareholders (as defined herein)

PRELIMINARY

In this Scheme of Arrangement, except to the extent that the context requires otherwise, the following expressions shall bear the following meanings:

“Acquisition”	Acquisition by the Offeror of all the Shares pursuant to the Scheme
“Books Closure Date”	A date and time to be announced (before the Effective Date) by the Company on which the transfer books and the register of members of the Company will be closed in order to determine the entitlements of the Shareholders under the Scheme
“Business Day”	A day (other than Saturday, Sunday or public holiday) on which commercial banks are open for business in Singapore
“Cash Consideration”	S\$0.215 per Share in cash
“CDP”	The Central Depository (Pte) Limited
“Companies Act”	Companies Act, Chapter 50 of Singapore
“Company”	TEE International Limited
“Court”	The High Court of the Republic of Singapore
“Directors”	Directors of the Company as at the Latest Practicable Date

APPENDIX 9 SCHEME

“Effective Date”	Date on which this Scheme, if approved, becomes effective and binding in accordance with its terms
“Election Form”	The election form (to be despatched by the Offeror (or on its behalf)) by which the Entitled Shareholders shall elect to receive the Scheme Consideration in the form of either the Cash Consideration or Offeror Shares
“Election Period”	The period of not less than ten (10) Business Days commencing from the date of despatch of the Election Forms, being a date to be announced by the Company, during which the duly completed Election Forms shall be received by the Share Registrar or CDP, as the case may be
“Encumbrance”	Any charge, mortgage, lien, hypothecation, judgment, encumbrance, easement, right of pre-emption, security, title retention, preferential right, trust arrangement or other security interest or any other agreement or arrangement having a commercial effect analogous to the conferring of security or a similar right in favour of any person
“Entitled Shareholders”	Shareholders as at 5:00 p.m. on the Books Closure Date
“Implementation Agreement”	The implementation agreement dated 1 April 2017 entered into between the Company and the Offeror to effect the Acquisition by way of this Scheme, as may be amended from time to time
“Joint Announcement Date”	1 April 2017, being the date of the joint announcement by the Offeror and the Company in relation to this Scheme
“Latest Practicable Date”	6 July 2017, being the latest practicable date prior to the printing of the Scheme Document
“Offeror”	Oscar Investment Private Limited
“Offeror Share”	One new ordinary share in the capital of the Offeror
“Relevant Court Date”	The first day on which the Court hears the application for an order under Section 210 of the Companies Act approving this Scheme or, if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned or appealed application is heard
“Scheme”	This scheme of arrangement under Section 210 of the Companies Act in its present form or with or subject to any modification thereof or addition thereto in accordance with its terms or conditions approved or imposed by the Court
“Scheme Consideration”	<p>The consideration to be received by an Entitled Shareholder as of the Books Closure Date, which at its election shall be either:</p> <ul style="list-style-type: none">(a) the Cash Consideration; or(b) one Offeror Share, <p>for each Share held by such Entitled Shareholder as of the Books Closure Date, in accordance with the terms of the Scheme</p>

APPENDIX 9 SCHEME

“Scheme Document”	The document dated 14 July 2017 containing this Scheme and any other document(s) which may be issued by or on behalf of the Company to amend, revise, supplement or update the document(s) from time to time
“Scheme Meeting”	The meeting of Shareholders to be convened by order of the Court to approve this Scheme, and any adjournment thereof
“Scrip Shareholder”	Shareholders holding physical Share certifications and not being Depositors (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore)
“Share Registrar”	B.A.C.S. Private Limited, located at 8 Robinson Road, #03-00 ASO Building, Singapore 048544
“Shareholders”	Persons who are registered as holders of the Shares in the register of members of the Company and Depositors who have Shares entered against their names in the Depository Register
“Shares”	Issued and paid-up ordinary shares in the capital of the Company
“SGX-ST”	Singapore Exchange Securities Trading Limited
“S\$” and “cents”	Singapore dollars and cents, being the lawful currency of the Republic of Singapore
“%” or “per cent.”	Per centum or percentage

The expressions “**Depositor**” and “**Depository Register**” shall have the meanings ascribed to them in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

The expressions “**subsidiary**” and “**related corporations**” shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

The term “**Shareholder**”, in relation to any Share, includes a person entitled to that Share by transmission.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words indicating a specific gender shall include, where applicable, the other genders (male, female or neuter). References to persons shall, where applicable, include corporations.

A reference to an enactment or statutory provision shall include a reference to any subordinate legislation and any regulation made under the relevant enactment or statutory provision and is a reference to that enactment, statutory provision, subordinate legislation or regulation as from time to time amended, consolidated, modified, re-enacted or replaced, whether before or after the date of this Scheme.

Any reference to a time of day and date shall be a reference to Singapore time and date respectively, unless otherwise specified.

RECITALS

- (A) The Company is incorporated in Singapore and is listed on the SGX-ST. As at the Latest Practicable Date, the Company has 501,952,639 Shares (excluding 1,270,400 treasury Shares) in issue.
- (B) The primary purpose of this Scheme is the acquisition by the Offeror of all the Shares.
- (C) The Company and the Offeror have entered into the Implementation Agreement to set out their respective obligations with respect to the Scheme and the implementation thereof.

APPENDIX 9 SCHEME

- (D) The Offeror has agreed to appear by legal counsel at the hearing of the Originating Summons to sanction this Scheme, and to consent thereto, and to undertake to the Court to be bound thereby and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

PART I CONDITIONS PRECEDENT

1. This Scheme is conditional upon:
 - (a) each condition precedent set out in clause 3.1 of the Implementation Agreement (as set out in paragraph 3.3 of **Appendix 1** to the Scheme Document) being satisfied or, subject to the terms of the Implementation Agreement, being waived; and
 - (b) the Implementation Agreement not having been terminated prior to the Relevant Court Date.

PART II TRANSFER OF SHARES

2. With effect from the Effective Date, all the Shares will be transferred to the Offeror fully paid, free from all Encumbrances and together with all rights, benefits and entitlements attaching thereto as of the date of the Implementation Agreement, 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 date of the Implementation Agreement.
3. For the purpose of giving effect to the transfer of the Shares under this Scheme:
 - (a) (in the case of Scrip Shareholders), the Company shall authorise any person to execute or effect on behalf of all such Scrip Shareholders, not later than three (3) Business Days after the Effective Date, an instrument or instruction of transfer of all the Shares held by such Scrip Shareholders and every such instrument or instruction of transfer so executed shall be effective as if it had been executed by the relevant Scrip Shareholder; and
 - (b) (in the case of Depositors), the Company shall instruct CDP, for and on behalf of such Depositors, to debit, not later than three Business Days after the Effective Date, all the Shares standing to the credit of the Securities Account of such Depositors and credit all such Shares to the Securities Account of the Offeror or such Securities Account(s) as directed by the Offeror.

PART III PAYMENT OF SCHEME CONSIDERATION

4. In consideration of the transfer of the Shares to the Offeror under the Scheme, the Offeror shall pay the Scheme Consideration to each Shareholder as of the Books Closure Date, in the form of:
 - (a) the Cash Consideration; or
 - (b) one Offeror Share,

for each Share held by such Shareholder as of the Books Closure Date.

Entitled Shareholders may elect to receive entirely Cash Consideration or Offeror Shares for all (and not part of) their Shares held by them as at the Books Closure Date. Entitled Shareholders may make their election at any time prior to the end of the Election Period. Entitled Shareholders who do not make any election will receive the Cash Consideration.

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5. The Offeror shall, not later than seven Business Days after the Effective Date, and against the transfer of the Shares set out under this Scheme:
- (i) *Cash Consideration.* make payment of the aggregate Cash Consideration payable on the transfer of the Shares pursuant to the Scheme to:
 - (A) each Scrip Shareholder by sending a cheque for the aggregate Cash Consideration payable to such Scrip Shareholder made out in favour of such Scrip Shareholder by ordinary post to his address in the register of members of the Company at the close of business on the Books Closure Date, at the sole risk of such Scrip Shareholder, or in the case of joint Scrip Shareholders, to the first named Scrip Shareholder made out in favour of such Scrip Shareholder by ordinary post to his address in the register of members of the Company at the close of business on the Books Closure Date, at the sole risk of such Scrip Shareholders; and
 - (B) each Depositor by making payment of the aggregate Cash Consideration payable to such Depositor to CDP. CDP shall (aa) in the case of a Depositor who has registered for CDP's direct crediting service, credit the aggregate Cash Consideration payable to such Depositor, to the designated bank account of such Depositor; and (bb) in the case of a Depositor who has not registered for CDP's direct crediting service, send to such Depositor, by ordinary post to his mailing address in the Depository Register at the close of business on the Books Closure Date and at the sole risk of such Depositor, a cheque for the payment of such aggregate Cash Consideration made out in favour of such Depositor, or in the case of joint Depositors, to the first named Depositor made out in favour of such Depositor by ordinary post to his mailing address in the Depository Register at the close of business on the Books Closure Date, and at the sole risk of such Depositors; or
 - (ii) *Offeror Shares.* allot and issue new Offeror Shares, credited as fully-paid, on the basis of one new Offeror Share at par value for every one Share held by such Entitled Shareholder who elects to receive the Scheme Consideration in the form of Offeror Shares for all their Shares, and the share certificates in respect of such Offeror Shares shall be delivered to the relevant person/entity recorded in the register of members or the Depository Register as at the close of business on the Books Closure Date, regardless of whether such Entitled Shareholder holds the Shares as custodian or nominee or otherwise, and the Offeror shall send the share certificates representing the relevant number of new Offeror Shares ("**Offeror Share Certificates**"):
 - (A) to each Scrip Shareholders by ordinary post to his address in the register of members at the close of business on the Books Closure Date (save that no Offeror Share Certificates will, in the case of Overseas Shareholders, be despatched in or into any overseas jurisdiction (please refer to **paragraph 15** of the Explanatory Statement for more information on the arrangements for Overseas Shareholders)), at the sole risk of such Scrip Shareholder, or in the case of joint Scrip Shareholders, to the first named Scrip Shareholder by ordinary post to his address in the register of members of the Company at the close of business on the Books Closure Date, at the sole risk of such Scrip Shareholders; and
 - (B) to each Depositor by ordinary post to his mailing address in the Depository Register at the close of business on the Books Closure Date (save that no Offeror Share Certificates will, in the case of Overseas Shareholders, be despatched in or into any overseas jurisdiction (please refer to **paragraph 15** of the Explanatory Statement for more information on the arrangements for Overseas Shareholders)), at the sole risk of such Depositor, or in the case of joint Depositors, to the first named Depositor by ordinary post to his mailing address in the Depository Register at the close of business on the Books Closure Date, and at the sole risk of such Depositors.

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6. The crediting by CDP of the Scheme Consideration payable to the Depositors and in the case of Depositors who have registered for CDP's direct crediting service into the designated bank accounts of such Depositors, or as the case may be, the encashment of any cheque referred to herein shall be deemed as good discharge to the Offeror and the Company (as the case may be), and CDP for the moneys represented thereby.
7.
 - (a) On and after the day being six calendar months after the posting of such cheques relating to the Scheme Consideration, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed (or has been returned uncashed) and shall place all such moneys in a bank account in the Company's name with a licensed bank in Singapore selected by the Company.
 - (b) The Company or its successor entity shall hold such moneys and any moneys returned by CDP to the Company (which shall similarly be placed in such bank account) until the expiration of six years from the Effective Date and shall prior to such date make payments therefrom of the sums payable to persons who satisfy the Company or its successor entity that they are respectively entitled thereto. Any such determination shall be conclusive and binding upon all persons claiming an interest in the relevant moneys, and any payments made by the Company hereunder shall not include any interest accrued on such sums.
 - (c) On the expiry of six years from the Effective Date, each of the Company and the Offeror shall be released from any further obligation to make any payments of the Scheme Consideration under the Scheme and the Company or its successor entity shall transfer to the Offeror the balance (if any) of the sums payable by the Offeror for the Scheme Consideration then standing to the credit of the said bank account including accrued interest subject, if applicable, to the deduction of interest, tax or any withholding tax or any other deduction required by law and subject to the deduction of any expenses.
8. From the Effective Date, each existing share certificate representing a former holding of Shares by Scrip Shareholders will cease to be evidence of title to the Shares represented thereby. Scrip Shareholders shall be required to forward their existing share certificates relating to their Shares to the Share Registrar before the Effective Date for cancellation.

PART IV EFFECTIVE DATE

9. Subject to the satisfaction of the Conditions Precedent of this Scheme, this Scheme shall become effective upon a copy of the order of the Court sanctioning this Scheme under Section 210 of the Companies Act being duly lodged with the Accounting and Corporate Regulatory Authority in Singapore for registration.
10. Unless this Scheme shall have become effective as aforesaid on or before 30 September 2017 (or such later date as the Court on the application of the Company or the Offeror allows), this Scheme shall lapse.
11. The Company and the Offeror may jointly consent, for and on behalf of all concerned, to any modification of, or amendment to, this Scheme or to any condition which the Court may think fit to approve or impose.
12. In the event that the Scheme does not become effective for any reason, the costs and expenses incurred by the Company in connection with the Scheme will be borne by the Company.
13. This Scheme shall be governed by, and construed in accordance with, the laws of Singapore, and the Company, the Offeror and the Shareholders submit to the exclusive jurisdiction of the courts of Singapore. Save as provided for in this Scheme, a person who is not a party to this Scheme has no rights under the Contracts (Rights of Third Parties) Act (Chapter 53B) of Singapore, to enforce any term or provision of this Scheme.

Dated this 14th day of July 2017

APPENDIX 10
NOTICE FOR SCHEME MEETING

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Originating Summons)
Number 607 of 2017)

In the Matter of
TEE International Limited
(Registration No. 200007107D)

And

In the Matter of Section 210 of
the Companies Act, Chapter 50

SCHEME OF ARRANGEMENT

under Section 210 of the Companies Act, Chapter 50

Between

TEE International Limited

And

Shareholders (as defined in the Schedule hereto)

NOTICE OF SCHEME MEETING

NOTICE IS HEREBY GIVEN that by an Order of Court dated 7 June 2017 made in the above matter, the High Court of the Republic of Singapore has directed a Scheme Meeting of the Shareholders (as defined in the Schedule hereto) of TEE International Limited to be convened and such Scheme Meeting shall be held at Eagle's View Room, Level 2, Seletar Country Club, 101 Seletar Club Road, Singapore 798273 on 31 July 2017 at 9.00 a.m., for the purpose of considering and, if thought fit, approving (with or without modification) the following resolution:

"That the Scheme of Arrangement dated 14 July 2017 proposed to be made pursuant to Section 210 of the Companies Act between (a) the Company and (b) Shareholders, a copy of which has been circulated with the Notice convening this Scheme Meeting, be and is hereby approved."

A copy of the Scheme of Arrangement and a copy of the Explanatory Statement required to be furnished pursuant to Section 211 of the Companies Act, are incorporated in the printed document of which this Notice forms part.

A Shareholder may vote in person at the Scheme Meeting or may appoint one (and not more than one) proxy, whether a member of the Company or not, to attend and vote in his stead.

A proxy form for the Scheme Meeting is enclosed with the printed document of which this Notice forms part.

It is requested that proxy forms be lodged with the Share Registrar, B.A.C.S. Private Limited, not less than 48 hours before the time appointed for the Scheme Meeting, but if it is not so lodged, it must be handed to the Chairman of the Scheme Meeting before the commencement of the Scheme Meeting. The Company may reject any proxy form lodged if such Shareholders are not shown to have Shares entered against their names in the register of members of the Company or, as the case may be, the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore) as at 48 hours before the time set for holding the Scheme Meeting.

APPENDIX 10
NOTICE FOR SCHEME MEETING

Each proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where a proxy form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

A corporation which is a Shareholder may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Scheme Meeting, in accordance with Section 179 of the Companies Act.

In the case of joint Shareholders, any one of such persons may vote, but if more than one of such persons be present at the Scheme Meeting, the person whose name stands first in the register of members of the Company or, as the case may be, the Depository Register shall alone be entitled to vote.

By the said Order of Court, the Court has appointed Mr. Bertie Cheng Shao Shiong, or failing him, any other director of the Company, to act as Chairman of the Scheme Meeting and has directed the Chairman to report the results thereof to the Court.

The said Scheme of Arrangement will be subject to, *inter alia*, the subsequent approval of the Court.

THE SCHEDULE

Expression	Meaning
“Company”	TEE International Limited
“Companies Act”	Companies Act, Chapter 50 of Singapore
“Court”	The High Court of the Republic of Singapore
“Depository Register”	Has the meaning ascribed in the Securities and Futures Act, Chapter 289 of Singapore
“Scheme Meeting”	The meeting of Shareholders to be convened by order of the Court to approve this Scheme, and any adjournment thereof
“Shareholders”	Persons who are registered as holders of Shares in the register of members of the Company and Depositors who have Shares entered against their names in the Depository Register, and includes persons entitled by transmission
“Shares”	Issued and paid-up ordinary shares in the capital of the Company

Dated this 14th day of July 2017

Morgan Lewis Stamford LLC
10 Collyer Quay
#27-00 Ocean Financial Centre
Singapore 049315

Solicitors for
TEE International Limited

IMPORTANT:

1. For investors who have used their CPF moneys to buy Shares, this Scheme Document is forwarded to them at the request of their CPF Agent Banks and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPFIS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPFIS Investors who wish to vote should contact their CPF Agent Banks.
4. By submitting an instrument appointing a proxy and/or representative (as the case may be), the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Scheme Meeting dated 14 July 2017.

TEE INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 200007107D)

PROXY FORM FOR USE AT THE SCHEME MEETING (OR ANY ADJOURNMENT THEREOF) OF THE SHAREHOLDERS

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Originating Summons)
Number 607 of 2017)

In the Matter of
TEE International Limited
(Registration No. 200007107D)

And

In the Matter of Section 210 of
the Companies Act, Chapter 50

SCHEME OF ARRANGEMENT

under Section 210 of the Companies Act, Chapter 50

Between

TEE International Limited

And

Shareholders (as defined herein)

I/We, ^(Note 1) _____ (Name),
with NRIC / Passport Number _____ of _____
_____ (Address) with ^(Note 2) _____ ordinary shares
each fully paid-up in the capital of TEE International Limited (“Shares”), HEREBY APPOINT

Name ^(Note 1)	Address ^(Note 1)	NRIC / Passport Number ^(Note 1)

or failing him/her, the Chairman of the Scheme Meeting ^(Note 3), as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Scheme Meeting (or any adjournment thereof) to be held at Eagle’s View Room, Level 2, Seletar Country Club, 101 Seletar Club Road, Singapore 798273 on 31 July 2017 at 9.00 a.m. for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme referred to in the notice convening the Scheme Meeting, and at such Scheme Meeting (or at any adjournment thereof) to vote for *me/us and in *my/our name(s) for the said Scheme (either with or without modification, as *my/our proxy may approve) or against the said Scheme as hereunder indicated.

If you wish to vote “for” the Scheme referred to in the notice convening the Scheme Meeting, please indicate with a tick (✓) in the box marked “For” as set out below. If you wish to vote “against” the Scheme referred to in the notice convening the Scheme Meeting, please indicate with a tick (✓) in the box marked “Against” as set out below. DO NOT TICK IN BOTH BOXES. In the absence of specific directions, the proxy will vote or abstain as he/she may think fit, as he/she will on any other matters arising at the Scheme Meeting (or at any adjournment thereof).



Resolution	On a poll	
	For* (Note 4)	Against* (Note 4)
To approve the Scheme of Arrangement		

Dated this _____ day of _____ 2017

Signature(s) of Shareholder(s) or Common Seal

* Please delete as appropriate.

Notes:

1. Full name(s), NRIC/passport number(s) and address(es) are to be inserted in BLOCK CAPITALS.
2. Please insert the total number of Shares held by you and in respect of which you wish to cast your vote. If you have Shares entered against your name(s) in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore) or registered in your name(s) in the register of members of the Company, you should insert that number of Shares. If you have Shares registered against your name(s) in the Depository Register as well as in the register of members of the Company, you should insert the aggregate number of Shares entered against your name(s) in both the Depository Register and the register of members of the Company. If you have Shares registered against your name in the Depository Register as well as in the register of members of the Company, you should insert the aggregate number of Shares. If no number is inserted, this proxy form shall be deemed to relate to all the Shares registered in your name(s) in the Depository Register and/or the register of members of the Company.
3. IF THE BOX IS LEFT BLANK OR INCOMPLETE, THE CHAIRMAN OF THE SCHEME MEETING SHALL BE DEEMED TO BE APPOINTED AS YOUR PROXY.
4. If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate. Please note that voting shall be by poll, and in relation to voting by poll, where a Shareholder at the Scheme Meeting votes a proportion of its Shares in favour of the Scheme and another proportion of its Shares against the Scheme:
 - (a) for the purposes of determining whether the resolution approving the Scheme is approved by a majority in number of Shareholders present and voting either in person or by proxy at the Scheme Meeting under Section 210(3) of the Companies Act, Chapter 50 of Singapore ("**Companies Act**"):
 - (i) if that Shareholder exercises the greater proportion of its voting rights in favour of the Scheme, then such Shareholder shall be counted as one shareholder having voted in favour of the Scheme;
 - (ii) if that Shareholder exercises the greater proportion of its voting rights against the Scheme, then such Shareholder shall be counted as one shareholder having voted against the Scheme; and
 - (iii) if the number of Shares voted both in favour of, and against, the Scheme by it are equal, then such Shareholder shall be taken to have cast a spoilt and invalid vote;
 - (b) for the purposes of determining whether the resolution approving the Scheme is approved by three-fourths in value of Shareholders present and voting either in person or by proxy at the Scheme Meeting under Section 210(3) of the Companies Act, all the Shares voted by such Shareholder for and against the resolution to approve the Scheme shall be taken into account for the purposes of computing such value; and
 - (c) a Shareholder voting by proxy shall be included in the count of Shareholders present and voting at the Scheme Meeting as if that Shareholder was voting in person, such that the votes of a proxy who has been appointed to represent more than one Shareholder at the Scheme Meeting shall be counted as the votes of the number of appointing Shareholders.
5. **YOU MAY APPOINT ONE (AND NOT MORE THAN ONE) PROXY TO ATTEND AND VOTE IN YOUR STEAD.** The proxy need not be a member of the Company but must attend the Scheme Meeting in person to represent you.
6. You are requested to lodge this proxy form with the Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road, #03-00, ASO Building, Singapore 048544 not less than 48 hours before the time appointed for holding the Scheme Meeting, but if this form is not so lodged it must be handed to the Chairman of the Scheme Meeting before the commencement of the Scheme Meeting.
7. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing, or if you are a corporation, must either be executed under seal or under the hand of an officer or attorney duly authorised.
8. A corporation which is a Shareholder may authorise by a resolution of its directors or other governing body such persons as it thinks fit to act as its representative at the Scheme Meeting, in accordance with Section 179 of the Companies Act.
9. In the case of joint holders of Shares, any one of such persons may vote, but if more than one of such persons be present at the Scheme Meeting, the person whose name stands first on the register of members of the Company or (as the case may be) the Depository Register shall alone be entitled to vote.
10. Any alteration made to this proxy form should be initialled by the person who signs it.
11. The Company shall be entitled to reject this proxy form if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this proxy form. The Company may also reject any proxy form lodged if such Shareholders are not shown to have Shares entered against their names in the register of members of the Company or the Depository Register (as the case may be) as at 48 hours before the time set for holding the Scheme Meeting.
12. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Scheme Meeting and/or any adjournment thereof, a member of the Company (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the Scheme Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Scheme Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively "**Purposes**"), (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.