CIRCULAR DATED 26 NOVEMBER 2019

THIS CIRCULAR IS ISSUED BY UNITED ENGINEERS LIMITED (THE "COMPANY"). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE RECOMMENDING DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF THE IFA (AS DEFINED HEREIN) TO THE RECOMMENDING DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

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

If you have sold or transferred all your Shares (as defined herein) held through CDP (as defined herein), you need not forward this Circular to the purchaser or transferee, as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with CDP, you should immediately forward this Circular to the purchaser, the transferee or the bank, stockbroker, solicitor or agent through whom you effected the sale or transfer for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements or opinions made or reports contained in this Circular.



UNITED ENGINEERS LIMITED

(Company Registration No. 191200018G)
(Incorporated in Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to the

MANDATORY CONDITIONAL CASH OFFER

to acquire all the issued and paid-up ordinary stock units in the capital of the Company

and

MANDATORY UNCONDITIONAL CASH OFFER

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

other than those already owned, controlled or agreed to be acquired by
Yanlord Investment (Singapore) Pte. Ltd. (formerly known as Yanlord Perennial Investment (Singapore) Pte. Ltd.)
and parties acting in concert with it

by



DBS BANK LTD.
(Company Registration No. 196800306E)
(Incorporated in the Republic of Singapore)

for and on behalf of

YANLORD INVESTMENT (SINGAPORE) PTE. LTD.
(FORMERLY KNOWN AS YANLORD PERENNIAL INVESTMENT (SINGAPORE) PTE. LTD.)
(Company Registration No. 201715887D)
(Incorporated in the Republic of Singapore)

Independent Financial Adviser to the Recommending Directors who are considered to be independent for the purpose of making a recommendation to the Shareholders in respect of the Offers (as defined herein)



SAC CAPITAL PRIVATE LIMITED
(Company Registration No. 200401542N)
(Incorporated in the Republic of Singapore)

SHAREHOLDERS SHOULD NOTE THAT THE UNCONDITIONAL OFFER ANNOUNCEMENT (AS DEFINED HEREIN) STATES THAT EACH OF THE OFFERS WILL CLOSE AT 5.30 P.M. (SINGAPORE TIME) ON 26 DECEMBER 2019 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR.

ACCORDINGLY, SHAREHOLDERS WHO WISH TO ACCEPT EITHER OR BOTH OF THE OFFERS MUST DO SO BY SUCH TIME AND DATE.

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

"**9M2019**"	:	The nine months ended 30 September 2019
"**9M2019 Results**"	:	The unaudited consolidated financial statements of the Group for 9M2019
"**9M2019 Results Announcement**"	:	The 9M2019 Results announced by the Company on 11 November 2019
"**2017 Offers**"	:	The mandatory general offers for all the Shares other than those already owned, controlled or agreed to be acquired by the Offeror and its concert parties, which the Offeror was required to make as a consequence of the 2017 UEL Acquisition
"**2017 UEL Acquisition**"	:	The acquisition of approximately 33.4%[1] of the total number of Ordinary Shares and approximately 70.2% of the total number of Preference Shares by the Offeror from OCBC, certain subsidiaries of GEH and other vendors in July 2017
"**ACRA**"	:	The Accounting and Corporate Regulatory Authority of Singapore
"**Acquisitions**"	:	Shall have the meaning ascribed to it in **Section 1.1** of this Circular
"**Auditor**"	:	Ernst & Young LLP, being the auditor of the Company
"**Appraised Investment Properties**"	:	Shall have the meaning ascribed to it in **paragraph 13.1** of **Appendix B** to this Circular
"**Appraised Properties held for Sale**"	:	Shall have the meaning ascribed to it in **paragraph 13.1** of **Appendix B** to this Circular
"**CDP**"	:	The Central Depository (Pte) Limited
"**Circular**"	:	This circular to Shareholders dated 26 November 2019 in relation to the Offers
"**Closing Date**"	:	The Ordinary Share Offer Closing Date or the Preference Share Offer Closing Date (as the case may be)
"**Code**"	:	The Singapore Code on Take-overs and Mergers
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore
"**Company**" or "**UEL**"	:	United Engineers Limited
"**Company Securities**"	:	(i) The Shares; (ii) securities which carry voting rights in the Company; and (iii) convertible securities, warrants, options or Derivatives in respect of the Shares or securities which carry voting rights in the Company
"**Constitution**"	:	The constitution of the Company

[1] *This was computed on basis of 637,508,148 Ordinary Shares, including 21,712,000 Ordinary Shares held by WBL Corporation Limited as at the date of the 2017 UEL Acquisition.*

"**CPFIS Investors**"	:	Investors who have purchased Shares using their Central Provident Fund contributions pursuant to the Central Provident Fund Investment Scheme
"**DBS**"	:	DBS Bank Ltd., being the financial adviser to the Offeror in connection with the Offers
"**Derivatives**"	:	Includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security or securities
"**Directors**"	:	The directors of the Company as at the Latest Practicable Date
"**FAA**"	:	Forms of Acceptance and Authorisation for Ordinary Offer Shares and Preference Offer Shares respectively, which form part of the Offer Document and which are issued to Shareholders whose Ordinary Offer Shares and/or Preference Offer Shares (as the case may be) are deposited with CDP
"**FAT**"	:	Forms of Acceptance and Transfer for Ordinary Offer Shares and Preference Offer Shares respectively, which form part of the Offer Document and which are issued to Shareholders whose Ordinary Offer Shares and/or Preference Offer Shares (as the case may be) are not deposited with CDP
"**Final Ordinary Share Offer Price**"	:	S$2.70 in cash for each Ordinary Offer Share
"**Final Preference Share Offer Price**"	:	S$2.70 in cash for each Preference Offer Share
"**FY**"	:	Financial year ended or ending (as the case may be) 31 December of a particular year as stated
"**GEH**"	:	Great Eastern Holdings Limited
"**Group**"	:	The Company and its subsidiaries
"**Heng Yue**"	:	Heng Yue Holdings Limited
"**IFA**"	:	SAC Capital Private Limited, being the independent financial adviser to the Recommending Directors in connection with the Offers
"**IFA Letter**"	:	Shall have the meaning ascribed to it in **Section 8.1** of this Circular
"**Initial Ordinary Share Offer Price**"	:	The offer price for each Ordinary Offer Share, as stated in the Offer Announcement (being S$2.60 in cash for each Ordinary Offer Share), prior to the Ordinary Share Price Revision
"**Initial Preference Share Offer Price**"	:	The offer price for each Preference Offer Share, as stated in the Offer Announcement (being S$2.60 in cash for each Preference Offer Share), prior to the Preference Share Price Revision
"**Latest Practicable Date**"	:	19 November 2019, being the latest practicable date prior to the printing of this Circular

"**Last Trading Day**"	:	21 October 2019, being the last full Market Day prior to the Offer Announcement on which the Shares were traded
"**Listing Manual**"	:	The listing manual of the Main Board of the SGX-ST in force as at the Latest Practicable Date
"**Minimum Acceptance Condition**"	:	Shall have the meaning ascribed to it in **Section 2.4** of this Circular
"**Market Day**"	:	A day on which the SGX-ST is open for trading of securities
"**Non-Recommending Directors**"	:	Mr Zhong Sheng Jian, Mr Pua Seck Guan and Mr Lee Suan Hiang
"**Notification of Revision**"	:	Shall have the meaning ascribed to it in **Section 1.5** of this Circular
"**OCBC**"	:	Oversea-Chinese Banking Corporation Limited
"**Offer Announcement**"	:	The announcement issued by DBS on the Offer Announcement Date, for and on behalf of the Offeror, in relation to the Offers
"**Offer Announcement Date**"	:	25 October 2019
"**Offer Document**"	:	The document dated 13 November 2019 issued by DBS, for and on behalf of the Offeror, in relation to the Offers
"**Offeror**"	:	Yanlord Investment (Singapore) Pte. Ltd. (formerly known as Yanlord Perennial Investment (Singapore) Pte. Ltd.)
"**Offeror Securities**"	:	(i) The Offeror Shares; (ii) securities which carry voting rights in the Offeror; and (iii) convertible securities, warrants, options and Derivatives in respect of the Offeror Shares or securities which carry voting rights in the Offeror
"**Offeror Shares**"	:	Issued and paid-up ordinary shares in the share capital of the Offeror
"**Offers**"	:	The Ordinary Share Offer and the Preference Share Offer
"**Ordinary Offer Shares**"	:	The Ordinary Shares, other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror as at the date of the Ordinary Share Offer
"**Ordinary Share Offer**"	:	The mandatory conditional cash offer by DBS, for and on behalf of the Offeror, for all Ordinary Offer Shares in accordance with Rule 14 of the Code on the terms and subject to the conditions set out in the Offer Document, the Notification of Revision, the FAA and the FAT, as such offer may be amended, extended and revised from time to time. For the avoidance of doubt, the Ordinary Share Offer has become unconditional as to acceptances and is declared unconditional in all respects on the Unconditional Offer Date

"**Ordinary Share Offer Closing Date**"	:	26 December 2019 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances for the Ordinary Share Offer
"**Ordinary Share Price Revision**"	:	Shall have the meaning ascribed to it in **Section 2.1** of this Circular
"**Ordinary Shares**"	:	Issued and paid-up ordinary stock units in the capital of the Company
"**Overseas Shareholders**"	:	The Shareholders whose addresses are outside Singapore as shown in the register of members of the Company or in the records of CDP (as the case may be)
"**Perennial UW**"	:	Perennial UW Pte. Ltd.
"**Preference Offer Shares**"	:	The Preference Shares, other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror as at the date of the Preference Share Offer
"**Preference Share Offer**"	:	The comparable offer by DBS, for and on behalf of the Offeror, for all Preference Offer Shares in accordance with Rule 18 of the Code on the terms and subject to the conditions set out in the Offer Document, the Notification of Revision, the FAA and the FAT, as such offer may be amended, extended and revised from time to time
"**Preference Share Offer Closing Date**"	:	26 December 2019 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances for the Preference Share Offer
"**Preference Share Price Revision**"	:	Shall have the meaning ascribed to it in **Section 3.1** of this Circular
"**Preference Shares**"	:	Issued and paid-up preference shares in the capital of the Company
"**PREHL**"	:	Perennial Real Estate Holdings Limited
"**Recommending Directors**"	:	The Directors who are considered independent for the purposes of the Offers, namely, Mr Teo Ser Luck, Mr David Wong Cheong Fook and Mr Tan Chee Keong Roy
"**Revision of UEL Offers Announcement**"	:	The announcement issued by DBS on 12 November 2019, for and on behalf of the Offeror, relating to, *inter alia*, the Ordinary Share Price Revision and the Preference Share Price Revision
"**S$**" and "**cents**"	:	Singapore dollars and cents respectively
"**SFA**"	:	The Securities and Futures Act, Chapter 289 of Singapore
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shanghai Olympic Properties**"	:	The properties held by Shanghai Olympic Garden Property Development Co., Ltd

"**Shareholders**"	:	Holders of Shares (including persons whose Shares are deposited with CDP or who have purchased Shares on the SGX-ST)
"**Shares**"	:	Ordinary Shares and Preference Shares
"**Share Registrar**"	:	Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.)
"**SIC**"	:	The Securities Industry Council of Singapore
"**SIC Ruling**"	:	Shall have the meaning ascribed to it in **Section 1.1** of this Circular
"**SRS Investors**"	:	Investors who have purchased Shares using their Supplementary Retirement Scheme contributions pursuant to the Supplementary Retirement Scheme
"**Unconditional Offer Announcement**"	:	The announcement issued by DBS on 15 November 2019, for and on behalf of the Offeror, relating to, *inter alia*, the Ordinary Share Offer being declared unconditional in all respects on 15 November 2019
"**Unconditional Offer Date**"	:	15 November 2019
"**WBL Shares**"	:	The issued and paid-up ordinary shares in the capital of WBL Corporation Limited
"**Yanlord Commercial**"	:	Yanlord Commercial Property Investments Pte. Ltd.
"**YHPL**"	:	Yanlord Holdings Pte. Ltd.
"**YLGL**"	:	Yanlord Land Group Limited
"**%**"	:	Per centum or percentage

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

Depositors and Depository Agents. The terms "**depositor**" and "**depository agent**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

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

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

Ordinary Shares in the Capital of the Company. In this Circular, the total number of Ordinary Shares is 637,520,399 as at the Latest Practicable Date (based on the results of the instant information search of the Company dated the Latest Practicable Date conducted with ACRA).

Preference Shares in the Capital of the Company. In this Circular, the total number of Preference Shares is 875,000 as at the Latest Practicable Date (based on the results of the instant information search of the Company dated the Latest Practicable Date conducted with ACRA).

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

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

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

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

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

Total Number of Issued Shares. Any reference in this Circular to the total number of issued Shares is a reference to a total of 638,395,399 Shares in issue as at the Latest Practicable Date (based on the results of the instant information search of the Company dated the Latest Practicable Date conducted with ACRA).

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

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

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

Date of despatch of Offer Document	:	13 November 2019
Date of despatch of this Circular	:	26 November 2019
Closing Date and time	:	5:30 p.m. (Singapore time) on 26 December 2019, or such later date(s) as may be announced from time to time by or on behalf of the Offeror
Date of settlement of consideration for the Offers	:	Please refer to **Appendix V** of the Offer Document for further information

UNITED ENGINEERS LIMITED

(Company Registration No. 191200018G)
(Incorporated in Singapore)

Board of Directors:

Mr Zhong Sheng Jian
Mr Teo Ser Luck
Mr Lee Suan Hiang
Mr David Wong Cheong Fook
Mr Pua Seck Guan
Mr Tan Chee Keong Roy

Registered Office:

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

26 November 2019

To: The Shareholders of United Engineers Limited

Dear Sir / Madam,

MANDATORY CONDITIONAL CASH OFFER BY DBS, FOR AND ON BEHALF OF THE OFFEROR, FOR THE ORDINARY OFFER SHARES

AND

MANDATORY UNCONDITIONAL CASH OFFER BY DBS, FOR AND ON BEHALF OF THE OFFEROR, FOR THE PREFERENCE OFFER SHARES

1. INTRODUCTION

1.1 Offer Announcement

On 25 October 2019, DBS announced, for and on behalf of the Offeror, that Yanlord Commercial Property Investments Pte. Ltd. ("**Yanlord Commercial**") had on 24 October 2019 entered into:

(i) a sale and purchase agreement with Perennial UW Pte. Ltd. ("**Perennial UW**"), pursuant to which Yanlord Commercial has acquired from Perennial UW forty-five (45) ordinary shares in the share capital of the Offeror (each, an "**Offeror Share**") held by Perennial UW, representing 45% of the issued and paid-up share capital of the Offeror; and

(ii) a sale and purchase agreement with Heng Yue Holdings Limited ("**Heng Yue**"), pursuant to which Yanlord Commercial has acquired from Heng Yue six (6) Offeror Shares held by Heng Yue, representing 6% of the issued and paid-up share capital of the Offeror,

(collectively, the "**Acquisitions**").

As a result of the Acquisitions, Yanlord Commercial holds an aggregate of 100 Offeror Shares, representing 100% of the issued and paid-up share capital of the Offeror.

The total cash amount paid to Perennial UW and Heng Yue pursuant to the Acquisitions totalled approximately S$229.7 million. Such amount was arrived at on a willing-buyer willing-seller basis, valuing the Shares and the WBL Shares held by the Offeror at S$2.60 per Share and S$2.5947 per WBL Share respectively and took into account, *inter alia*, the capital funding (equity and debt) contributed by Perennial UW and Heng Yue to the Offeror, and the Offeror's cash and cash equivalents, outstanding bank debt and other liabilities as at 30 September 2019.

As at the Offer Announcement Date, the Offeror held an aggregate of 224,872,206 Ordinary Shares, representing approximately 35.27% of the total number of Ordinary Shares, and 854,993 Preference Shares, representing approximately 97.71% of the total number of Preference Shares.

The Securities Industry Council of Singapore ("**SIC**") has confirmed in its ruling (the "**SIC Ruling**") that the chain principle set out in Note 7 on Rule 14.1 of the Code applies and upon completion of the Acquisitions, Yanlord Commercial will be required to make the Offers, and it has no objections to the Offers being made by the Offeror.

In connection with the above:

(a) in accordance with Rule 14 of the Code, the Offeror is required to make a mandatory conditional cash offer for all the Ordinary Offer Shares; and

(b) in accordance with Rule 18 of the Code, the Offeror is required to make a comparable offer for all the Preference Offer Shares.

1.2 Revision of the Offers

On 12 November 2019, DBS, for and on behalf of the Offeror, made an announcement ("**Revision of UEL Offers Announcement**") relating to, *inter alia*, the Ordinary Share Price Revision and the Preference Share Price Revision. Further details on the Ordinary Share Price Revision and the Preference Share Price Revision are set out in **Sections 2 and 3** of this Circular.

1.3 Offer Document

Shareholders should have received a copy of the Offer Document issued by DBS, for and on behalf of the Offeror, setting out, *inter alia*, the terms and conditions of the Offers. The principal terms and conditions of the Ordinary Share Offer are set out on pages 9 to 11 of the Offer Document, while the principal terms and conditions of the Preference Share Offer are set out on pages 11 to 13 of the Offer Document. Shareholders are advised to read the terms and conditions contained therein carefully.

1.4 Unconditional Offer Announcement

On 15 November 2019, DBS, for and on behalf of the Offeror, made an announcement ("**Unconditional Offer Announcement**") that, *inter alia*:

(a) the Offeror has, as at 5:00 p.m. (Singapore time) on 15 November 2019, received valid acceptances in respect of such number of Ordinary Offer Shares which, when taken together with the Ordinary Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it (either before or during the Ordinary Share Offer and pursuant to the Ordinary Share Offer or otherwise), will result in the Offeror and parties acting in concert with it holding such number of Ordinary Shares carrying more than 50% of the total voting rights attributable to the Ordinary Shares;

(b) accordingly, the Ordinary Share Offer had become unconditional as to acceptances and is declared unconditional in all respects on the Unconditional Offer Date; and

(c) in accordance with Rule 22.6 of the Code, if the Ordinary Share Offer becomes or is declared to be unconditional as to acceptances, the Ordinary Share Offer must remain open for acceptance for not less than 14 days after the date on which the Ordinary Share Offer would otherwise have closed. Accordingly, the Ordinary Share Offer Closing Date is extended from 5.30 p.m. (Singapore time) on 11 December 2019 to 5.30 p.m. (Singapore time) on 26 December 2019 (or such later date(s) as may be announced from time to time by or on behalf of the Offeror). The Preference Share Offer Closing Date is also extended from 5.30 p.m. (Singapore time) on 11 December 2019 to 5.30 p.m. (Singapore time) on 26 December 2019 (or such later date(s) as may be announced from time to time by or on behalf of the Offeror).

1.5 Notification of Revision

As the Offer Document was printed prior to the date of the Revision of UEL Offers Announcement, the terms relating to the Offers as set out in the Offer Document and the relevant form(s) of acceptance do not reflect the Final Ordinary Share Offer Price and the Final Preference Share Offer Price.

On 21 November 2019, DBS, for and on behalf of the Offeror, issued a letter to Shareholders ("**Notification of Revision**") to inform Shareholders of, *inter alia*, the Final Ordinary Share Offer Price and the Final Preference Share Offer Price.

A copy of each of the Offer Announcement, the Revision of UEL Offers Announcement, the Offer Document, the Unconditional Offer Announcement, and the Notification of Revision is available on the website of the SGX-ST at www.sgx.com.

1.6 Circular

The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Company and to set out the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors with regard to the Offers.

Shareholders should read the Offer Document, the Revision of UEL Offers Announcement, the Unconditional Offer Announcement, the Notification of Revision, this Circular and the IFA Letter carefully and consider the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors on the Offers before deciding whether to accept or reject either or both of the Offers.

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

2. THE ORDINARY SHARE OFFER

2.1 Ordinary Share Offer Price

Initial Ordinary Share Offer Price

As set out in the Offer Document, the Initial Ordinary Share Offer Price, prior to the Ordinary Share Price Revision, was S$2.60 in cash for each Ordinary Offer Share.

As per the SIC Ruling, the Initial Ordinary Share Offer Price is no less than the value of S$2.60 that is attributed to each Share in the amount paid to Perennial UW and Heng Yue pursuant to the Acquisitions.

Revision of Initial Ordinary Share Offer Price

As set out in the Revision of UEL Offers Announcement, the Offeror has revised the Initial Ordinary Share Offer Price as follows (the "**Ordinary Share Price Revision**"):

For each Ordinary Offer Share: S$2.70 in cash (the "**Final Ordinary Share Offer Price**").

As set out in the Revision of UEL Offers Announcement, the Offeror does not intend to revise the Final Ordinary Share Offer Price save that the Offeror reserves the right to revise the terms of the Ordinary Share Offer in accordance with the Code if a competitive situation arises.

As set out in the Notification of Revision, as the Ordinary Share Offer has become and has been declared to be unconditional in all respects, Shareholders who have earlier validly accepted the Ordinary Share Offer are entitled to receive the Final Ordinary Share Offer Price. Accordingly, no further action is required to be taken by Shareholders who have already validly accepted the Ordinary Share Offer.

2.2 Ordinary Offer Shares

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

2.3 No Encumbrances

The Ordinary Offer Shares will be acquired:

(i) fully paid-up;

(ii) free from all liens, equities, mortgages, claims, charges, encumbrances, rights of pre-emption and other third-party rights and interests of any nature whatsoever; and

(iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights and other distributions or return of capital, if any, which may be announced, declared, paid or made thereon by the Company in respect of the Ordinary Shares on or after the Offer Announcement Date).

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

2.4 Minimum Acceptance Condition

As set out in paragraph 2.4 of the Offer Document:

(a) The Ordinary Share Offer is conditional upon the Offeror having received, by the Ordinary Share Offer Closing Date, valid acceptances in respect of such number of Ordinary Offer Shares which, when taken together with the Ordinary Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it (either before or during the Ordinary Share Offer and pursuant to the Ordinary Share Offer or otherwise), will result in the Offeror and parties acting in concert with it holding such number of Ordinary Shares carrying more than 50% of the total voting rights attributable to the Ordinary Shares as at the Ordinary Share Offer Closing Date (the "**Minimum Acceptance Condition**").

(b) Accordingly, the Ordinary Share Offer will not become or be capable of being declared unconditional as to acceptances until the Ordinary Share Offer Closing Date, unless at any time prior to the Ordinary Share Offer Closing Date, the Offeror has received valid acceptances (which have not been withdrawn) in respect of such number of Ordinary Offer Shares which, when taken together with the Ordinary Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it (either before or during the Ordinary Share Offer and pursuant to the Ordinary Share Offer or otherwise), will result in the Offeror and parties acting in concert with it meeting the Minimum Acceptance Condition.

(c) Save for the Minimum Acceptance Condition, the Ordinary Share Offer is unconditional in all other respects.

On the Unconditional Offer Date, DBS announced, for and on behalf of the Offeror, *inter alia*, that the Offeror has, as at 5:00 p.m. (Singapore time) on 15 November 2019, received valid acceptances in respect of such number of Ordinary Offer Shares which, when taken together with the Ordinary Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it (either before or during the Ordinary Share Offer and pursuant to the Ordinary Share Offer or otherwise), will result in the Offeror and parties acting in concert with it holding such number of Ordinary Shares carrying more than 50% of the total voting rights attributable to the Ordinary Shares.

Accordingly, as set out in the Unconditional Offer Announcement, the Ordinary Share Offer has become unconditional as to acceptances and is declared unconditional in all respects on the Unconditional Offer Date.

2.5 Details of the Ordinary Share Offer

Further details of the Ordinary Share Offer are set out in:

(i) pages 9 to 11 of the Offer Document in relation to, *inter alia*, the duration of the Ordinary Share Offer;

(ii) **Appendix V** to the Offer Document in relation to (a) the settlement of the consideration for the Ordinary Share Offer, (b) the requirements relating to the announcement of the level of acceptances of the Ordinary Share Offer, and (c) the right of withdrawal of acceptances of the Ordinary Share Offer; and

(iii) **Appendix VI** to the Offer Document in relation to the procedures for acceptance of the Ordinary Share Offer.

As set out in the Notification of Revision, save as disclosed in the Revision of UEL Offers Announcement, the Unconditional Offer Announcement, and the Notification of Revision, all the other terms and conditions of the Ordinary Share Offer as set out in the Offer Document remain unchanged.

A copy of each of the Offer Announcement, the Revision of UEL Offers Announcement, the Offer Document, the Unconditional Offer Announcement, and the Notification of Revision is available on the website of the SGX-ST at www.sgx.com.

2.6 Ordinary Share Offer Closing Date

Shareholders should note that based on the Unconditional Offer Announcement, the Ordinary Share Offer Closing Date has been extended to **5.30 p.m. (Singapore time) on 26 December 2019 (or such later date(s) as may be announced from time to time by or on behalf of the Offeror)**. The Ordinary Share Offer will therefore close at 5.30 p.m. (Singapore time) on 26 December 2019 (or such later date(s) as may be announced from time to time by or on behalf of the Offeror).

3. THE PREFERENCE SHARE OFFER

3.1 Preference Share Offer Price

Initial Preference Share Offer Price

As set out in the Offer Document, the Initial Preference Share Offer Price, prior to the Preference Share Price Revision, was S$2.60 in cash for each Preference Offer Share.

In the SIC Ruling, SIC has confirmed that it has no objections to the Initial Preference Share Offer Price being the same as the Initial Ordinary Share Offer Price.

Revision of Initial Preference Share Offer Price

As set out in the Revision of UEL Offers Announcement, following the revision of the Initial Ordinary Share Offer Price, the Initial Preference Share Offer Price was correspondingly revised as follows (the "**Preference Share Price Revision**"):

For each Preference Offer Share: S$2.70 in cash (the "**Final Preference Share Offer Price**").

As set out in the Revision of UEL Offers Announcement, the Offeror does not intend to revise the Final Preference Share Offer Price save that the Offeror reserves the right to revise the terms of the Preference Share Offer in accordance with the Code if a competitive situation arises.

As set out in the Notification of Revision, Shareholders who have earlier validly accepted the Preference Share Offer are entitled to receive the Final Preference Share Offer Price. Accordingly, no further action is required to be taken by Shareholders who have already validly accepted the Preference Share Offer.

3.2 Preference Offer Shares

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

3.3 No Encumbrances

The Preference Offer Shares will be acquired:

(i) fully paid-up;

(ii) free from all liens, equities, mortgages, claims, charges, encumbrances, rights of pre-emption and other third-party rights and interests of any nature whatsoever; and

(iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights and other distributions or return of capital, if any, which may be announced, declared, paid or made thereon by the Company in respect of the Preference Shares on or after the Offer Announcement Date).

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

3.4 Unconditional Offer

As set out in the Offer Announcement and paragraph 3.4 of the Offer Document, the Preference Share Offer is unconditional in all respects.

3.5 Details of the Preference Share Offer

Further details of the Preference Share Offer are set out in:

(i) pages 11 to 13 of the Offer Document in relation to, *inter alia*, the duration of the Preference Share Offer;

(ii) **Appendix V** to the Offer Document in relation to (a) the settlement of the consideration for the Preference Share Offer, (b) the requirements relating to the announcement of the level of acceptances of the Preference Share Offer, and (c) the right of withdrawal of acceptances of the Preference Share Offer; and

(iii) **Appendix VI** to the Offer Document in relation to the procedure for acceptance of the Preference Share Offer.

As set out in the Notification of Revision, save as disclosed in the Revision of UEL Offers Announcement, the Unconditional Offer Announcement, and the Notification of Revision, all the other terms and conditions of the Preference Share Offer as set out in the Offer Document remain unchanged.

A copy of each of the Offer Announcement, the Revision of UEL Offers Announcement, the Offer Document, the Unconditional Offer Announcement, and the Notification of Revision is available on the website of the SGX-ST at www.sgx.com.

3.6 Preference Share Offer Closing Date

Shareholders should note that based on the Unconditional Offer Announcement, the Preference Share Offer Closing Date has been extended to **5.30 p.m. (Singapore time) on 26 December 2019 (or such later date(s) as may be announced from time to time by or on behalf of the Offeror)**. The Preference Share Offer will therefore close at 5.30 p.m. (Singapore time) on 26 December 2019 (or such later date(s) as may be announced from time to time by or on behalf of the Offeror).

4. RATIONALE FOR THE OFFERS AND THE OFFEROR'S INTENTIONS

Details on the rationale for the Offers and the Offeror's intentions have been extracted from the Offer Document and set out in italics below. Unless otherwise defined, all terms and expressions used in the extract below and in the extracts in **Sections 5, 6, 7, 10, and 11** below shall have the same meanings as those defined in the Offer Document and/or the Notification of Revision (as the case may be). **Shareholders are advised to read the extracts below carefully.**

"***8. RATIONALE FOR THE UEL OFFERS AND OFFEROR'S INTENTIONS***

8.1 ***Compliance with Code***

As both Perennial UW and Heng Yue wished to sell their respective Offeror Shares, Yanlord Commercial has agreed to acquire the Offeror Shares held by Perennial UW and Heng Yue. As mentioned in paragraph 1.4 above, Yanlord Commercial is required to make the UEL Offers in compliance with the requirements of the Code as a result of the Acquisitions. The UEL Offers will be made by the Offeror, which is now a wholly-owned subsidiary of Yanlord Commercial.

8.2 ***Consolidation of Yanlord's interests in UEL and WBL in order to enhance portfolio access, expand property businesses and strengthen market position***

The Acquisitions and the UEL Offers are in line with Yanlord's objective of consolidating its interest in UEL and WBL, in order to increase Yanlord's access to the property portfolios of UEL and WBL in Singapore and the PRC, which are complementary to the existing property portfolios managed by Yanlord, and to enable Yanlord to expand its property businesses and strengthen its position in its existing markets.

An increased indirect ownership interest in UEL will also allow Yanlord to efficiently allocate its surplus resources as well as to exercise greater control over the deployment of UEL's resources, thereby enhancing the ability of Yanlord and UEL to leverage on the benefits of each other's track records, market positions, business strategies and institutional knowledge to create shareholder value.

8.3 ***Opportunity for Shareholders to realise all or part of their investments at a favourable valuation without incurring brokerage fees***

(a) *The Ordinary Share Offer Price is in line with the price of the 2017 Offer announced in July 2017 that followed a comprehensive formal sale process*

*On 26 September 2016, OCBC and GEH jointly announced that they were reviewing strategic options with respect to their combined stakes in UEL and WBL ("**2016 Joint Announcement**").*

*Following the 2016 Joint Announcement, OCBC, certain subsidiaries of GEH and other vendors conducted a comprehensive formal sale process in relation to their combined stakes in UEL and WBL. In July 2017, the Offeror emerged as the successful bidder and acquired approximately 33.4% of the total number of UEL Ordinary Shares and approximately 70.2% of the total number of UEL Preference Shares (the "**2017 UEL Acquisition**") at the 2017 Offer Price. As a consequence of the 2017 UEL Acquisition, the Offeror was required to make a mandatory general offer for all the UEL Ordinary Shares and UEL Preference Shares other than those already owned, controlled or agreed to be acquired by the Offeror and its concert parties at the 2017 Offer Price (the "**2017 Offer**").*

*The 2017 Offer Price represented a **7.9% - 21.7%** premium to historical market prices prior to the 2016 Joint Announcement[2].*

[2] *As stated in the offer announcement dated 13 July 2017 in respect of the 2017 Offer, the 2017 Offer Price represented a 7.9% premium to the last transacted price of UEL Ordinary Shares on 26 September 2016, being the last full Market Day prior to the 2016 Joint Announcement. The 2017 Offer Price represented a 21.7% premium to the 12-month volume weighted average price prior to and including the last full Market Day prior to the 2016 Joint Announcement.*

As the Ordinary Share Offer Price is in line with the 2017 Offer Price, Shareholders will have the opportunity to realise their investment at a price that materialised as a result of a comprehensive formal sale process that saw competition from several bidders.

(b) *The net asset value multiple implied by the Ordinary Share Offer Price is in line with precedent transactions involving Singapore-listed property developers*

*The Ordinary Share Offer Price as a multiple of UEL's net asset value per share ("**P/NAV**") is in line with implied P/NAV multiples of selected transactions involving Singapore-listed property developers.*

The P/NAV implied by the Ordinary Share Offer Price is 0.9x[3], which is in line with the average P/NAV of 0.9x[4] for selected transactions involving Singapore-listed property developers.

8.4 Opportunity for Shareholders to realise all or part of their investments amidst heightened economic uncertainty

Intensifying trade conflicts and geopolitical tensions such as the US-China trade war, Brexit, an escalating trade dispute between Japan and South Korea and rising tensions in the Middle East have resulted in uncertainty in the global economic outlook.

The challenging macroeconomic backdrop has impacted Singapore's growth outlook, with the Ministry of Trade and Industry announcing on 13 August 2019 that "the GDP growth forecast for 2019 is downgraded to "0.0 to 1.0 per cent", from "1.5 to 2.5 per cent", with growth expected to come in at around the mid-point of the forecast range."

As such, the UEL Offers represent an opportunity for Shareholders to recalibrate their portfolios at a favourable valuation.

8.5 Opportunity for Shareholders who may find it difficult to exit their investment in UEL due to low trading liquidity

The historical trading liquidity of the UEL Ordinary Shares on the SGX-ST has been low. The average daily trading volume of the UEL Ordinary Shares over the last one (1)-month, three (3)-month, six (6)-month and 12-month periods up to and including the Last Trading Date are detailed in the table below:

	Average Daily Trading Volume ("ADTV")[1]	**ADTV as a percentage of total UEL Ordinary Shares[2] [3]**
One (1)-month period prior to and including the Last Trading Date	*135,181*	*0.02%*
Three (3)-month period prior to and including the Last Trading Date	*139,423*	*0.02%*
Six (6)-month period prior to and including the Last Trading Date	*479,461*	*0.08%*
12-month period prior to and including the Last Trading Date	*474,253*	*0.07%*

[3] *Based on UEL's reported net asset value as at 30 June 2019 and total number of issued UEL Ordinary Shares of 637,520,399.*

[4] *The average P/NAV multiple is calculated as the simple average of the implied P/NAV multiple as disclosed in each offeree circular for the following successful transactions involving Singapore-listed property developers: (a) United SM Holdings Pte. Ltd. offer for Guthrie GTS Ltd. in 2013, (b) Keppel Corporation Limited offer for Keppel Land Limited in 2015, (c) Coronation 3G Pte. Ltd. offer for Sim Lian Group Limited in 2016, and (d) Star Attraction Limited offer for Wheelock Properties (Singapore) Limited in 2018.*

Notes:

(1) The figures set out in the table above are based on data extracted from Bloomberg L.P. The average daily trading volume is computed based on the total trading volume of the UEL Ordinary Shares divided by the number of Market Days with respect to the relevant period immediately prior to and including the Last Trading Date.

(2) Calculated using the average daily trading volume of UEL Ordinary Shares traded divided by the total number of issued UEL Ordinary Shares of 637,520,399.

(3) Rounded to the nearest two (2) decimal places.

8.6 ***Offeror's Intentions for UEL***

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

5. LISTING STATUS AND COMPULSORY ACQUISITION

Details on the Offeror's intentions for the Company with regard to its listing status and compulsory acquisition have been extracted from the Offer Document and set out in italics below:

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

10.1 ***Trading Suspension and Listing Status***

*Under Rule 723 of the Listing Manual, UEL must ensure that at least 10% of the total number of UEL Ordinary Shares (excluding any UEL Ordinary Shares held in treasury) is at all times held in public hands (the "**Free Float Requirement**"). Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Ordinary Share Offer that bring the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued UEL Ordinary Shares (excluding any UEL Ordinary Shares held in treasury), the SGX-ST may suspend the trading of the UEL Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued UEL Ordinary Shares (excluding any UEL Ordinary Shares held in treasury) are held by at least 500 Shareholders who are members of the public.*

Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of UEL Ordinary Shares (excluding any UEL Ordinary Shares held in treasury), thus causing the percentage of the total number of UEL Ordinary Shares (excluding any UEL Ordinary Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the UEL Shares only at the close of the UEL Offers.

Under Rule 724(1) of the Listing Manual, if the Free Float Requirement is not satisfied, UEL must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of the UEL Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow UEL a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of UEL Ordinary Shares held in public hands to at least 10%, failing which UEL may be removed from the Official List of the SGX-ST.

10.2 ***Compulsory Acquisition***

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

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

10.3 ***Offeror's Intentions***

It is the current intention of the Offeror to maintain the present listing status of UEL on the Main Board of the SGX-ST and the Offeror does not intend to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act. However, in the event that UEL does not meet the Free Float Requirement at the close of the UEL Offers, the Offeror reserves the right to re-evaluate its position, including its right of compulsory acquisition (if applicable) as described in paragraph 10.2 of this Offer Document, depending on, inter alia, the ultimate level of acceptances received by the Offeror and the prevailing market conditions at the relevant time."

6. INFORMATION ON THE OFFEROR, YANLORD COMMERCIAL AND YLGL

6.1 Information on the Offeror

Details on the Offeror have been extracted from the Offer Document and are set out in italics below.

"*5.1* ***The Offeror***

The Offeror is a special purpose vehicle incorporated in the Republic of Singapore by a consortium comprising Yanlord Commercial, Perennial UW and Heng Yue for the purposes of the 2017 UEL Acquisition and the 2017 Offer. Prior to the Acquisitions, Yanlord Commercial, Perennial UW and Heng Yue held stakes of 49%, 45% and 6%, respectively, in the Offeror.

As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S$100 comprising 100 Offeror Shares, all of which are held by Yanlord Commercial.

The board of directors of the Offeror comprises Mr. Zhong Sheng Jian and Mr. Zhong Ming.

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

6.2 Information on Yanlord Commercial and YLGL

Details on Yanlord Commercial and YLGL have been extracted from the Offer Document and are set out in italics below.

"*5.2 **Yanlord Commercial and Yanlord***

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

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

In addition, the Yanlord Group also provides property management services primarily for the projects it develops.

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

6.3 Further Information on the Offeror and YLGL

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

7. CONFIRMATION OF FINANCIAL RESOURCES

Details on the confirmation of financial resources have been extracted from the Offer Document and are set out in italics below.

"***12. CONFIRMATION OF FINANCIAL RESOURCES***

DBS Bank, as financial adviser to the Offeror in connection with the UEL Offers, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the UEL Offers by the holders of the Ordinary Offer Shares and the Preference Offer Shares on the basis of the Ordinary Share Offer Price and the Preference Share Offer Price, respectively."

Details on the confirmation of financial resources have also been extracted from the Notification of Revision and are set out in italics below.

*"**5. CONFIRMATION OF FINANCIAL RESOURCES***

DBS Bank, as financial adviser to the Offeror in connection with the UEL Offers, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the UEL Offers by the holders of the Ordinary Offer Shares and the Preference Offer Shares on the basis of the Final Ordinary Share Offer Price and the Final Preference Share Offer Price, respectively."

8. ADVICE AND RECOMMENDATIONS

8.1 General

Shareholders should read and carefully consider the recommendations of the Recommending Directors and the advice of the IFA to the Recommending Directors before deciding whether to accept or reject either or both of the Offers. The IFA's advice is set out in its letter dated 26 November 2019, which is reproduced in **Appendix A** to this Circular (the "**IFA Letter**").

8.2 Independence of Directors

All of the Recommending Directors, namely Mr Teo Ser Luck, Mr David Wong Cheong Fook and Mr Tan Chee Keong Roy, are considered independent for the purposes of making a recommendation on the Offers.

Mr Zhong Sheng Jian

Mr Zhong Sheng Jian is a Non-Recommending Director as:

(a) he is a director of the Offeror; and

(b) he is the sole director of Yanlord Commercial and the Chairman and Chief Executive Officer as well as director of Yanlord Land Group Limited ("**YLGL**"), the parent company of Yanlord Commercial. Following the completion of the Acquisitions, the Offeror became a wholly-owned subsidiary of Yanlord Commercial. Accordingly, YLGL and Yanlord Commercial are presumed to be persons acting in concert with the Offeror in accordance with the Code.

Accordingly, Mr Zhong Sheng Jian would face, or may reasonably be perceived to face, an irreconcilable conflict of interest that would render him inappropriate to join the Recommending Directors in making a recommendation on the Offers to the Shareholders.

Mr Pua Seck Guan

Mr Pua Seck Guan was a director of the Offeror prior to the completion of the Acquisitions and ceased to be a director of the Offeror following the completion of the Acquisitions.

Mr Pua Seck Guan is also a director of Perennial UW and a director of Perennial Real Estate Holdings Limited ("**PREHL**"), the ultimate holding company of Perennial UW. Prior to the completion of the Acquisitions, the Offeror was a joint venture company of Perennial UW. Following the completion of the Acquisitions, the Offeror ceased to be a joint venture company of Perennial UW.

In addition, as disclosed in the Offer Announcement, it was agreed that Mr Pua Seck Guan will resign as a director of the Company on the earliest date on which such resignation is permitted under Rule 6.3 of the Code.

Although Mr Pua Seck Guan has ceased to be a director of the Offeror, Mr Pua Seck Guan is a Non-Recommending Director as:

(a) he is a director of PREHL which had a prior business relationship with YLGL. YLGL's wholly-owned subsidiary, Yanlord Commercial, and PREHL's indirect subsidiary, Perennial UW, were two out of the three shareholders of the Offeror which was incorporated for the purposes of the 2017 UEL Acquisition and the 2017 Offers;

(b) he is a director of PREHL which has a continuing business relationship with a controlling shareholder of YLGL (i.e. Mr Zhong Sheng Jian). Mr Zhong Sheng Jian is an investor in an indirect associated company of PREHL which owns one of PREHL's property development projects; and

(c) he is a director of the Company and was a director of the Offeror. He only resigned as a director of the Offeror on the day immediately preceding the date of the Offer Announcement (i.e. 24 October 2019).

Accordingly, Mr Pua Seck Guan would face, or may reasonably be perceived to face, an irreconcilable conflict of interest that would render him inappropriate to join the Recommending Directors in making a recommendation on the Offers to the Shareholders.

Mr Lee Suan Hiang

Mr Lee Suan Hiang is a director of PREHL, the ultimate holding company of Perennial UW. Prior to the completion of the Acquisitions, the Offeror was a joint venture company of Perennial UW. Following the completion of the Acquisitions, the Offeror ceased to be a joint venture company of Perennial UW.

Mr Lee Suan Hiang is a Non-Recommending Director as:

(a) he is a director of PREHL which had a prior business relationship with YLGL. YLGL's wholly-owned subsidiary, Yanlord Commercial, and PREHL's indirect subsidiary, Perennial UW, were two out of the three shareholders of the Offeror which was incorporated for the purposes of the 2017 UEL Acquisition and the 2017 Offers; and

(b) he is a director of PREHL which has a continuing business relationship with a controlling shareholder of YLGL (i.e. Mr Zhong Sheng Jian). Mr Zhong Sheng Jian is an investor in an indirect associated company of PREHL which owns one of PREHL's property development projects.

Accordingly, Mr Lee Suan Hiang would face, or may reasonably be perceived to face, an irreconcilable conflict of interest that would render him inappropriate to join the Recommending Directors in making a recommendation on the Offers to the Shareholders.

The SIC has on 20 November 2019 ruled that the Non-Recommending Directors are exempted from making a recommendation to Shareholders in respect of the Offers. The Non-Recommending Directors must, however, still assume responsibility for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Offers.

8.3 IFA. SAC Capital Private Limited has been appointed as the independent financial adviser to advise the Recommending Directors in respect of the Offers. Shareholders should consider carefully the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors before deciding whether to accept or reject either or both of the Offers. The IFA's advice is set out in the IFA Letter, which is reproduced in **Appendix A** to this Circular.

8.4 Factors Taken into Consideration by the IFA

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

"***7 OPINION AND ADVICE***

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

(a) Market quotation and trading liquidity of the UEL Ordinary Shares;

(b) Book NTA and RNTA of the Group;

(c) Sum-of-the-parts valuation analysis;

(d) Comparison with recent non-privatisation take-over offers of companies listed on the SGX-ST;

(e) Share price performance and trading liquidity of the UEL Preference Shares;

(f) Comparison with the Implied Preference Share Values; and

(g) Other relevant considerations in relation to the Ordinary Share Offer and Preference Share Offer.

Details of the above considerations are set out in section 6.1 to section 6.7 of this letter.

We wish to highlight that the valuation range theoretically implied in our sum-of-the-parts valuation analysis is based on several assumptions. Shareholders should note that a discount may be applied to the sum-of-the-parts valuation of a conglomerate such as the Group for various reasons, including but not limited to the ability of investors to achieve more effective diversification by purchasing a portfolio of stocks of focused firms as compared to purchasing stocks of a conglomerate. In arriving at the sum-of-the-parts valuation of the Group above, we have not applied any conglomerate discount as the quantification of such discount is highly subjective. The conglomerate discount is dependent on, inter alia, the size of the conglomerate, the extent of business diversification or synergies (if any) within the conglomerate and the requirement for additional management as compared to standalone businesses. Similarly, we have not taken into account any control premium that may arise from a controlling stake in the businesses of the Group as a result of majority ownership as the quantification of such premium is highly subjective."

8.5 Advice of the IFA to the Recommending Directors

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

"*Based on our analysis set out above and after considering all relevant information available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the financial terms of the UEL Offers are* ***fair and reasonable****. Accordingly, we advise the Independent Directors to recommend that Shareholders* ***accept*** *the UEL Offers, unless Shareholders can obtain a price higher than the Final Ordinary Share Offer Price and/or the Final Preference Share Offer Price (as the case may be) in the open market, taking into account the related expenses such as brokerage and trading costs."*

9. RECOMMENDATION OF THE RECOMMENDING DIRECTORS

9.1 Recommendation. The Recommending Directors, having considered carefully the terms of the Offers and the advice given by the IFA in the IFA Letter, concur with the recommendation of the IFA in respect of the Offers, and accordingly, recommend that Shareholders **accept** either or both of the Offers (as the case may be), unless Shareholders can obtain a price higher than the Final Ordinary Share Offer Price and/or the Final Preference Share Offer Price (as the case may be) in the open market, taking into account the related expenses such as brokerage and trading costs.

SHAREHOLDERS ARE ADVISED TO READ THE IFA LETTER SET OUT IN APPENDIX A TO THIS CIRCULAR CAREFULLY.

9.2 No Regard to Specific Objectives. Shareholders should note that the IFA's advice and the recommendation of the Recommending Directors should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept either or both of the Offers. In rendering the advice and the recommendations above, both the IFA and the Recommending Directors have not had regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. Accordingly, the Recommending Directors recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

10. OVERSEAS SHAREHOLDERS

Information in relation to Overseas Shareholders have been extracted from the Offer Document and are set out in italics below:

"***11. OVERSEAS SHAREHOLDERS***

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

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

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

Overseas Shareholders may, nonetheless, obtain copies of this Offer Document, the FAA and/or the FAT and any related documents, during normal business hours and up to 5.30 p.m. (Singapore time) on the Closing Date, from the Offeror through its receiving agent, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), at its office located at 80 Robinson Road #11-02, Singapore 068898 or The Central Depository (Pte) Limited at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

Alternatively, an Overseas Shareholder may write to the Offeror through Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at the address listed above or The Central Depository (Pte) Limited at Robinson Road Post Office, P.O. Box 1984, Singapore 903934, to request for this Offer Document, the FAA and/or the FAT and any related documents to be sent to an address in Singapore by ordinary post at the Overseas Shareholder's own risk, up to five (5) Market Days prior to the Closing Date.

It is the responsibility of any Overseas Shareholder who wishes to (a) request for this Offer Document, the FAA and/or the FAT and/or any related documents, or (b) accept either or both of the UEL Offers, to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf

(including DBS Bank) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments as the Offeror and/or any person acting on its behalf (including DBS Bank) may be required to pay. In (i) requesting for this Offer Document, the FAA and/or the FAT and any related documents and/or (ii) accepting either or both of the UEL Offers, the Overseas Shareholder represents and warrants to the Offeror and DBS Bank that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. ***Any Overseas Shareholder who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.***

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

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

11. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

Information pertaining to CPFIS Investors and SRS Investors have been extracted from the Offer Document and are set out in italics below:

"*14.3* ***Information Pertaining to CPFIS Investors and SRS Investors***

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

12. ACTION TO BE TAKEN BY THE SHAREHOLDERS

Shareholders who wish to accept the Ordinary Share Offer and/or the Preference Share Offer (as the case may be) must do so not later than 5.30 p.m. (Singapore time) on the Ordinary Share Offer Closing Date and/or the Preference Share Offer Closing Date (as the case may be), abiding by the procedures for the acceptance of the Ordinary Share Offer and/or the Preference Share Offer (as the case may be) as set out in paragraph 4 of the announcement released by DBS on behalf of the Offeror on 21 November 2019 in relation to the despatch of the Notification of Revision, and **Appendix VI** to the Offer Document, the FAA and/or the FAT.

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received, on behalf of the Offeror, by CDP (in respect of the FAA) or the Share Registrar (in respect of the FAT), as the case may be, not later than 5.30 p.m. (Singapore time) on the relevant Closing Date.

For the avoidance of doubt, Shareholders may use the existing FAA and/or FAT that were despatched with the Offer Document to accept the Ordinary Share Offer and/or the Preference Share Offer (as the case may be) at the Final Ordinary Share Offer Price and the Final Preference Share Offer Price, respectively.

The Shareholders who do not wish to accept the Ordinary Share Offer and/or the Preference Share Offer (as the case may be) need not take any further action in respect of the Offer Document, the FAA and/or the FAT which have been sent to them.

13. DIRECTORS' RESPONSIBILITY STATEMENT

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

Where information in this Circular has been extracted from published or otherwise publicly available sources (including, without limitation, the Offer Announcement, the Revision of UEL Offers Announcement, the Offer Document, the Unconditional Offer Announcement and the Notification of Revision) 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 Circular in its proper form and context.

In respect of the IFA Letter and the reports issued by the Auditor and the IFA in respect of the 9M2019 Results as set out in **Appendices A, E** and **F** to this Circular respectively, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Group in such documents are fair and accurate.

14. ADDITIONAL INFORMATION

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

Yours faithfully
For and on behalf of the Board of Directors of
United Engineers Limited

Tan Chee Keong Roy
Group Managing Director and Executive Director

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

1 Robinson Road #21-00 AIA Tower
Singapore 048542

26 November 2019

To: The Independent Directors of United Engineers Limited (in respect of the UEL Offers)

Mr Teo Ser Luck
Mr David Wong Cheong Fook
Mr Tan Chee Keong Roy

Dear Sirs

MANDATORY CONDITIONAL CASH OFFER FOR ALL THE ISSUED AND PAID-UP ORDINARY STOCK UNITS AND MANDATORY UNCONDITIONAL CASH OFFER FOR ALL THE ISSUED AND PAID-UP PREFERENCE SHARES IN THE CAPITAL OF UNITED ENGINEERS LIMITED

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular to shareholders of the Company dated 26 November 2019 (the "**Circular**") shall have the same meanings herein.*

1. INTRODUCTION

On 25 October 2019 (the "**Offer Announcement Date**"), DBS Bank Ltd. ("**DBS Bank**") announced, for and on behalf of Yanlord Investment (Singapore) Pte. Ltd. (the "**Offeror**"), that Yanlord Commercial Property Investments Pte. Ltd. ("**Yanlord Commercial**") had on 24 October 2019 entered into:

(i) a sale and purchase agreement with Perennial UW Pte. Ltd. ("**Perennial UW**"), pursuant to which Yanlord Commercial has acquired from Perennial UW forty-five (45) ordinary shares in the share capital of the Offeror (each, an "**Offeror Share**") held by Perennial UW, representing 45% of the issued and paid-up share capital of the Offeror; and

(ii) a sale and purchase agreement with Heng Yue Holdings Limited ("**Heng Yue**"), pursuant to which Yanlord Commercial has acquired from Heng Yue six (6) Offeror Shares held by Heng Yue, representing 6% of the issued and paid-up share capital of the Offeror,

(collectively, the "**Acquisitions**").

As a result of the Acquisitions, Yanlord Commercial holds an aggregate of 100 Offeror Shares, representing 100% of the issued and paid-up share capital of the Offeror.

The total cash amount paid to Perennial UW and Heng Yue pursuant to the Acquisitions totalled approximately S$229.7 million. Such amount was arrived at on a willing-buyer willing-seller basis, valuing the UEL Shares and the WBL Shares held by the Offeror at S$2.60 per UEL Share and S$2.5947 per WBL Share respectively and took into account, *inter alia*, the capital funding (equity and debt) contributed by

Perennial UW and Heng Yue to the Offeror, and the Offeror's cash and cash equivalents, outstanding bank debt and other liabilities as at 30 September 2019.

As at the Offer Announcement Date, the Offeror held an aggregate of 224,872,206 issued and ordinary stock units in the capital of the Company (the "**UEL Ordinary Shares**"), representing approximately 35.27% of the total number of the UEL Ordinary Shares, and 854,993 issued and paid-up preference shares in the capital of the Company (the "**UEL Preference Shares**")(together with the UEL Ordinary Shares, the "**UEL Shares**"), representing approximately 97.71% of the total number of all the UEL Preference Shares.

The Securities Industry Council of Singapore ("**SIC**") has confirmed in its ruling (the "**SIC Ruling**") that the chain principle set out in Note 7 on Rule 14.1 of the Singapore Code on Take-over and Mergers (the "**Code**") applies and upon completion of the Acquisitions, Yanlord Commercial will be required to make the UEL Offers (as defined below), and it has no objections to the UEL Offers being made by the Offeror.

In the same announcement, DBS Bank announced, for and on behalf of the Offeror, that the Offeror intends to make a mandatory conditional cash offer for the UEL Ordinary Shares other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror (the "**Ordinary Offer Shares**") in accordance with Rule 14 of the Code at an offer consideration of S$2.60 in cash (the "**Initial Ordinary Share Offer Price**") for each Ordinary Offer Share. In addition, the Offeror intends to make a comparable offer for the UEL Preference Shares other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror (the "**Preference Offer Shares**") in accordance with Rule 18 of the Code, at an offer consideration of S$2.60 in cash (the "**Initial Preference Share Offer Price**") for each Preference Offer Share. (the "**Preference Share Offer**" and together with the Ordinary Share Offer, the "**UEL Offers**")(the "**Offer Announcement**").

On 12 November 2019, DBS Bank announced ("**Revision of UEL Offers Announcement**"), for and on behalf of the Offeror, that the Offeror had acquired 39,207,292 UEL Ordinary Shares on the same day at a price of S$2.70 per UEL Ordinary Share. Pursuant to Rule 21.1 of the Code, the Offeror will revise both the Ordinary Share Offer Price and the Preference Share Offer Price to S$2.70 in cash (the "**Final Ordinary Share Offer Price**" and the "**Final Preference Share Offer Price**" respectively). The Offeror does not intend to revise the Final Ordinary Share Offer Price nor the Final Preference Share Offer Price save that the Offeror reserves the right to revise the terms of the Ordinary Share Offer and the Preference Share Offer in accordance with the Code if a competitive situation arises.

On 15 November 2019, DBS Bank announced, for and on behalf of the Offeror that, the Offeror has received valid acceptances in respect of such number of Ordinary Offer Shares which, when taken together with the UEL Ordinary Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it (either before or during the Ordinary Share Offer and pursuant to the Ordinary Share Offer or otherwise), will result in the Offeror and parties acting in concert with it holding such number of UEL Ordinary Shares carrying more than 50% of the total voting rights attributable to the UEL Ordinary Shares. Accordingly the Ordinary Share Offer is unconditional in all respects.

In connection with the UEL Offers, the Company has appointed us as the independent financial adviser to the directors of the Company who are independent in relation to the UEL Offers (the "**Independent Directors**") to advise on the financial terms of the UEL Offers. This letter, which sets out, *inter alia*, our evaluation and advice, has been prepared for the use of the Independent Directors in connection with their consideration of the UEL Offers and their recommendation to shareholders of the Company who hold

the UEL Ordinary Shares (the "**Ordinary Shareholders**"), and shareholders of the Company who hold the UEL Preference Shares (the "**Preference Shareholders**" and together with the "**Ordinary Shareholders**, the "**Shareholders**") arising thereof.

2. OUR TERMS OF REFERENCE

We have been appointed as the independent financial adviser to the Independent Directors to provide an assessment of the financial terms of the UEL Offers in order to advise the Independent Directors in respect of their recommendation to Shareholders on the UEL Offers.

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

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

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

Save as disclosed, all information relating to the Group or any of its associates and joint ventures that we have relied upon in arriving at our opinion and advice has been obtained from the Circular, publicly available information, the Directors and/or the

Management. We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Group or any of its associates and joint ventures at any time or as at 19 November 2019 (the "**Latest Practicable Date**"). We have also not made any independent evaluation or appraisal of the assets and liabilities of the Group, its associates and joint ventures and have not been furnished with any such evaluation or appraisals, except for the summary valuation letters (the "**Summary Valuation Letters**") and the independent valuation report (the "**Valuation Report**") prepared by Edmund Tie & Company (SEA) Pte Ltd, Colliers International Consultancy & Valuation (Singapore) Pte Ltd, and Orient Appraisal Co., Ltd (the "**Independent Valuers**") who were appointed to perform independent valuations of certain properties held by the Group as at 30 September 2019. The Summary Valuation Letters are set out in Appendix I to the Circular. As we are not experts in the evaluation or appraisal of the assets set out in the Summary Valuation Letters, we have placed sole reliance on the independent valuations in relation to the aforementioned assets and have not made any independent verification of the contents thereof. In addition, we do not assume any responsibility to enquire about the basis of the valuation in the Valuation Report and/or the Summary Valuation Letters or if the contents in the Valuation Report and/or the Summary Valuation Letters have been prepared in accordance with all applicable regulatory requirements including Rule 26 of the Code.

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

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

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

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

3. THE UEL OFFERS

3.1 The Ordinary Share Offer

3.1.1 Initial Ordinary Share Offer Price

As set out in the Offer Document, the Initial Ordinary Share Offer Price, prior to the Ordinary Share Price Revision (as defined below), was S$2.60 in cash for each Ordinary Offer Share.

As per the SIC Ruling, the Initial Ordinary Share Offer Price is no less than the value of S$2.60 that is attributed to each Share in the amount paid to Perennial UW and Heng Yue pursuant to the Acquisitions.

3.1.2 Revision of Initial Ordinary Share Offer Price

As set out in the Revision of UEL Offers Announcement, the Offeror has revised the Initial Ordinary Share Offer Price as follows (the "**Ordinary Share Price Revision**"):

For each Ordinary Offer Share, Final Ordinary Share Offer Price: S$2.70 in cash

The Offeror DOES NOT intend to revise the Final Ordinary Share Offer Price save that the Offeror reserves the right to revise the terms of the Ordinary Share Offer in accordance with the Code if a competitive situation arises.

3.1.3 No encumbrances

The Ordinary Offer Shares will be acquired: (a) fully paid-up, (b) free from all liens, equities, mortgages, claims, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever (the "**Encumbrances**"), and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights and other distributions or return of capital, if any, which may be announced, declared, paid or made thereon by the Company in respect of the UEL Ordinary Shares) on or after the Offer Announcement Date. **If any dividend, right or other distribution or return of capital is announced, declared, paid or made by the Company in respect of the UEL Ordinary Shares on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Final Ordinary Share Offer Price by an amount equivalent to such dividend, right, other distribution or return of capital.**

3.1.4 Minimum acceptance condition

As set out in paragraph 2.4 of the Offer Document:

(a) the Ordinary Share Offer is conditional upon the Offeror having received, by the close of the Ordinary Share Offer (the "**Ordinary Share Offer Closing Date**"), valid acceptances in respect of such number of Ordinary Offer Shares which, when taken together with the UEL Ordinary Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it (either before or during the Ordinary Share Offer and pursuant to the Ordinary Share Offer or otherwise), will result in the Offeror and parties acting in concert with it holding such number of UEL Ordinary Shares carrying more than 50% of the total voting rights attributable to the UEL Ordinary Shares (the "**Minimum Acceptance Condition**").

(b) Accordingly, the Ordinary Share Offer will not become or be capable of being declared unconditional as to acceptances until the Ordinary Share Offer Closing Date, unless at any time prior to the Ordinary Share Offer Closing Date, the Offeror has received valid acceptances in respect of such number of Ordinary Offer Shares which, when taken together with the UEL Ordinary Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it (either before or during the Ordinary Share Offer and pursuant to the Ordinary Share Offer or otherwise), will result in the Offeror and parties acting in concert with it meeting the Minimum Acceptance Condition.

(c) Save for the Minimum Acceptance Condition, the Ordinary Share Offer is unconditional in all other respects.

On 15 November 2019, the Minimum Acceptance Condition has been satisfied, and the Ordinary Share Offer is therefore unconditional in all respects.

3.1.5 Details of the Ordinary Share Offer

Further details of the Ordinary Share Offer are set out in:

(a) pages 9 to 11 of the Offer Document in relation to, *inter alia*, the duration of the Ordinary Share Offer;

(b) Appendix V to the Offer Document in relation to (i) the settlement of the consideration for the Ordinary Share Offer, (ii) the requirements relating to the announcement of the level of acceptances of the Ordinary Share Offer, and (iii) the right of withdrawal of acceptances of the Ordinary Share Offer; and

(c) Appendix VI to the Offer Document in relation to the procedures for acceptance of the Ordinary Share Offer.

3.2 The Preference Share Offer

3.2.1 Initial Preference Share Offer Price

As set out in the Offer Document, the Initial Preference Share Offer Price, prior to the Preference Share Price Revision (as defined below), was S$2.60 in cash for each Preference Offer Share.

3.2.2 Revision of Initial Preference Share Offer Price

As set out in the Revision of UEL Offers Announcement, following the revision of the Initial Ordinary Share Offer Price, the Initial Preference Share Offer Price was correspondingly revised as follows (the "**Preference Share Price Revision**"):

For each Preference Offer Share, Final Preference Share Offer Price: S$2.70 in cash

The Offeror DOES NOT intend to revise the Final Preference Share Offer Price save that the Offeror reserves the right to revise the terms of the Preference Share Offer in accordance with the Code if a competitive situation arises.

3.2.3 No Encumbrances

The Preference Offer Shares will be acquired (a) fully paid-up, (b) free from all Encumbrances, and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights and other distributions or return of capital, if any, which may be announced, declared, paid or made thereon by the Company in respect of the UEL Preference Shares) on or after the Offer Announcement Date. **If any dividend, right or other distribution or return of capital is announced, declared, paid or made by the Company in respect of the UEL Preference Shares on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Final Preference Share Offer Price by an amount equivalent to such dividend, right, other distribution or return of capital.**

3.2.4 Unconditional Offer

As set out in the Offer Announcement and paragraph 3.4 of the Offer Document, as at the Offer Announcement Date, the Preference Share Offer is unconditional in all respects.

3.2.5 Details of the Preference Share Offer

Further details of the Preference Share Offer are set out in:

(a) pages 11 to 13 of the Offer Document in relation to the duration of the Preference Share Offer;

(b) Appendix V to the Offer Document in relation to (i) the settlement of the consideration for the Preference Share Offer, (ii) the requirements relating to the announcement of the level of acceptances of the Preference Share Offer, and (iii) the right of withdrawal of acceptances; and

(c) Appendix VI to the Offer Document in relation to the procedures for acceptance of the Preference Share Offer.

3.3 Chain Offer for WBL Corporation Limited and WBL Shares Acquisition

As set out in paragraph 4.1 of the Offer Document, the Offeror owns 84,078,988 issued and paid-up ordinary shares in the capital of WBL Corporation Limited ("**WBL**"), representing approximately 29.90% of the total number of issued and paid-up ordinary shares (the "**WBL Shares**") in the capital of WBL. The Company indirectly owns an aggregate of 194,431,242 WBL Shares, representing approximately 69.14% of the total number of WBL Shares. WBL was delisted from the Mainboard of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 18 February 2014 and as mentioned in the Offer Document, WBL is an unlisted public company. The principal activity of the WBL group includes property development, property investment, engineering, manufacturing and distribution.

The SIC has confirmed that the chain principle set out in Note 7 to Rule 14.1 of the Code applies such that a party (whether Yanlord Commercial or any other party making a competing offer to the UEL Offers) which acquires statutory control of the Company will also be required to make an offer for the WBL Shares not held by such offeror and its concert parties. Accordingly, in the event that the Ordinary Share Offer becomes unconditional as to acceptances or the Offeror acquires statutory control of the Company, whether pursuant to the Ordinary Share Offer or otherwise ("**WBL Chain Offer Condition**"), the Offeror will be required, pursuant to the chain principle in Note 7 to Rule 14.1 of the Code, to make a mandatory unconditional cash offer ("**WBL Chain Offer**") for all the issued WBL Shares, other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror ("**WBL Offer Shares**"). The SIC has further confirmed that it has no objection to the WBL Chain Offer being made by a concert party of the Offeror.

On 15 November 2019, the Ordinary Share Offer has become unconditional in all respects, and correspondingly, the WBL Chain Offer Condition has been satisfied. On 16 November 2019, DBS Bank announced, for and on behalf of the Offeror, that the Offeror intends to make a mandatory unconditional cash offer for all the WBL Shares, other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror (the "**WBL Offer Announcement**").

3.4 Offer Price for WBL Chain Offer

3.4.1 WBL Share Offer Price

As set out in the WBL Offer Announcement, the offer price for the WBL Offer Shares is:

For each WBL Offer Share: S$2.5947 in cash (the "WBL Share Offer Price")

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

3.4.2 No Encumbrances

The WBL Offer Shares will be acquired (a) fully paid-up, (b) free from all Encumbrances, and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights and other distributions or return of capital, if any, which may be announced, declared, paid or made thereon by the Company in respect of the WBL Offer Shares) on or after the Offer Announcement Date. **If any dividend, right or other distribution or return of capital is announced, declared, paid or made by the Company in respect of the WBL Offer Shares on or after the Offer Announcement Date, the Offeror reserves the right to reduce the WBL Share Offer Price by an amount equivalent to such dividend, right, other distribution or return of capital.**

4. INFORMATION ON THE OFFEROR, YANLORD COMMERCIAL AND YANLORD LAND GROUP LIMITED

Information on the Offeror

The Offeror is a special purpose vehicle incorporated in the Republic of Singapore by a consortium comprising Yanlord Commercial, Perennial UW and Heng Yue for the purposes of the 2017 UEL Acquisition and the 2017 Offer (as defined in section 6.7.2). Prior to the Acquisitions, Yanlord Commercial, Perennial UW and Heng Yue held stakes of 49%, 45% and 6%, respectively, in the Offeror. As a result of the Acquisitions, Yanlord Commercial holds an aggregate of 100 Offeror Shares, representing 100% of the issued and paid-up share capital of the Offeror.

The board of directors of the Offeror comprises Mr. Zhong Sheng Jian and Mr. Zhong Ming.

Information on Yanlord Commercial and Yanlord Land Group Limited ("Yanlord")

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

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

In addition, the Yanlord Group also provides property management services primarily for the projects it develops.

5. RATIONALE FOR THE UEL OFFERS AND THE OFFEROR'S INTENTIONS RELATING TO THE COMPANY

The full text of the rationale for the UEL Offers and the Offeror's intentions relating to the Company is set out in paragraph 4 of the Circular, and Shareholders are advised to read the information carefully.

6 FINANCIAL ASSESSMENT OF THE UEL OFFERS

In assessing the financial terms of the UEL Offers[1], we have taken into account the following factors which we consider to have a significant bearing on our assessment:

(a) Market quotation and trading liquidity of the UEL Ordinary Shares;

(b) Book net tangible assets ("**NTA**") and revalued NTA ("**RNTA**") of the Group;

(c) Sum-of-the-parts valuation analysis;

(d) Comparison with recent non-privatisation take-over offers of companies listed on the SGX-ST;

(e) Share price performance and trading liquidity of the UEL Preference Shares;

(f) Comparison with the Implied Preference Share Values; and

(g) Other relevant considerations in relation to the Ordinary Share Offer and Preference Share Offer.

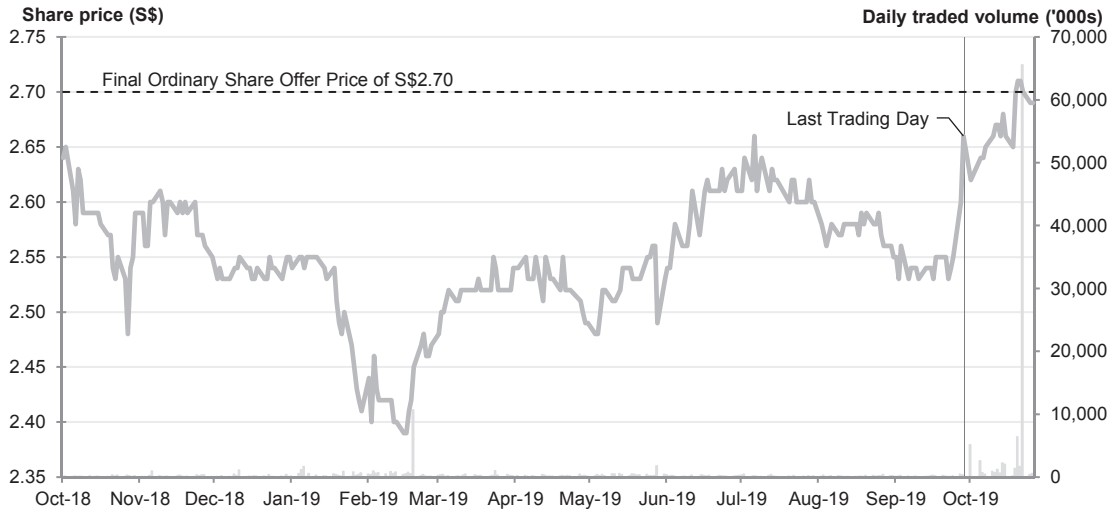
Assessment of the Ordinary Share Offer

6.1 Market Quotation and Trading Liquidity of the UEL Ordinary Shares

6.1.1 Share price performance and trading liquidity of the UEL Ordinary Shares

A graphical representation of the daily closing prices and volume traded of the UEL Ordinary Shares for the period commencing 12 months prior to the Offer Announcement Date, and ending on the Latest Practicable Date is set out as follows:

[1] For the purposes of the analysis in this letter, unless otherwise stated, any reference to the total number of UEL Ordinary Shares means 637,520,399 UEL Ordinary Shares as at the Latest Practicable Date.



Source: Bloomberg L.P.

A summary of the salient announcements relating to the Group's business operations and the UEL Offers during the aforesaid period is as follows:

Date	Event
14 November 2018	Announcement on the unaudited interim financial results for the 9-month financial period ended 30 September 2018 ("**9M2018**") of the Company, which reported a 56.2% decrease in profit attributable to owners of the Company from S$63.2 million in the 9-month financial period ended 30 September 2017 to S$27.7 million in 9M2018.
30 November 2018	Announcement on the facility agreement entered into with DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited for secured term loan facilities in the aggregate amount of S$333 million (the "**Facilities**"). The Facilities will be used to partially finance the purchase price for the acquisition of the land parcel at Dairy Farm Road (the "**Dairy Farm Property**"), the differential premium payable to the relevant authority, and related construction and other costs in respect of the Dairy Farm Property and the development of the Dairy Farm Property.
25 February 2019	Announcement on the unaudited financial results for the financial year ended 31 December 2018 ("**FY2018**") of the Company, which reported a 36.0% decrease in profit attributable to owners of the Company from S$87.2 million in the financial year ended 31 December 2017 ("**FY2017**") to S$55.8 million in FY2018.
14 May 2019	Announcement on the unaudited interim financial results for the 3-month financial period ended 31 March 2019 ("**3M2019**") of the Company, which reported a 13.7% decrease in profit attributable to owners of the Company from S$9.0 million in the 3-month financial period ended 31 March 2018 to S$7.8 million in 3M2019.
5 July 2019	Announcement on the sale of subsidiary holdings held by WBL of 21,712,000 UEL Ordinary Shares ("**Subsidiary Holdings**").
12 July 2019	Announcement that UOB Kay Hian Private Limited was appointed as the placement agent in respect of the sale of the Subsidiary Holdings and the Subsidiary Holdings were sold to independent unrelated third parties at S$2.58 per stock unit.

Date	Event
14 August 2019	Announcement on the unaudited interim financial results for the 6-month financial period ended 30 June 2019 ("**6M2019**") of the Company, which reported a 19.7% decrease in profit attributable to owners of the Company from S$20.0 million in the 6-month financial period ended 30 June 2018 to S$16.1 million in 6M2019.
22 October 2019	Announcement on the request for trading halt of the UEL Shares.
25 October 2019	Announcement on the UEL Offers. Announcement on the request for lifting of trading halt of the UEL Shares.
11 November 2019	Announcement on the unaudited interim financial results for the 9-month financial period ended 30 September 2019 ("**9M2019**") of the Company, which reported a 264.4% increase in profit attributable to owners of the Company from S$27.7 million in the 9M2018 to S$100.9 million in 9M2019.
12 November 2019	Announcement on the request for trading halt of the UEL Shares. Announcement of the revision of the Ordinary Share Offer Price and the Preference Offer Price to the Final Ordinary Share Offer Price and Final Preference Share Offer Price. Announcement on the request for lifting of trading halt of the UEL Shares.
13 November 2019	Announcement on the despatch of the Offer Document dated on 13 November 2019.
15 November 2019	Announcement that the Offeror has received valid acceptances in respect of such number of Ordinary Offer Shares which resulted in the Offeror and its concert parties holding such number of UEL Ordinary Shares carrying more than 50% of the total voting rights attributable to the UEL Ordinary Shares. Accordingly, the Offer was declared unconditional in all respects and the close of the UEL Offers has been extended to 26 December 2019.
16 November 2019	Announcement on the WBL Chain Offer.

Source: Announcements relating to the Group on the SGX-ST

As shown in the UEL Ordinary Share price chart above, the UEL Ordinary Shares have traded consistently below the Final Ordinary Share Offer Price for the 12-month period prior to the Offer Announcement Date, with closing prices of the UEL Ordinary Shares fluctuating between S$2.39 and S$2.66. Prior to the Offer Announcement Date, the UEL Ordinary Shares traded at (a) S$2.60 on 21 October 2019, being last full Market Day on which the UEL Ordinary Shares traded prior to the Offer Announcement (the "**Last Full Trading Day**") and (b) S$2.66 on 22 October 2019, being the last Market Day on which the UEL Ordinary Shares traded prior to the Offer Announcement (the "**Last Trading Day**").

Additional information on the traded closing prices of the UEL Ordinary Shares, volume-weighted average prices ("**VWAPs**") and average daily trading volumes for the reference period(s) (a) prior to the Offer Announcement, and (b) the period after the Offer Announcement and up to the Latest Practicable Date is set out as follows:

	Highest closing price (S$)	Lowest closing price (S$)	VWAP[1] (S$)	Premium / (discount) of Final Ordinary Share Offer Price over / (to) VWAP (%)	Average daily trading volume[2] ('000)	Average daily trading volume as percentage of free float[3] (%)
Periods prior to the Offer Announcement						
Last 12 months	2.660	2.390	2.511	7.5	267	0.10
Last 6 months	2.660	2.480	2.554	5.7	188	0.07
Last 3 months	2.660	2.530	2.584	4.5	134	0.05
Last one month	2.660	2.530	2.565	5.3	132	0.05
Last Full Trading Day[4]	2.600	2.600	2.600	3.8	432	0.17
Last Trading Day[5]	2.660	2.660	2.660	1.5	338	0.13
Period after the Offer Announcement and up to the Latest Practicable Date						
Period after the Offer Announcement and up to the Latest Practicable Date	2.710	2.620	2.691	0.3	5,419	2.84
Latest Practicable Date[6]	2.690	2.690	2.690	0.4	521	0.27

Source: Bloomberg L.P.

Notes:

(1) Based on data extracted from Bloomberg L.P. and with the figures rounded to the nearest three (3) decimal places.

(2) The average daily trading volume of the UEL Ordinary Shares is calculated based on the total volume of UEL Ordinary Shares traded divided by the number of Market Days during the relevant periods.

(3) Free float refers to the UEL Ordinary Shares other than those held by the Directors, substantial shareholders of the Company and their associates (as defined in the Listing Manual) which amounts to (a) approximately 256.4 million UEL Ordinary Shares as at the Last Trading Date (for the periods prior to the Offer Announcement), and (b) approximately 190.6 million UEL Ordinary Shares as at the Latest Practicable Date (for the period after the Offer Announcement and up to the Latest Practicable Date).

(4) This refers to the closing price of the UEL Ordinary Shares on 21 October 2019, being the Last Full Trading Day.

(5) This refers to closing price of the UEL Ordinary Shares on 22 October 2019, being the Last Trading Day.

(6) This refers to the closing price of the UEL Ordinary Shares on the Latest Practicable Date.

We note the following with regard to the UEL Ordinary Share prices and the average daily trading volume of the UEL Ordinary Shares:

Periods prior to and including the Last Trading Day

(a) during the 12-month period prior to the Offer Announcement and including the Last Trading Day, the closing prices of the UEL Ordinary Shares ranged between a low of S$2.39 (on 11 March 2019 and 12 March 2019) and a high of S$2.66 (on 30 July 2019 and 22 October 2019). The Final Ordinary Share Offer Price represents (i) a premium of 13.0% over the lowest closing price of the UEL Ordinary Shares, and (ii) a premium of 1.5% over the highest closing price of the UEL Ordinary Shares, during the 12-month period;

(b) the Final Ordinary Share Offer Price represents a premium of 7.5%, 5.7%, 4.5% and 5.3% over the VWAP of the UEL Ordinary Shares for the 12-, 6-, 3- and one-month periods prior to and including the Last Trading Day respectively;

(c) the Final Ordinary Share Offer Price represents a premium of 3.8% over the closing price of the UEL Ordinary Shares of S$2.60 on the Last Full Trading Day and a premium of 1.5% over the closing price of the UEL Ordinary Shares of S$2.66 on the Last Trading Day; and

(d) the average daily trading volume of the UEL Ordinary Shares as a percentage of the free float ranging between approximately 0.05% and 0.17% in the 12-, 6-, 3- and one-month periods prior to and including the Last Trading Day respectively;

Period after the Offer Announcement and up to the Latest Practicable Date

(a) the Final Ordinary Share Offer Price represents a premium of 0.3% to the VWAP of the UEL Ordinary Shares for the period after the Offer Announcement and up to the Latest Practicable Date;

(b) the Final Ordinary Share Offer Price represents a premium of 0.4% to the closing price of the UEL Ordinary Shares as at the Latest Practicable Date; and

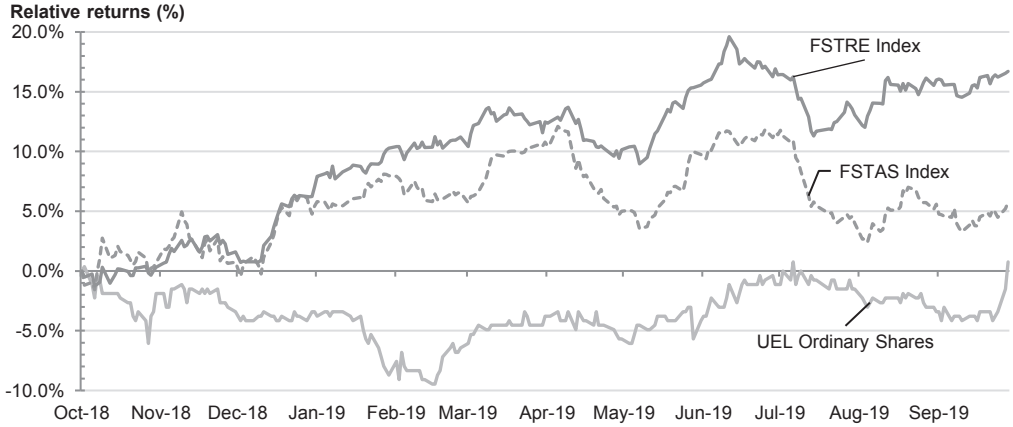
(c) the average daily trading volume of the UEL Ordinary Shares as a percentage of the free float was approximately 2.84% for the period after the Offer Announcement and up to the Latest Practicable Date.

Based on the above observations, we note that the trading activity and the closing price of the UEL Ordinary Shares as at the Latest Practicable Date is likely supported by the UEL Offers. Shareholders should note that there is no assurance that the closing price of the UEL Ordinary Shares would remain at the current level prevailing as at the Latest Practicable Date after the close of the UEL Offers. Shareholders should note that the past trading performance of the UEL Ordinary Shares should not in any way be relied upon as an indication or a guarantee of its future trading performance, which will depend on, amongst other factors, the performance and prospects of the Company, prevailing economic conditions, economic outlook, stock market conditions and sentiment.

6.1.2 Relative performance of the UEL Ordinary Shares versus the market index

For the period commencing 12 months prior to the Offer Announcement

The chart below sets out the relative returns (daily basis) of the UEL Ordinary Shares in relation to the relative returns (daily basis) of the FTSE ST All Share Index[2] (the "**FSTAS Index**") and the FTSE ST Real Estate Index[3] (the "**FSTRE Index**") for the period commencing 12 months prior to the Offer Announcement:



Source: Bloomberg L.P.

We observed that during the aforesaid period, the UEL Ordinary Shares generally traded lower than the FSTAS Index and the FSTRE Index in relative terms.

For the period commencing on the Last Trading Day and ending on the Latest Practicable Date

We have also reviewed the relative performance of the UEL Ordinary Shares against the closing prices of the FSTAS Index and the FSTRE Index on (a) the Last Trading Day, and (b) the Latest Practicable Date as follows:

	As at the Last Trading Day	As at the Latest Practicable Date	% change
Company (S$)	2.66	2.69	1.1
FSTAS Index	776.84	793.44	2.1
FSTRE Index	873.86	863.64	(1.2)

Source: Bloomberg L.P.

Based on the following, we note the following:

We note that the closing price of the UEL Ordinary Shares had appreciated by 1.1% as compared to an appreciation of 2.1% in the FSTAS Index and a decline of 1.2% in the FSTRE Index over the aforesaid period.

Shareholders should note that the past trading performance of the UEL Ordinary Shares should not in any way be relied upon as an indication or a guarantee of its future trading performance.

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2 The FSTAS Index is a market capitalisation weighted index that tracks the performance of companies listed on the SGX-ST that are within the top 98% by market capitalisation.

3 The FSTRE Index is a modified market capitalisation weighted index measuring the performance of the real estate sector of the FSTAS Index.

6.2 Book NTA and RNTA of the Group

Book NTA/NAV of the Group

Based on the unaudited financial statements of the Group as at 30 September 2019, there were no intangible assets and accordingly, the NTA of the Group is equivalent to the net asset value ("**NAV**") of the Group. Based on the latest unaudited financial statements of the Group as at 30 September 2019, the unaudited NTA of the Group amounted to S$2,055.8 million (or S$3.22 per UEL Ordinary Share based on 637,520,399 issued UEL Ordinary Shares). Accordingly, the Final Ordinary Share Offer Price represents a discount of approximately 16.1% to the unaudited NTA per UEL Ordinary Share of S$3.22 as at 30 September 2019. This represents an offer price-to-NTA ratio of 0.84 times as implied by the Final Ordinary Share Offer Price. For comparison, we have included below the mean and median price-to-NTA ratios of certain Property Comparable Companies (as defined in section 6.3.1.2 of this letter), and the mean and median offer price-to-NTA ratios of Selected Property Precedent Transactions (as defined in section 6.3.1.3 of this letter). Please refer to sections 6.3.1.2 and 6.3.1.3 of this letter for further details of our analysis.

	Mean	**Median**
Price-to-NTA ratio of Property Comparable Companies (times)	0.58	0.48
Offer price-to-NTA ratio of Selected Property Precedent Transactions (times)	0.63	0.67

We note that the offer price-to-NTA ratio of 0.84 times as implied by the Final Ordinary Share Offer Price is higher than the mean and median price-to-NTA ratios of the Property Comparable Companies and the mean and median offer price-to-NTA ratios of the Selected Property Precedent Transactions.

RNTA of the Group

The Company is primarily a real estate company with property businesses mainly in Singapore and the People's Republic of China (the "**PRC**"). We note that the aggregate value of the Group's investment properties (the "**Investment Properties**") and properties held for sale (the "**Properties held for Sale**") amounted to S$2,979.8 million, representing approximately 79.8% of the Group's total assets as at 30 September 2019. We note that the Group's significant Investment Properties (the "**Appraised Investment Properties**") are stated at their fair values on the Group's unaudited financial statements as at 30 September 2019, based on the independent valuations carried out by Edmund Tie & Company (SEA) Pte Ltd and Colliers International Consultancy & Valuation (Singapore) Pte Ltd as at 30 September 2019 in connection with the UEL Offers. In addition, for the assessment of the RNTA of the Group, the Company had commissioned Orient Appraisal Co., Ltd. to conduct an independent valuation of its significant Properties held for Sale (the "**Appraised Properties held for Sale**", and together with the Appraised Investment Properties, the "**Appraised Properties**"). The following table sets out the market value of the Appraised Properties as at 30 September 2019:

Appraised Properties	Independent Valuer	Market value as at 30 September 2019 (million)
Appraised Investment Properties		
Park Avenue Robertson (Kim Yam Road, Singapore)	Edmund Tie & Company (SEA) Pte Ltd	S$33.0
Park Avenue Rochester and Rochester Mall (Buona Vista Road//North Buona Vista Road, Singapore)	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	S$322.0
UE BizHub Tower (Anson Road, Singapore)	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	S$472.0
UE BizHub West (Alexandra Road, Singapore)	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	S$403.0
UE BizHub City (Clemenceau Avenue, Singapore)	Edmund Tie & Company (SEA) Pte Ltd	S$749.9
Appraised Properties held for Sale		
Chengdu Orchard Villa	Orient Appraisal Co., Ltd.	RMB728.2(1)
Shenyang Orchard Summer Palace	Orient Appraisal Co., Ltd.	RMB2,138.7(1)

Note:

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

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

We understand from the Management that the Group will incur tax liabilities assuming the hypothetical disposal of the Appraised Properties held for Sale. In respect of the Appraised Investment Properties which are held for the Group's principal business activity and are held for long term investment purposes, the Management is of the view that there is no potential tax liability assuming the hypothetical sale of such properties as any gain or loss on disposal is capital in nature. Accordingly, based on the hypothetical disposal of the Appraised Properties held for Sale by the Company, the aggregate estimated potential tax liabilities that may be incurred by the Company is approximately RMB310.5 million[4].

Other Investment Properties and Properties held for Sale

Save for the Appraised Properties, the Company has not commissioned external property valuations for the balance of Investment Properties and Properties held for Sale (the "**Other Investment Properties and Properties held for Sale**"). We note that the Other Investment Properties and Properties held for Sale represent in aggregate approximately 13.0% of the Group's total assets as at 30 September 2019. We have not made any attempt to estimate the current fair value or market value of these

[4] Based on 69.1% effective shareholding interest of the Group held in WBL.

properties. However, we understand that the Company had, where relevant, obtained valuations for purposes of its FY2018 audit to support its determination of (a) the fair value of the investment properties, and (b) the net realisable value of development properties held for sale annually. Taking into account the valuations conducted during the FY2018 audit, market condition, location of the properties, nature of the building and the structures, and use of the properties, the Management is of the view that as at the Latest Practicable Date, there are no material differences between the net book value and the market value of these Other Investment Properties and Properties held for Sale as at 30 September 2019.

Property, plant and equipment

The aggregate book value of the property, plant and equipment of the Group as at 30 September 2019 (comprising land and buildings, capital work-in-progress, plant and machinery and motor vehicles and other assets) amounted to S$198.5 million, representing 5.3% of the Group's total assets.

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

Joint ventures and associates

We had also discussed with the Company on the assets held by its joint ventures and associates and understand that save for: (a) the properties held by Shanghai Olympic Garden Property Development Co., Ltd. (the "**Shanghai Olympic Properties**") which is estimated to have a market value of approximately RMB308.5 million[5] based on the Summary Valuation Letters; and (b) The Seletar Mall which is held under The Seletar Mall Pte Ltd[6] as at the Latest Practicable Date, the Management is of the view that there are no other material assets held by its joint ventures and associates which are required to be valued for the purpose of assessing the RNTA of the Group. As Singapore Press Holdings Ltd ("**SPH**") owns the remaining 70.0% interest in The Seletar Mall Pte Ltd, we have made reference to the fair value of The Seletar Mall as disclosed in SPH's annual report for the financial year ended 31 August 2019. Based on SPH's annual report, we understand that the fair value of The Seletar Mall was S$496 million for the financial year ended 31 August 2019 (and S$488 million as at 31 August 2018). The Management has confirmed that, based on the fair value of The Seletar Mall of S$496 million, the Group's equity interest in The Seletar Mall Pte Ltd as at the Latest Practicable Date would not be materially different from its net book value as at 30 September 2019, and accordingly, no adjustments have been made to the NTA of the Group in this letter.

We understand from the Management that the Group will incur tax liabilities assuming the hypothetical disposal of the Shanghai Olympic Properties. Accordingly, we note that the estimated potential tax liability that may be incurred by the Group (based on the effective shareholding interest of the Group held in Shanghai Olympic Garden

[5] Based on 31.1% effective shareholding interest of the Group held in Shanghai Olympic Garden Property Development Co., Ltd. The market value includes the potential tax liabilities assuming the hypothetical disposal of the Shanghai Olympic Properties.

[6] Based on 30.0% effective shareholding interest of the Group held in The Seletar Mall Pte. Ltd.

Property Development Co., Ltd.), assuming the hypothetical disposal of the Shanghai Olympic Properties, is approximately RMB182.5 million[7].

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

Other investments

The other investments, which amounted to an aggregate of approximately S$27.2 million as at 30 September 2019, comprised of both quoted and unquoted securities. Based on the closing price of the quoted securities as at the Latest Practicable Date, the market value of these securities remains unchanged from 30 September 2019 and accordingly, no adjustment has been made to NTA of the Group in this letter.

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

	S$' million
Unaudited NTA of the Group as at 30 September 2019	2,055.8
Add: revaluation surplus of the Appraised Properties held for Sale (net of potential tax liabilities)(1)(2) (the "**Revaluation Surplus**")	28.4
Add: surplus on revaluation of the Shanghai Olympic Properties held under the joint venture(1)(2)	27.2
RNTA of the Group as at 30 September 2019	2,111.4
RNTA per UEL Ordinary Share as at 30 September 2019 (S$)	3.31

Notes:

(1) The aforesaid tax liabilities will not crystallise if the Group does not dispose of its interests in the Appraised Properties held for Sale and the Shanghai Olympic Properties.

(2) Based on the Group's effective shareholding interest in the relevant entities.

Based on the above, the Final Ordinary Share Offer Price is at a discount of approximately 18.4% to the RNTA per UEL Ordinary Share of the Group as at 30 September 2019. This represents an offer price-to-RNTA ratio of 0.82 times as implied by the Final Ordinary Share Offer Price. For comparison, we have included below the mean and median offer price-to-RNTA ratios of Selected Property Precedent Transactions. Please refer to section 6.3.1.3 of this letter for further details of our analysis.

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

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

[7] Based on 31.1% effective shareholding interest of the Group held in Shanghai Olympic Garden Property Development Co., Ltd.

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

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

(a) except for the Appraised Properties and the Shanghai Olympic Properties, they are not aware of any material differences between the estimated market value of the other assets held by the Group, its associates and its joint ventures for which no updated valuation has been obtained as at the Latest Practicable Date *vis-à-vis* their respective net book values recorded in the unaudited statement of financial position of the Group as at 30 September 2019;

(b) they are not aware of any circumstances which may cause the unaudited NTA of the Group as at the Latest Practicable Date to be materially different from that recorded in the unaudited statement of financial position of the Group as at 30 September 2019;

(c) there have been no material disposals or acquisitions of assets by the Group since 30 September 2019 and up to the Latest Practicable Date;

(d) there are no contingent liabilities, bad or doubtful debts or impairment losses as at the Latest Practicable Date which are likely to have a material adverse impact on the unaudited NTA of the Group as at 30 September 2019;

(e) there are no litigation, claim or proceeding pending or threatened against the Group or of any fact likely to give rise to any proceedings as at the Latest Practicable Date which would have an material adverse impact on the financial position of the Group as at 30 September 2019; and

(f) there are no other intangible assets as at the Latest Practicable Date which ought to be disclosed in the unaudited statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards, and which have not been disclosed that would have a material impact on the unaudited NTA of the Group as at 30 September 2019.

6.3 Sum-of-the-Parts Valuation Analysis

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

We note that the Group is primarily a real estate company engaged in property development, and providing hospitality and property asset management services mainly in Singapore and the PRC. The Group's Property division accounted for approximately 107.4%[8] of the Group's trailing 12-month ("**T12M**") net profits after tax ended 30 September 2019 and approximately 93.5% of the net book value of the Group as at 30 September 2019. Nonetheless, given the unique profile of the Group whereby the Group has four other distinct business divisions, we consider it appropriate to value each of the Group's businesses separately to arrive at an aggregate valuation of the Group on a sum-of-the-parts basis. We have arrived at a range of valuation for the

[8] The Distribution division accounted for approximately 1.4% of the Group's T12M net profits after tax. The Manufacturing, Engineering and Corporate Services & Others divisions were loss-making in the T12M financial period ended 30 September 2019.

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

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

Summary of sum-of-the-parts valuation	**Lower valuation (S$' million)**	**Higher valuation (S$' million)**	**Valuation methodology**
Property	1,284.1	1,976.9	RNTA (as defined below) of the Property division (as adjusted for revaluation surplus, net of potential tax liabilities of the Appraised Properties and the Shanghai Olympic Properties), relative valuation based on comparable companies, and comparison with recent take-over transactions of property companies listed on the SGX-ST
Manufacturing	36.7	36.7	Relative valuation based on comparable companies and net tangible book value
Distribution	47.4	49.2	Relative valuation based on comparable companies and net tangible book value
Engineering	32.8	32.8	Net tangible book value
Corporate Services & Others	17.6	17.6	Net tangible book value
Sum-of-the-parts valuation of the Group	**1,418.6**	**2,113.2**	
Sum-of-the-parts valuation of each Ordinary Share (S$)[(1)]	**2.23**	**3.31**	

Note:

(1) Based on 637,520,399 issued UEL Ordinary Shares as at the Latest Practicable Date.

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

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

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

Similarly, we have not taken into account any control premium that may arise from a controlling stake in the businesses of the Group as a result of majority ownership as the quantification of such premium is highly subjective.

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

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

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

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

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

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

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

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

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

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

6.3.1 Property division

The Property division includes property development and property rental and services (comprising project management and property asset management services for shopping malls, office buildings, mixed-use developments, as well as hospitality management services for hotels, serviced apartments, serviced offices and convention centre). The Property division's current development projects are primarily in the PRC and Singapore, while the Investment Properties are mainly in Singapore.

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

(a) the Property division has an aggregate RNTA of approximately S$1,976.9 million as at 30 September 2019;

(b) based on the mean and median of price-to-NTA ratios of the Property Comparable Companies, the implied valuation of the Property division ranges from approximately S$929.4 million to S$1,105.1 million; and

(c) based on the mean and median offer price-to-NTA ratios of the Selected Property Precedent Transactions, the implied valuation of the Property division ranges from approximately S$1,219.9 million to S$1,284.1 million. Whereas, based on the mean and median offer price-to-RNTA ratios of the Selected Property Precedent Transactions, the implied valuation of the Property division ranges from approximately S$958.7 million to S$1,083.9 million.

Taking into consideration the above, we have determined that a reasonable implied valuation range of the Property division to be between approximately S$1,284.1 million and S$1,976.9 million.

6.3.1.1 RNTA of the Property division

We have relied on the Management's estimate of the NTA attributable to the Property division. As provided by Management, the unaudited NTA of the Property division amounted to S$1,921.3 million.

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

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

	S$' million
Unaudited NTA of the Property division as at 30 September 2019	1,921.3
Add: Revaluation Surplus(1)	28.4
Add: Surplus on revaluation of the Shanghai Olympic Properties held under the joint venture(1)	27.2
RNTA of the Property division as at 30 September 2019	**1,976.9**

Note:

(1) Based on the Group's effective shareholding interest in the relevant entities.

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

6.3.1.2 Valuation statistics of the Comparable Companies

As an alternative assessment of the valuation of the Property division, we have referred to Comparable Companies which are listed and traded on the SGX-ST, and are engaged in business activities similar to the Property division of the Company (the "**Property Comparable Companies**"). For a more meaningful comparison, we have considered companies with market capitalisation of between S$800.0 million and S$3.0 billion. Details of the Property Comparable Companies, including their business descriptions and selected key financials are set out in Annex A to this letter.

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

Company	Market capitalisation as at the Latest Practicable Date (S$ million)	PER (times)	Price-to-NTA ratio (times)
GuocoLand Limited	2,414.1	8.97[(1)]	0.60[(1)]
Yanlord Land Group Limited	2,356.5	8.09	0.48
Ho Bee Land Limited	1,563.3	10.70	0.48
Oxley Holdings Limited	1,496.1	9.69	1.08
Wing Tai Holdings Limited	1,492.0	34.72	0.47
OUE Limited	1,334.2	7.11	0.33
First Sponsor Group Limited	1,026.0	7.06	0.77
Perennial Real Estate Holdings Limited	864.1	n.m.[(2)]	0.34
Fragrance Group Limited	859.3	2.52	0.62
High		**34.72**	**1.08**
Mean		**8.61[(3)]**	**0.58**
Median		**8.55[(3)]**	**0.48**
Low		**2.52**	**0.33**

Implied valuation of the Property division based on mean valuation ratio (S$' million)[(4)(5)]	**1,191.7**	**1,105.1**
Implied valuation of the Property division based on median valuation ratio (S$' million)[(4)(5)]	**1,181.5**	**929.4**

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

Notes:

(1) Excluding shares held under a trust established in respect of its employee stock options scheme. As at 30 September 2019, the trust held an aggregate of 73,604,933 (as at 30 June 2019: 73,604,933) shares in GuocoLand Limited.

(2) n.m. denotes not meaningful as Perennial Estate Holdings Limited was loss-making for the T12M financial period ended 30 September 2019.

(3) Being statistical outliers, Wing Tai Holdings Limited and Fragrance Group Limited have been excluded from the computation of the mean and median PER ratios.

(4) Net profit after tax attributable to the Property division for the T12M financial period ended 30 September as provided by Management, amounted to approximately S$138.5 million.

(5) NTA attributable to the Property division, as provided by Management, amounted to approximately S$1,921.3 million as at 30 September 2019.

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

and completion, redevelopment of properties and periodic revaluation of properties. We note that the price-to-NTA ratios of the Property Comparable Companies since the 2017 Offer have been on a downward trend which results in lower implied valuations of the Property division.

Based on the mean and median price-to-NTA ratios of the Property Comparable Companies, the implied valuation of the Property division ranges from approximately S$929.4 million to S$1,105.1 million.

6.3.1.3 Valuation statistics of the Selected Property Precedent Transactions

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

Company	Offer announcement date	Market capitalisation as implied by their respective offer prices (S$ million)	Offer price-to-NTA ratio (times)	Offer price-to-RNTA ratio (times)
Global Premium Hotels Limited	23 February 2017	384.0	0.53	0.53
The Company (2017 Offer)	13 July 2017	1,657.5	0.86	0.86
CWG International Ltd.	28 December 2017	129.1	0.82(1)	0.44(2)
Weiye Holdings Limited	13 March 2018	127.5	0.46	0.30
Wheelock Properties (Singapore) Limited	19 July 2018	2,512.8	0.81	0.84
Ying Li International Real Estate Limited	3 April 2019	358.0	0.33	0.32
High			**0.86**	**0.86**
Mean			**0.63**	**0.55**
Median			**0.67**	**0.49**
Low			**0.33**	**0.30**

Implied valuation of the Property division based on mean valuation ratio (S$' million)(3)	**1,219.9**	**1,083.9**
Implied valuation of the Property division based on median valuation ratio (S$' million)(3)	**1,284.1**	**958.7**

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

Notes:

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

(2) Based on the lower bound estimate of the revalued NAV of S$0.445 for CWG International Ltd. as at 31 December 2017. We note that CWG International Ltd. does not have any intangible assets as at 31 December 2017.

(3) NTA attributable to the Property division, as provided by Management, amounted to approximately S$1,921.3 million as at 30 September 2019. As stated in section 6.3.1.1 of this letter, the RNTA of the Property division amounted to approximately $1,976.9 million as 30 September 2019.

Based on the mean and median offer price-to-NTA ratios of the Selected Property Precedent Transactions, the implied valuation of the Property division ranges from approximately S$1,219.9 million to S$1,284.1 million.

Based on the mean and median offer price-to-RNTA ratios of the Selected Property Precedent Transactions, the implied valuation of the Property division ranges from approximately S$958.7 million to S$1,083.9 million.

6.3.2 Manufacturing division

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

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

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

Company	PER (times)	EV/EBITDA ratio (times)
Spindex Industries Limited	7.76	2.67
JEP Holdings Ltd.(1)	14.65	5.17
Miyoshi Limited	n.m.(2)	8.70
AEI Corporation Ltd.(3)	n.m.(2)	n.m.(2)
Santak Holdings Limited	n.m.(2)	n.m.(2)
High	**14.65**	**8.70**
Mean	**11.21**	**5.51**
Median	**11.21**	**5.17**
Low	**7.76**	**2.67**

Implied valuation of the Manufacturing division based on mean valuation ratio (S$' million)(4)	**n.m.(5)**	**10.7**
Implied valuation of the Manufacturing division based on median valuation ratio (S$' million)(4)	**n.m.(5)**	**10.5**

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

Notes:

(1) On 13 May 2019, Hong Leong Finance Limited ("**Hong Leong Finance**") announced, for and on behalf of UMS Holdings Limited ("**UMS**"), the mandatory conditional cash offer by UMS to acquire

all the shares in JEP Holdings Ltd. On 24 June 2019, Hong Leong Finance announced that the offer has not become unconditional as to acceptances as at the final closing date, and accordingly, had lapsed.

(2) n.m. denotes not meaningful as these Manufacturing Comparable Companies were loss-making or reported losses before interest, tax, depreciation and amortisation in their respective T12M financial period.

(3) On 11 November 2019, AEI Corporation Ltd. ("**AEI**") announced that AEI entered into a conditional sale and purchase agreement with 3PLE1 Holdings Pte. Ltd. and Tan Chu En Ian to dispose of AEI's business and liabilities in the manufacture, import, and export of aluminium extrusion sections, metal materials, and other related products. As at the Latest Practicable Date, the disposal has not been effected.

(4) EBITDA attributable to the Manufacturing division for the T12M financial period ended 30 September as provided by Management, amounted to approximately S$0.55 million.

(5) n.m. denotes not meaningful as the Manufacturing division was loss-making for the T12M financial period ended 30 September 2019.

Based on information provided by the Management, we note that the Manufacturing division recorded losses for the T12M period hence we believe that the PER ratio is not meaningful. As such, in deriving the implied valuation of the Manufacturing division, we have relied on the mean and median EV/EBITDA ratios only. However, based on the mean and median EV/EBITDA ratios of the Manufacturing Comparable Companies, we note that the implied valuation range of the Manufacturing division is between approximately S$10.5 million and S$10.7 million, which is lower than the NTA value attributed to the Manufacturing division of S$36.7 million as at 30 September 2019.

Taking into consideration the above, we have ascribed the implied valuation of the Manufacturing division to be S$36.7 million.

6.3.3 Distribution division

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

(a) Equipment distribution

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

(i) Welmate supplies architectural ceiling and partition systems, fire protection systems, and wall panelling and cladding systems for the construction industry;

(ii) Polytek Engineering engages in the design, supply, installation and maintenance of laundry and boiler equipment; and

(iii) Far East Motors supplies type approved equipment and original equipment manufacturer (OEM) spare parts for the automotive industry.

(b) Sand mining

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

As provided by Management, we understand that the businesses of Pacific Silica Pty Ltd, Welmate, and Polytek Engineering represented approximately 142.3%[9] of the T12M net profits after tax and 64.8% of the net book value as at 30 September 2019,

[9] The other sub-segments (including Far East Motors) under the Distribution division were loss-making in the T12M financial period ended 30 September 2019.

of the Distribution division. In view thereof, in our assessment of the valuation of the Distribution division, we have referred to Comparable Companies which are engaged in (a) the mining of silica sand, (b) the distribution of construction materials, or (c) the distribution of commercial laundry and boiler equipment (the "**Distribution Comparable Companies**"). While we attempted to confine our search to Distribution Comparable Companies which are listed and traded on the SGX-ST, the specific nature of the products distributed by the Group has led us to broaden the scope to include other jurisdictions. We have, in consultation with the Management, selected the following Distribution Comparable Companies which are listed and traded on the SGX-ST and the Bursa Malaysia Securities Berhad ("**Bursa**"), whose businesses are, in our opinion, broadly comparable with Welmate and Polytek, and Distribution Comparable Companies which are listed and traded on the NASDAQ Stock Market ("**NASDAQ**") and the New York Stock Exchange ("**NYSE**"), whose businesses are, in our opinion, broadly comparable with Pacific Silica Pty Ltd. Details of the Distribution Comparable Companies, including their business descriptions and selected key financials are set out in Annex A to this letter.

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

Company	PER (times)	EV/EBITDA ratio (times)
U.S. Silica Holdings, Inc.	n.m.(1)	n.m.(1)
Covia Holdings Corporation	n.m.(1)	6.55
Hi-Crush Inc.	n.m.(1)	n.m.(1)
Smart Sand, Inc.	3.61	2.52
Hafary Holdings Limited	7.32	9.70
Intraco Limited	28.97	2.10
Chin Hin Group Berhad	20.31	12.09
Sarawak Consolidated Industries Berhad(2)	n.m.(1)	45.21
BCM Alliance Berhad	9.66	5.25
High	**28.97**	**45.21**
Mean	**16.57**(3)	**6.37**(4)
Median	**14.99**(3)	**5.90**(4)
Low	**3.61**	**2.10**

Implied valuation of the Distribution division based on mean valuation ratio (S$' million)(5)	**29.2**	**49.2**
Implied valuation of the Distribution division based on median valuation ratio (S$' million)(5)	**26.4**	**45.1**

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

Notes:

(1) n.m. denotes not meaningful as these Distribution Comparable Companies were loss-making or reported losses before interest, tax, depreciation and amortisation in their respective latest T12M financial period.

(2) On 15 August 2019, UOB Kay Hian Securities (M) Sdn Bhd had, for and on behalf of Dato' Dr. Ir. Mohd Abdul Karim bin Abdullah, served the board of directors of Sarawak Consolidated Industries Sdn. Bhd. ("**SCIB**") with the notice of a mandatory take-over offer. The offer closed on 26 September 2019.

(3) Being a statistical outlier, Smart Sand, Inc. has been excluded from the computation of the mean and median PER ratios.

(4) Being a statistical outlier, SCIB has been excluded from the computation of the mean and median EV/EBITDA ratios.

(5) Net profit after tax and EBITDA attributable to the Distribution division for T12M financial period ended 30 September as provided by Management, amounted to approximately S$1.8 million and S$8.8 million respectively.

When comparing companies operating in different jurisdictions, we believe the EV/EBITDA ratios to be a more appropriate ratio to use as it avoids the distortionary effects of different depreciation and interest rates and different taxation regimes which are inherent when using PER ratios. As such, in deriving the implied valuation of the Distribution division, we have relied on the implied valuations based on the EV/EBITDA ratios only. However, we note that based on the median EV/EBITDA ratio, the implied valuation of the Distribution division is approximately S$45.1 million, which is lower than the NTA value attributed to the Distribution division of S$47.4 million as at 30 September 2019. We understand from the Management that apart from the businesses of Pacific Silica Pty Ltd, Welmate, and Polytek Engineering, the unallocated net book value of the Distribution division comprises mainly cash and cash equivalents. As such we have ascribed the NTA of the Distribution division of S$47.4 million as the lower implied valuation of the Distribution division.

Taking into consideration the above, we have determined that a reasonable implied valuation range of the Distribution division to be between S$47.4 million and S$49.2 million.

6.3.4 Engineering division

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

Based on the information provided by the Management, we note that the Engineering division recorded losses and negative EBITDA for the T12M financial period ended 30 September 2019 and accordingly, we believe that the PER and EV/EBITDA ratios are not meaningful. We have therefore ascribed the NTA value attributed to the Engineering division of approximately S$32.8 million as at 30 September 2019, as provided by the Management, to the Engineering division.

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

6.3.5 Corporate Services & Others division

The Corporate Services & Others division comprises a number of dissimilar businesses (including the growing of agricultural seedlings) and other assets and liabilities which cannot be directly attributed to any of the aforementioned four distinct businesses of the Group.

Based on the information provided by Management, we note that the Corporate Services & Others division recorded losses and negative EBITDA for the T12M financial period ended 30 September 2019 and accordingly, we believe that the PER and EV/EBITDA are not meaningful. As such, we have ascribed the NTA value attributed to the Corporate Services & Others division of approximately S$17.6 million

as at 30 September 2019, as provided by the Management, to the Corporate Services & Others division.

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

Taking into consideration the above, we have ascribed the implied valuation of the Corporate Services & Others division to be S$17.6 million.

6.4 Comparison with Recent Non-Privatisation Take-over Offers of Companies Listed on the SGX-ST

We note that it is the intention of the Offeror to maintain the present listing status of the Company on the SGX-ST. In assessing the reasonableness of the Ordinary Share Offer, we have compared the financial terms of the Ordinary Share Offer with selected recent unconditional non-privatisation take-over offers of companies listed on the SGX-ST (either through mandatory general offer ("**MGO**") or voluntary general offer ("**VGO**")) that were announced in the 24-month period prior to and including the Offer Announcement Date, and completed as at the Latest Practicable Date where the offeror's intentions to preserve the listing status of the target companies were indicated (the "**Non-Privatisation Take-over Transactions**"). In addition, as some of the Non-Privatisation Take-over Transactions had undertaken revaluations and/or adjustments to their assets which may have a material impact on their last announced book values, we have also, where relevant, compared the financial terms of such offer transactions with the revalued NAV (or RNTA where applicable) and/or adjusted NAV (or adjusted NTA where applicable) of the Non-Privatisation Take-over Transactions, where available.

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

Company	Date of offer announcement	Offer price (S$)	Premium / (Discount) of offer price over[1] last transacted price	one-month VWAP	3-month VWAP	6-month VWAP	12-month VWAP	Offer price-to-NTA/NAV ratio (times)
			prior to announcement of offer (%)					
TMC Education Corporation Ltd. (now known as Global Dragon Limited)	15 December 2017	0.0675	68.8[2]	50.0	29.8	29.8	7.1	1.53[3]
CH Offshore Ltd.	26 July 2018	0.130	0.0	(11.0)	(11.6)	(21.2)	(33.7)	0.55[4]
Chew's Group Limited (now known as OneApex Ltd)	8 October 2018[5]	0.2107	26.2[6]	30.9[6]	33.4[6]	37.7[6]	37.7[6]	1.23[3]
Sunrise Shares Holding Ltd.	6 December 2018	0.017	21.4[7]	30.8	41.7	13.3	(64.6)	0.34
Thakral Corporation Limited	4 March 2019	0.500	11.1	17.1	18.2	17.9	15.2	0.50
SEVAK Limited	21 March 2019[8]	4.000	14.6	9.3	9.7	18.7	24.6	1.13
Ying Li International Real Estate Limited	3 April 2019	0.140	0.7	6.1	10.2	17.6	18.6	0.32[4]
First Ship Lease Trust	7 June 2019	0.0585	33.0	33.0	30.0	30.0	4.5	0.36[3]
China Kangda Food Company Limited	2 July 2019[9]	0.1388[10]	(18.4)	-[11]	-[11]	18.6	22.8	0.48
DLF Holdings Limited	20 September 2019	0.081	(56.2)[12]	(54.5)	(54.5)	(56.2)	(51.8)	18.41[4]
		High	68.8	50.0	41.7	37.7	37.7	18.41
		Mean[13]	11.1	16.6	20.2	18.0	12.1	0.71
		Median[13]	12.9	17.1	24.0	18.6	16.9	0.50
		Low	(56.2)	(54.5)	(54.5)	(56.2)	(64.6)	0.32
Company (Implied by the Final Ordinary Share Offer Price)	**25 October 2019**	**2.70**	**3.8[14]** **1.5[15]**	**5.7**	**4.6**	**5.8**	**7.5**	**0.82[16]**

Source: Announcements and circulars to shareholders in relation to the respective Non-Privatisation Take-over Transactions and SAC Capital's computations

Notes:

(1) VWAP is calculated based on data extracted from Bloomberg L.P. and with the figures rounded to the nearest three (3) decimal places. Off-market transactions, where relevant, are excluded from the calculation.

(2) Based on the last transacted price of S$0.0400 on 7 December 2017.

(3) Based on the adjusted NTA per share/NAV per share, where relevant, as extracted from the letter of the independent financial adviser of the respective companies.

(4) Based on the RNTA per share/NAV per share, where relevant, as extracted from the letter of the independent financial adviser of the respective companies.

(5) On 8 June 2018, Chew's Group Limited ("**CGL**") announced that it had been informed by the controlling shareholder of CGL, Fenghe Investment Holding Pte. Ltd. ("**Fenghe**"), that Fenghe had entered into a non-legally binding term sheet with a potential third party purchaser to sell 57,580,341 ordinary shares of CGL, representing approximately 68.14% of the total issued and paid-up share capital of CGL at the price of S$0.2107 per share for a total of S$12,132,177.85 to be satisfied in cash. The market premia in the table above was computed based on the share prices for the period(s) prior to and including 8 June 2018, being the last full trading day prior to the announcement of the term sheet.

(6) CGL had on 21 March 2018 and 26 September 2018 declared a special one-tier dividend of S$0.35 per share and a one-tier exempt interim dividend of S$0.10 per share respectively, which were paid on 10 May 2018 and 12 October 2018 respectively. In connection therewith, the share prices of CGL in the table above had been adjusted to exclude the effects of dividends on the share prices of CGL. Accordingly, the market premia computed in the table above was calculated based on VWAPs that were weighted based on the average traded prices (as adjusted for dividends, where relevant) and traded volumes of the shares for the relevant trading days.

(7) Based on the last transacted price of S$0.0140 on 8 November 2018.

(8) On 1 February 2019, SEVAK Limited ("**SEVAK**") announced that it was notified of a possible partial offer for the shares of SEVAK pursuant to Rule 16 of the Code. The market premia in the table above was computed based on the share prices for the period(s) prior to and including 1 February 2019, being the last full trading day prior to the announcement of the possible partial offer.

(9) On 2 July 2019, China Kangda Food Company Limited ("**Kangda**") announced that Tian Yuan Manganese Limited, the controlling shareholder of Kangda had entered into a conditional share purchase agreement with Zenith Hope Limited ("**Zenith**") for the sale of 69.46% of the entire issued share capital of Kangda. Upon completion of the sale, Zenith will be required to make a mandatory unconditional cash offer obligation to comply with the Hong Kong's Codes on Takeovers and Mergers and Share Buy-backs. The market premia in the table above was computed based on the share prices for the period(s) prior to and including 26 June 2019, being the last full trading day prior to the trading halt 27 June 2019.

(10) Based on the illustrative exchange rate of S$1:HKD5.7638 based on price information from Bloomberg L.P. as at 26 June 2019.

(11) The shares of Kangda were last traded on 29 January 2019 on the SGX-ST. Hence, one-month and three-month VWAPs prior to 26 September 2019 could not be computed.

(12) Based on the last transacted price of S$0.1850 on 5 September 2019.

(13) Being statistical outliers, TMC Education Corporation Ltd has been excluded from the computation of the mean and median premia/(discount) over/(to) the last transacted price and one-month VWAP prior to the announcement of the offer, Sunrise Shares Holding Ltd. has been excluded from the computation of the mean and median premia/(discount) over/(to) the 12-month VWAP prior to the announcement of the offer, and DLF Holdings Limited has been excluded from the computation of the mean and median last transacted price, one-, 3-, 6-, 12-month VWAP prior to the announcement of the offer, and the offer price-to-NTA ratios.

(14) Based on the last transacted price of S$2.60 on 21 October 2019, being the Last Full Trading Day.

(15) Based on the last transacted price of S$2.66 on 22 October 2019, being the Last Trading Day.

(16) Based on the RNTA per UEL Ordinary Share of S$3.31 as at 30 September 2019.

We note that in respect of the Non-Privatisation Take-over Transactions, the premia of the Final Ordinary Share Offer Price over:

(a) the last transacted price of the UEL Ordinary Shares on the Last Full Trading Day of 3.8%; and

the last transacted price of the UEL Ordinary Shares on the Last Trading Day of 1.5% are:

(i) within the range of the Non-Privatisation Take-over Transactions of between a significant discount of 56.2% and a significant premium of 68.8%; and

(ii) below the corresponding mean and median premia of 11.1% and 12.9% of the Non-Privatisation Take-over Transactions respectively;

(b) the one-month VWAP of the UEL Ordinary Shares prior to the Offer Announcement of 5.7% is:

(i) within the range of the Non-Privatisation Take-over Transactions of between a significant discount of 54.5% and a significant premium of 50.0%; and

(ii) below the corresponding mean and median premia of 16.6% and 17.1% of the Non-Privatisation Take-over Transactions respectively;

(c) the 3-month VWAP of the UEL Ordinary Shares prior to the Offer Announcement of 4.6% is:

(i) within the range of the Non-Privatisation Take-over Transactions of between a significant discount of 54.5% and a significant premium of 41.7%; and

(ii) below the corresponding mean and median premia of 20.2% and 24.0% of the Non-Privatisation Take-over Transactions respectively;

(d) the 6-month VWAP of the UEL Ordinary Shares prior to the Offer Announcement of 5.8% is:

(i) within the range of the Non-Privatisation Take-over Transactions of between a significant discount of 56.2% and a significant premium of 37.7%; and

(ii) below the corresponding mean and median premia of 18.0% and 18.6% of the Non-Privatisation Take-over Transactions respectively;

(e) the 12-month VWAP of the UEL Ordinary Shares prior to the Offer Announcement of 7.5% is:

(i) within the range of the Non-Privatisation Take-over Transactions of between a significant discount of 64.6% and a significant premium of 37.7%; and

(ii) below the corresponding mean and median premia of 12.1% and 16.9% of the Non-Privatisation Take-over Transactions respectively;

and, the Final Ordinary Share Offer Price-to-RNTA ratio as implied by the Final Ordinary Share Offer Price of 0.82 times is:

(i) within the range of price-to-NTA/NAV ratios of the Non-Privatisation Take-over Transactions of between 0.32 times and 18.41 times; and

(ii) above the corresponding mean and median offer price-to-NTA/NAV ratios of the Non-Privatisation Take-over Transactions of 0.71 times and 0.50 times respectively.

Assessment of the UEL Preference Share Offer

6.5 Share Price Performance and Trading Liquidity of the UEL Preference Shares

A table of the closing prices and trading volume of the UEL Preference Shares during the period commencing 7 years prior to the Offer Announcement Date and ending on the Latest Practicable Date is set out as follows:

Transacted Date	Closing price (S$)	Trading volume ('000)	Trading volume as percentage of the issued UEL Preference Shares (%)
8 January 2013	1.40	1	0.1
16 January 2013	2.00	1	0.1
21 March 2013	1.80	3	0.3
22 March 2013	1.78	1	0.1
26 March 2013	1.80	4	0.5
15 July 2013	2.00	5	0.6
17 March 2014	1.90	6	0.7

Source: Bloomberg L.P.

We observed that the trading in the UEL Preference Shares had been very illiquid for the aforementioned periods and there were no trades after 17 March 2014 and up to the Latest Practicable Date. We note that during the 7-year period prior to and including the Last Undisturbed Trading Day and up to the Latest Practicable Date, the closing price of the UEL Preference Shares ranged between a low of S$1.40 and a high of S$2.00. Accordingly, the Final Preference Share Offer Price represents a significant premium of 35.0% and 92.9% over the highest closing price of the UEL Preference Shares and the lowest closing price of the UEL Preference Shares, respectively. Taking into consideration the lack of liquidity of the UEL Preference Shares, the Final Preference Share Offer may represent an opportunity for the UEL Preference Shareholders to realise their investments in the UEL Preference Shares at a significant premium of 42.1% over the closing price of the UEL Preference Shares of S$1.90 on 17 March 2014, being the last Market Day on which the UEL Preference Shares were traded prior to the Offer Announcement.

In view of the lack of liquidity for the UEL Preference Shares, the closing price for the UEL Preference Shares may not be a meaningful indicator of the fundamental value of the UEL Preference Shares. Nonetheless, we have compared the Final Preference Share Offer Price *vis-à-vis* the historical closing price of the UEL Preference Shares as the closing prices represent the transactions which have taken place between willing-buyer and willing-seller.

6.6 Implied Preference Share Value

As there have been no trades of the UEL Preference Shares in the last 5 years, we have attempted to derive a theoretical implied valuation of the UEL Preference Shares in accordance with the formula commonly used for the valuation of a plain vanilla preference share as stated below.

V = D / R

where:

V = Implied value

D = Fixed yearly dividend payment

R = Required rate of return

We highlight an observation that the implied value and the required rate of return have an inverse relationship, i.e. the lower the required rate of return, the higher the implied value of the preference share.

We note that the UEL Preference Shares have an annual preference dividend payout of S$0.075 per UEL Preference Share. To approximate the required rate of return, we have relied upon the yield to maturity of other listed and quoted fixed income securities issued by the Company. The Company has in issuance S$150 million in aggregate principal amount of 3.68% per annum Fixed Rate Notes due June 2021, pursuant to a multicurrency debt issuance program (the "**Notes**"). Compared to the UEL Preference Shares, these Notes are more actively quoted and traded. The following table sets out the implied values of the UEL Preference Shares based on assumed required rates of return as approximated by the yield-to-maturity of the Notes as at the Last Full Trading Day and the Latest Practicable Date.

	Yield-to-Maturity of the Notes [(1)] (%)	**Assumed required rate of return (%)**	**Implied Preference Share Value (S$)**	**Premium of Final Preference Share Offer Price over the Implied Preference Share Value (%)**
Last Full Trading Day	2.784	2.784	2.69	0.4
Latest Practicable Date	3.654	3.654	2.05	31.7

Source: Bloomberg L.P.

Note:

(1) The yield-to-maturity is based on the average of the bid and ask yields-to-maturity of the Notes on the relevant market date.

Based on the assumed required rates of return of 2.784% and 3.654% as at the Last Full Trading Day and the Latest Practicable Date, the implied values of the UEL Preference Shares are S$2.69 and S$2.05 per UEL Preference Share respectively (the "**Implied Preference Share Values**"). The Final UEL Preference Share Offer Price represents a premium of 0.4% and 31.7% to the Implied Preference Share Values.

In our analysis, we have not made any adjustments to the required rate of return to account for the following factors, amongst others, which investors generally consider in assessing the risk premia awarded for taking on incremental risks.

(i) Maturity risk

The Notes are expected to mature in approximately 1.6 years whereas the UEL Preference Shares are perpetual in nature. We have not applied a corresponding risk premium to the required rate of return to account for the difference in maturity.

(ii) Seniority of claims

The Notes represent a senior unsecured obligation of the Company and rank higher in priority in claims to the UEL Preference Shares. We have not applied a risk premium to the required rate of return of the UEL Preference Shares in this regard.

(iii) Liquidity risk

The Notes have greater trading liquidity compared to the UEL Preference Shares. Investors generally demand a liquidity risk premium to compensate for the illiquidity of a security. We have not applied a corresponding liquidity risk premium to the required rate of return of the UEL Preference Shares to account for the difference in trading liquidity.

We would like to emphasise that the Implied Preference Share Values are likely to overestimate the intrinsic value of the UEL Preference Share as they do not take into account risk premia required by investors relating to the factors stated above. As such, the above analysis only serves as an illustration and is limited in scope. Shareholders should note that the Implied Preference Share Value above is not necessarily a realisable value given that the market value of the UEL Preference Share may vary depending on, *inter alia*, the prevailing market and economic conditions, and the interest rate environment.

6.7 Other Relevant Considerations in relation to the Ordinary Share Offer and Preference Share Offer

6.7.1 Historical financial performance and condition of the Group

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

Consolidated Income Statement

	---------- Audited ----------			------- Unaudited -------	
(S$'000)	**FY2016**[1]	**FY2017**[2]	**FY2018**	**9M2018**	**9M2019**
Revenue	479,701	525,796	374,909	282,941	285,800
Gross profit	193,748	195,759	162,457	129,646	138,540
Profit before tax	29,513	102,957	58,298	34,720	112,434
Profit attributable to owners of the Company	27,381	87,182	55,760	27,691	100,898

Statements of Financial Position

	---------- Audited ----------			Unaudited
	As at 31 December			As at 30 September
(S$'000)	**2016**[2]	**2017**[2]	**2018**	**2019**
Current assets	1,551,224	1,069,334	1,342,947	1,330,972
Current liabilities	564,282	287,698	591,649	292,453
Working capital	986,942	781,636	751,298	1,038,519
Non-current assets	2,256,359	2,279,424	2,278,724	2,400,913
Non-current liabilities	1,046,412	853,490	819,136	1,102,903
Equity attributable to owners of the Company	1,885,004	1,901,434	1,926,901	2,055,835

Consolidated Statement of Cash Flows

	---------- Audited ----------			------- Unaudited -------	
(S$'000)	**FY2016**	**FY2017**	**FY2018**	**9M2018**	**9M2019**
Net cash flows from / (used in) operating activities	275,763	202,714	(359,966)	(54,159)	36,899
Net cash flows from / (used in) investing activities	255,408[3]	(8,029)	4,208	(1,629)	(7,844)
Net cash flows (used in) / from financing activities	(373,195)	(433,395)	225,013	(51,866)	(23,851)
Net increase/(decrease) in cash and cash equivalents	157,976[3]	(238,710)	(130,745)	(107,654)	5,204
Cash and cash equivalents at end of financial year/period	623,976[3]	384,711	251,252	275,847	253,699

Source: Annual reports of the Company for FY2017 and FY2018 respectively and announcement of the Group's unaudited financial statements for 9M2019.

Notes:

(1) Income Statement on continuing operations basis, as presented in the annual report of the Company for FY2017.

(2) As presented in the annual report of the Company for FY2018. The statement of financial information as at 1 January 2017 and the FY2017 comparative figures have been re-presented to take into account the retrospective adjustments arising from the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International).

(3) The Group generated one-off net cash inflow from investing activities arising from the disposal and liquidation of subsidiaries in FY2016 of S$234.7 million.

We note the following:

(a) the Group's revenue had increased from S$479.7 million in FY2016 to the re-presented revenue of S$525.8 million in FY2017, and had decreased from S$525.8 million in FY2017 to S$374.9 million in FY2018;

the Group posted a 9.6% increase in revenue for FY2017 *vis-à-vis* FY2016, mainly driven by higher revenue recognition from property development projects in Malaysia and China following their completion;

the Group's revenue for FY2018 had decreased by 28.7% compared to FY2017 mainly due to lower contributions from its property development business following (i) the completion of *Chengdu Orchard Villa* Phase 4 and *Eight Riversuites*, (ii) lower contributions from the sales of completed commercial units at *Shenyang Orchard Summer Palace*, and (iii) the absence of contribution from the divested liquefied petroleum gas business; and

the Group's revenue increased marginally from S$282.9 million in 9M2018 to S$285.8 million in 9M2019, mainly due to higher contribution from property development and property rental & hospitality segments. In particular, revenue from the property development segment increased 98.4% from S$25.0 million in 9M2018 to S$49.6 million in 9M2019 mainly due to revenue recognition from *Chengdu Orchard Villa* Phase 5A in China upon project completion and handover in accordance with completed contract method. However, the increase in the Group's revenue in 9M2019 was partially offset by lower revenue contributions from the engineering, distribution and manufacturing segments;

(b) the profit attributable to owners of the Company had increased from S$27.4 million in FY2016 to the re-presented attributable profit of S$87.2 million in FY2017, and had decreased from S$87.2 million in FY2017 to S$55.8 million in FY2018;

the profit attributable to owners of the Company for FY2017 had increased by 218.2% *vis-à-vis* the re-presented attributable profit for FY2016, primarily due to a (i) net revaluation gains of S$44.4 million from its investment properties, (ii) lower finance cost, and (iii) the absence of net revaluation deficit recorded in FY2016 on certain investment properties and lower impairment loss in relation to certain overseas development projects in FY2017;

the profit attributable to owners of the Company decreased 36.0% from FY2017 to FY2018, mainly due to (i) lower net revaluation gains from the investment properties and lower write-back of provision in relation to the sale of *UE BizHub EAST*, (ii) provision for foreseeable losses for certain system integration projects in the engineering business, and (iii) inventory write-down and impairment loss on property, plant and equipment for the manufacturing business; and

the profit attributable to owners of the Company increased from S$27.7 million in 9M2018 to S$100.9 million in 9M2019 mainly due to net revaluation gains of S$65.2 million from the Group's investment properties, and higher contribution from an associated company in Singapore arising from revaluation gains from its investment property. Excluding the net revaluation gain on investment properties of S$65.2 million, the profit attributable to owners of the Company increased 28.9% from S$27.7 million in 9M2018 to S$35.7 million in 9M2019;

(c) the Group had working capital between from S$751.3 million to S$1,038.5 million as at 31 December 2016, 31 December 2017, 31 December 2018, 30 September 2018 and 30 September 2019. The Group recorded working capital of S$1,038.5 million as at 30 September 2019 as compared to S$751.3 million

as at 31 December 2018 mainly due to a reclassification of a short-term loan to non-current liabilities following an extension of loan tenure;

(d) the shareholders' equity amounted to S$2,055.8 million as at 30 September 2019;

(e) the Group had recorded net cash flows from operating activities of S$275.8 million and S$202.7 million for FY2016 and FY2017 respectively, and net cash flows used in operating activities of S$360.0 million in FY2018. The Group recorded net cash flows used in operating activities of S$54.2 million in 9M2018 and net cash flows from operating activities amounting to S$36.9 million for 9M2019; and

(f) as at 30 September 2019, the Group's cash and cash equivalents amounted to S$253.7 million.

We also note that the following commentary statement on the competitive conditions of the industry in which the Group operates, and any known factors or events that may affect the Group, for the next 12 months as disclosed in its 9-month unaudited financial results announcement on 11 November 2019:

"The slower economic growth forecast for Singapore may weigh on the overall sentiments of the residential property markets in Singapore which are presently holding steady. The office rentals in Singapore may moderate against the backdrop of continuing global economic uncertainties and trade tensions.

The Group is on track to launch the Dairy Farm Residences for sale in end November 2019 and is continuing on asset enhancement program for its investment properties in Singapore. The improvement works for the commercial block at UE BizHub WEST (Alexandra) has been substantially completed and this will help to contribute to the Group's recurring rental income, going forward.

In China, the cooling measures and slower economic growth may post challenges to the overall property market in the near term, but the demand for good quality housing remains and the residential property market may continue to see sustainable growth in the longer term.

Going forward, the Group will focus on executing a few residential property development projects in Singapore and China, comprising Dairy Farm Residences, Chengdu Orchard Villa Phase 6, Shenyang Orchard Summer Palace (Residential) and Shanghai Olympic Garden Phase 3.2.

As part of its growth strategy, the Group will continue to seek investment and partnership opportunities and will make selective property acquisitions as and when such opportunities arise."

6.7.2 Previous take-over offer and share placement for the Company

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

In July 2017, we note that the Offeror (prior to the Acquisitions, the then-shareholders of the Offeror were Yanlord Commercial (49%), Perennial UW (45%) and Heng Yue (6%)) emerged as the successful bidder and acquired approximately (i) 213,116,206 UEL Ordinary Shares, representing approximately 33.4% of the issued UEL Ordinary Shares, and (ii) 614,050 UEL Preference Shares, representing approximately 70.2%[10] of the issued UEL Preference Shares, at a price of S$2.60 per UEL Ordinary Share and UEL Preference Share (the "**2017 Offer Price**") (the "**2017 Acquisition**"). As a

[10] Based on 875,000 issued UEL Preference Shares.

consequence of the 2017 Acquisition, the Offeror was required to make a mandatory conditional cash offer for all the UEL Ordinary Shares and UEL Preference Shares other than those already owned, controlled or agreed to be acquired by the Offeror and its concert parties at the 2017 Offer Price (the "**2017 Offer**").

	Type	Date of offer announcement	Offer Price (S$)	Premium/ (discount) of offer price over / (to) last transacted price prior to announcement of offer (%)	Offer price-to-RNTA ratio (times)
Company	Mandatory general offer	13 July 2017	2.60	7.9[1] (4.1)[2]	0.86[3]
Company	**Mandatory general offer**	**25 October 2019**	**2.70[4]**	**3.8[5]** **1.5[6]**	**0.82[7]**

Notes:

(1) Based on the last transacted price of the UEL Ordinary Share of S$2.41 on 26 September 2016, being the undisturbed share price date prior to the 2016 Joint Announcement.

(2) Based on the last transacted price of the UEL Ordinary Share of S$2.71 on 11 July 2017, being the last market day prior to the trading halt of the UEL Ordinary Shares on 12 July 2017.

(3) Based on the RNTA per UEL Ordinary Share of S$3.03 as at 30 June 2017 and 615,796,148 Ordinary Shares (excluding the total number of issued Ordinary Shares held by WBL).

(4) Based on the Final Ordinary Share Offer Price of S$2.70, as announced on 12 November 2019.

(5) Based on the last transacted price of the UEL Ordinary Share of S$2.60 on 21 October 2019, being the Last Full Trading Day.

(6) Based on the last transacted price of the UEL Ordinary Share of S$2.66 on 22 October 2019, being the Last Trading Day.

(7) Based on the RNTA per UEL Ordinary Share of S$3.31 as at 30 September 2019.

Based on the comparison of the two offers as set out above, we note that:

(a) the Final Ordinary Share Offer Price is higher than the 2017 Offer. Shareholders should also note that post 2017 Offer, the Company had declared and paid dividends of S$0.04 and S$0.03 per UEL Ordinary Share in FY2017 and FY2018 respectively, further details are set out in section 6.7.4 of this letter;

(b) the market premium of the Final Ordinary Share Offer Price over the last transacted price prior to the Offer Announcement is lower than the 2017 Offer;

(c) the P/NTA ratio as implied by the Final Ordinary Share Offer Price is comparable to the P/NTA ratio as implied by the 2017 Offer Price.

In addition, on 5 July 2019 and 12 July 2019, the Company announced that UOB Kay Hian Private Limited was appointed by WBL as the placement agent in respect of the sale of 21,712,000 UEL Ordinary Shares held by WBL (the "**Placement Shares**"), at a placement price of S$2.58 per UEL Ordinary Share (the "**Placement Price**"), to raise gross proceeds of approximately S$56.0 million. The Placement Shares were sold to

independent unrelated parties and these parties were independently sourced and selected by UOB Kay Hian Private Limited during the placement exercise.

We note that the Final Ordinary Share Offer Price represents a premium of 4.7% over the Placement Price.

6.7.3 No increase in the Final Ordinary Share Offer Price and the Final Preference Share Offer Price

As set out in the Revision of UEL Offers Announcement, the Offeror does not intend to revise the Ordinary Share Offer Price and the Preference Share Offer Price save that the Offeror reserves the right to do so in a competitive situation. Shareholders should note that in accordance with Rule 20.2 of the Code, except in a competitive situation, the Offeror will not be allowed to subsequently amend the terms of the UEL Offers, including the Final Ordinary Share Offer Price in any way.

6.7.4 Historical dividend yields of the Company

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

(S$)	FY2016	FY2017	FY2018
Final dividend per UEL Ordinary Share	0.05	0.04	0.03
Special dividend per UEL Ordinary Share	0.07	-	-
Total dividend per UEL Ordinary Share	**0.12**	**0.04**	**0.03**
Share price on final cum-dividend date(1)	2.90	2.71	2.55
Final dividend yield (%)	**1.72%**	**1.48%**	**1.18%**
Total dividend yield (%)	**4.14%**	**1.48%**	**1.18%**

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

Notes:

(1) The closing prices of the Company as at the final cum-dividend date for each of the respective financial years.

We note that the Company does not have a fixed dividend policy. However, the Company has a track record of paying annual dividends to Shareholders. We also note from the unaudited interim financial statements for the 9-months period ended 30 September 2019 that although the Directors do not recommend the payment of an interim dividend for the UEL Ordinary Shares and the UEL Preference Shares, the Directors will consider the payment of a year-end final dividend for both the UEL Ordinary Shares and the UEL Preference Shares when the full year results are finalised.

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

6.7.5 Listing status and compulsory acquisition of the Company, and intentions of the Offeror

Listing status

Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Ordinary Share Offer that bring the holdings owned by the Offeror and its concert parties to above 90% of the total number of issued UEL Ordinary Shares (excluding treasury shares), the SGX-ST may suspend the trading of the UEL Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued Ordinary Shares (excluding treasury shares) are held by at least 500 shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued UEL Ordinary Shares (excluding treasury shares), thus causing the percentage of the total number of issued UEL Ordinary Shares (excluding treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the UEL Shares only at the close of the UEL Offers. In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of issued UEL Ordinary Shares (excluding treasury shares) held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of the UEL Ordinary and UEL Preference Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of 3 months, or such longer period as the SGX-ST may agree, to raise the percentage of UEL Ordinary Shares (excluding treasury shares) in public hands to at least 10%, failing which the Company may be removed from the official list of the SGX-ST.

Compulsory acquisition

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror receives valid acceptances in respect of not less than 90% of the total number of the UEL Ordinary Shares and/or UEL Preference Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the Offer Announcement Date and excluding any UEL Ordinary Shares held in treasury), the Offeror would be entitled to exercise the right to compulsorily acquire all the UEL Ordinary Shares and/or the UEL Preference Shares (as the case may be) of Shareholders who have not accepted the Ordinary Share Offer and/or the Preference Share Offer at a price equal to the Ordinary Share Offer Price and/or Preference Share Offer Price (as the case may be). In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of the UEL Ordinary Shares and/or the UEL Preference Shares which, together with the UEL Ordinary Shares and/or the UEL Preference Shares (as the case may be) held by it, its related corporations and their respective nominees, comprise 90% or more of all the UEL Ordinary Shares and/or the UEL Preference Shares (as the case may be), Shareholders who have not accepted the Ordinary Share Offer or the Preference Share Offer (as the case may be) have a right to require the Offeror to acquire their UEL Ordinary Shares and/or UEL Preference Shares (as the case may be) at the Final Ordinary Share Offer Price and/or the Final Preference Share Offer Price (as the case may be). **Shareholders who wish to exercise such a right are advised to seek their own independent legal advice**.

Intentions of the Offeror

As set out in paragraph 10.3 of the Offer Document, it is the current intention of the Offeror to maintain the present listing status of the Company on the Mainboard of the SGX-ST and the Offeror does not intend to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act. However, in the event that the Company does not meet the minimum public float required under the Listing Manual at the close of the UEL Offers, the Offeror reserves the right to re-evaluate its position, including its right of compulsory acquisition (if applicable) as described in paragraph 10.2 of the

Offer Document, depending on, *inter alia*, the ultimate level of acceptances received by the Offeror and the prevailing market conditions at the relevant time.

In addition, as set out in paragraph 8.6 of the Offer Document, we also note that the Offeror currently intends for the Company to continue its existing business activities and has no current plans to (a) introduce any major changes to the business of the Group, (b) re-deploy the Group's fixed assets, or (c) discontinue the employment of the existing employees of any member of the Group, in each case, other than in the ordinary and usual course of business. The Offeror however retains the flexibility at any time to consider options or opportunities which may present themselves.

6.7.6 The Ordinary Share Offer has turned unconditional

As at 15 November 2019, the total number of shares owned, controlling or agreed to be acquired by the Offeror and parties acting in concert with the Offeror, including acceptances of the Offer, amounted to an aggregate of 328,141,181 UEL Ordinary Shares, representing approximately 51.47% of the total number of UEL Ordinary Shares. Accordingly, the Ordinary Share Offer is unconditional in all respects and Shareholders who accept the Offer are assured of receiving the Ordinary Share Offer Price in respect of their acceptances of the Offer.

As the Offeror holds more than 50% of the Company, the Offeror will be in a position to exercise statutory control of the Company which will allow the Offeror the ability to pass all ordinary resolutions on matters in which the Offeror and its related parties do not have an interest in at general meetings of Shareholders.

6.7.7 Comparison with the WBL Share Offer Price

We note that on the Offer Announcement Date, the Offeror owns 84,078,988 issued and paid-up ordinary shares in the capital of WBL, representing approximately 29.9% of the total WBL Shares. In addition, based on publicly available information, the Company indirectly owns an aggregate of 194,431,242 WBL Shares, representing 69.1% of the total WBL Shares.

In addition, we note from the Offer Announcement that the total cash amount paid to Perennial UW and Heng Yue pursuant to the Acquisitions totalled approximately S$229.7 million. Such amount was arrived at on a willing-buyer willing-seller basis, valuing the UEL Shares and the WBL Shares held by the Offeror at S$2.60 per UEL Share and S$2.5947 per WBL Share respectively and took into account, *inter alia*, the capital funding (equity and debt) contributed by Perennial UW and Heng Yue to the Offeror, and the Offeror's cash and cash equivalents, outstanding bank debt and other liabilities as at 30 September 2019. We also note that the WBL Chain Offer, if and when made by the Offeror or a concert party of the Offeror, shall be at the WBL Share Offer Price, which is no less than the value of S$2.5947 that is attributed to each WBL Share in the amount paid to Perennial UW and Heng Yue pursuant to the Acquisitions.

While the WBL Share Offer Price of S$2.5947 represents the latest transacted price for the WBL Shares, we wish to highlight that such price was negotiated between the relevant parties, which could take into account many factors. Notwithstanding the above, given that the Company indirectly owns an aggregate of approximately 69.1% of the issued WBL Shares, we have considered whether the WBL Share Offer Price may have an impact in our assessment of the financial terms of the Ordinary Share Offer.

Taking into consideration the WBL Share Offer Price, we made the following adjustments to arrive at the estimated implied valuation of the Group:

	Lower valuation (S$' million)	Higher valuation (S$' million)
Implied valuation of Company's share in WBL[(1)]	504.5	504.5
Other UEL assets[(2)] of the Company	1,018.6	1,520.3
Implied valuation of the Group	**1,523.1**	**2,024.8**
Implied valuation of each UEL Ordinary Share (S$)[(3)]	**2.39**	**3.18**

Notes:

(1) Based on 69.1% effective shareholding interest of the Group held in WBL, as implied by the WBL Offer Price.

(2) Comprises primarily the Group's properties in Singapore. The implied valuation range includes the NTA (and the RNTA, where relevant) attributable to the other UEL assets as at 30 September 2019 as provided by Management, and by applying the median offer price-to-NTA ratio of the Selected Property Precedent Transactions as set out in section 6.3.1.3 of this letter.

(3) Based on 637,520,399 issued UEL Ordinary Shares as at the Latest Practicable Date.

We note that the Final Ordinary Share Offer Price falls within the range of the estimated implied valuation of each UEL Ordinary Share.

Shareholders should note that the computation and analysis above is solely for illustrative purposes as (i) the WBL Share Offer Price was negotiated between the relevant parties, which could have taken into account many factors, and (ii) that the above analysis assumes that S$2.5947 is the market value of the WBL Shares and will be fully realisable. Shareholders should note that the WBL Offer Share Price of S$2.5947 may not necessarily be realisable as there is no available market price or market valuation for the WBL Shares given that WBL is unlisted.

6.7.8 Absence of alternative take-over offers from third parties

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

7 OPINION AND ADVICE

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

(a) Market quotation and trading liquidity of the UEL Ordinary Shares;

(b) Book NTA and RNTA of the Group;

(c) Sum-of-the-parts valuation analysis;

(d) Comparison with recent non-privatisation take-over offers of companies listed on the SGX-ST;

(e) Share price performance and trading liquidity of the UEL Preference Shares;

(f) Comparison with the Implied Preference Share Values; and

(g) Other relevant considerations in relation to the Ordinary Share Offer and Preference Share Offer.

Details of the above considerations are set out in section 6.1 to section 6.7 of this letter.

We wish to highlight that the valuation range theoretically implied in our sum-of-the-parts valuation analysis is based on several assumptions. Shareholders should note that a discount may be applied to the sum-of-the-parts valuation of a conglomerate such as the Group for various reasons, including but not limited to the ability of investors to achieve more effective diversification by purchasing a portfolio of stocks of focused firms as compared to purchasing stocks of a conglomerate. In arriving at the sum-of-the-parts valuation of the Group above, we have not applied any conglomerate discount as the quantification of such discount is highly subjective. The conglomerate discount is dependent on, *inter alia*, the size of the conglomerate, the extent of business diversification or synergies (if any) within the conglomerate and the requirement for additional management as compared to standalone businesses. Similarly, we have not taken into account any control premium that may arise from a controlling stake in the businesses of the Group as a result of majority ownership as the quantification of such premium is highly subjective.

Based on our analysis set out above and after considering all relevant information available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the financial terms of the UEL Offers are **fair and reasonable**. Accordingly, we advise the Independent Directors to recommend that Shareholders **accept** the UEL Offers, unless Shareholders can obtain a price higher than the Final Ordinary Share Offer Price and/or the Final Preference Share Offer Price (as the case may be) in the open market, taking into account the related expenses such as brokerage and trading costs.

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

Our opinion and advice are addressed to the Independent Directors for their benefit and for the purposes of their consideration of the UEL Offers. The recommendation to be made by them to the Shareholders in respect of the UEL Offers shall remain the responsibility of the Independent Directors. Whilst a copy of this letter may be

reproduced in the Circular, no other person may reproduce, disseminate or quote this letter (or any part thereof) for any purpose at any time and in any manner without the prior written consent of SAC Capital in each specific case, except for the purpose of the UEL Offers.

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

Yours faithfully
For and on behalf of
SAC CAPITAL PRIVATE LIMITED

Bernard Lim Aik Kwang
Executive Director

Foo Siang Sheng
Senior Manager

Property Comparable Companies

Company	Business description (extracted from Bloomberg)	Share price as at Latest Practicable Date (S$)	Market capitalisation (S$ million)	Financial year-end	Net profit/(loss) after tax attributable to shareholders (million)
GuocoLand Limited (SGX-ST)	Guocoland Limited develops and invests in properties. The Company also provides investment trading, underwriting managers, and fund management and advisory services. In addition, Guocoland offers internet commerce services.	2.040	2,414.1	30 June	SGD 255.7
Yanlord Land Group Limited (SGX-ST)	Yanlord Land Group Limited is a real estate development company. The Company develops high-end residential property projects in the Peoples Republic of China.	1.220	2,356.5	31 December	RMB 3,544.6
Ho Bee Land Limited (SGX-ST)	Ho Bee Land Limited develops and invests in real estate properties in Singapore and United Kingdom. The Company also operates hotels.	2.350	1,563.3	31 December	SGD 270.0
Oxley Holdings Limited (SGX-ST)	Oxley Holdings Ltd. develops real estate. The Company develops residential and commercial projects in accessible locations. Oxley also develops light industrial buildings that include swimming pools and other recreational amenities.	0.360	1,496.1	30 June	SGD 139.8
Wing Tai Holdings Limited (SGX-ST)	Wing Tai Holdings Limited is an investment holding company whose subsidiaries invest in and develop properties, manufacture woven labels, and trade garments and architectural products and accessories. The Company also provides management services and operates restaurants.	1.940	1,492.0	30 June	SGD 46.8

Company	Business description (extracted from Bloomberg)	Share price as at Latest Practicable Date (S$)	Market capitalisation (S$ million)	Financial year-end	Net profit/(loss) after tax attributable to shareholders (million)
OUE Limited (SGX-ST)	OUE Limited operates as a diversified real estate owner, developer, and operator with a portfolio of assets in prime locations in Singapore. The company focuses its business in the commercial, hospitality, retail, residential and healthcare sectors.	1.480	1,334.2	31 December	SGD 10.0
First Sponsor Group Limited (SGX-ST)	First Sponsor Group Limited, an investment holding company, is engaged in the property development and investment activities primarily in the People's Republic of China. Its properties include residential and commercial properties.	1.290	1,026.0	31 December	SGD 113.0
Perennial Real Estate Holdings Limited (SGX-ST)	Perennial Real Estate Holdings Limited is an integrated real estate and healthcare company headquartered in Singapore. The Company focuses strategically on large-scale mixed-use developments as a real estate owner, developer, and manager. Perennial Real Estate Holdings Limited has presence in China, Singapore, Malaysia, and Ghana.	0.520	864.1	31 December	SGD 78.1
Fragrance Group Limited (SGX-ST)	Fragrance Group Limited, through its subsidiaries, conducts activities in property development and hotel operations. The Company develops and sells residential and commercial properties, including low to medium-rise private apartments and hotels. Fragrance Group also invests in and manages hotel properties targeted a cost-conscious business and leisure travelers.	0.128	859.3	31 December	SGD 266.0

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

Manufacturing Comparable Companies

Company	Business description (extracted from Bloomberg)	Share price as at Latest Practicable Date (S$)	Market capitalisation (S$ million)	Financial year-end	Net profit/(loss) after tax attributable to shareholders (S$ million)
Spindex Industries Limited (SGX-ST)	Spindex Industries Limited manufactures, imports, exports, and deals mechanical, electrical, and electronic parts. The Company also manufactures and trades precision machine parts, plastic molds and injections, and other related plastic and engineering materials.	0.970	111.9	30 June	15.3
JEP Holdings Ltd. (SGX-ST)	JEP Holdings Ltd. operates as a holding company. The Company, through its subsidiaries, manufactures machined parts. JEP Holdings produces parts for the aerospace, electronics, and machine tool industries, as well as manufactures aircraft inconel engine rings and titanium aero structure components. JEP Holdings serves customers in Singapore.	0.215	87.6	31 December	2.2
Miyoshi Limited (SGX-ST)	Miyoshi Limited designs and manufactures mould and precision pressed parts for data storage products. The Company also trades its related products. The Company's business includes metal stamping, fabrication of parts and components of machine tools, electroplating, and surface treatment.	0.034	20.7	31 August	(0.5)
AEI Corporation Ltd. (SGX-ST)	AEI Corporation Ltd. manufactures metal products. The Company produces aluminum extrusion products for electronics, precision engineering and infrastructure building industries. AEI serves customers in Singapore.	0.810	45.0	31 December	(5.9)

Company	Business description (extracted from Bloomberg)	Share price as at Latest Practicable Date (S$)	Market capitalisation (S$ million)	Financial year-end	Net profit/(loss) after tax attributable to shareholders (S$ million)
Santak Holdings Limited (SGX-ST)	Santak Holdings Limited manufactures custom-made precision-machined components for hard disk drives, fiber-optic connectors and communication products. The Company also manufactures coils used as antennas for contactless smartcards, tags and transponders. Santak also trades custom-made electronic components such as heat sinks, printed circuit boards, connectors, LCD modules and solenoids.	0.08	8.6	30 June	(1.6)

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

Distribution Comparable Companies

Company	Business description (extracted from Bloomberg)	Share price as at Latest Practicable Date[1]	Market capitalisation (million)	Financial year-end	Net profit/(loss) after tax attributable to shareholders (million)
U.S. Silica Holdings, Inc. (NYSE)	U.S. Silica Holdings, Inc. operates as a producer of industrial silica and sand proppants. The Company produces a variety of industrial minerals including sand proppants and clay as well as whole grain and fine ground silica. U.S. Silica Holdings offers its products to the oil and gas, glass, chemical, and building products industries.	USD 4.650	USD 342.1	31 December	(USD 200.8)
Covia Holdings Corporation (NYSE)	Covia Holdings Corporation provides metal mining services. The Company produces low-iron nepheline syenite for glass, ceramics, paints, and plastics, as well as offers quartz proppants for oil and natural gas simulation and recovery. Covia Holdings serves agriculture, construction, environment, and sports sectors in the United States.	USD 1.310	USD 172.6	31 December	(USD 283.1)
Hi-Crush Inc. (NYSE)	Hi-Crush Inc. provides proppant and logistics services to the North American petroleum industry. The Company owns, operates, and develops sand reserves. Hi-Crush produces monocrystalline sand, a specialized mineral used as a proppant during the well completion process to facilitate oil and natural gas recovery.	USD 0.820	USD 82.8	31 December	USD 137.6
Smart Sand, Inc. (NASDAQ)	Smart Sand, Inc. provides industrial sand. The Company offers proppants sand products and renders logistics services. Smart Sand serves customers in North America.	USD 2.230	USD 92.1	31 December	USD 18.7

Company	Business description (extracted from Bloomberg)	Share price as at Latest Practicable Date[1]	Market capitalisation (million)	Financial year-end	Net profit/(loss) after tax attributable to shareholders (million)
Hafary Holdings Limited (SGX-ST)	Hafary Holdings Ltd., through its subsidiaries, supplies tiles to customers in the Singapore market. The Company imports wide range of tiles sourced from tile manufacturers located around the world, including porcelain, ceramics and glass, as well as tiles from naturally occurring materials such as marble, granite and sandstone.	SGD 0.155	SGD 66.7	31 December	SGD 10.7
Intraco Limited (SGX-ST)	Intraco Limited operates as an investment management company. The Company focuses on investment in fire protection, colour and modified compounding of resins, telecommunications infrastructure, crane rental, and trading and distribution of plastic resin products. Intraco serves customers worldwide.	SGD 0.310	SGD 32.1	31 December	SGD 2.5
Chin Hin Group Berhad (Bursa)	Chin Hin Group Berhad provides building materials and services. The Company offers steel mesh reinforcement, metal roofing systems, aerated autoclaved cement block, fire-rated doors, pre-cast concrete products, and cement. Chin Hin Group serves construction and building industries in Malaysia.	RM 0.885	RM 486.8	31 December	RM 22.9
Sarawak Consolidated Industries Berhad (Bursa)	Sarawak Consolidated Industries Berhad is an investment holding company. The Company, through its subsidiaries, invests in and develops properties and manufactures and sells concrete products.	RM 1.690	RM 145.1	31 December	(RM 9.8)
BCM Alliance Berhad (Bursa)	BCM Alliance Berhad distributes commercial laundry equipment and medical devices. The Company supplies, installs, tests, and commissions medical diagnostic imaging, laundry, and other related devices. BCM Alliance serves customers in Malaysia.	RM 0.140	RM 59.0	31 December	RM 8.2

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

Note:

(1) This refers to 19 November 2019 5pm (Singapore time). Accordingly, the share prices extracted for the Distribution Comparable Companies listed on the NYSE and NASDAQ are based on their respective last closing price on 18 November 2019 (Singapore time).

1. DIRECTORS

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

Name	Address	Designation
Zhong Sheng Jian	9 Temasek Boulevard #36-02 Suntec Tower Two Singapore 038989	Executive Chairman and Executive Director
Teo Ser Luck	74 Stratton Drive Stratton Green Singapore 805672	Lead Independent and Non-Executive Director
Lee Suan Hiang	60 Pasir Ris Drive 3 Aranda Country Club Singapore 519497	Independent and Non-Executive Director
David Wong Cheong Fook	14 Joan Road Caldecott Hill Estate Singapore 298892	Independent and Non-Executive Director
Pua Seck Guan[5]	4 Jalan Insaf Thomson Rise Estate Singapore 578006	Non-Independent and Non-Executive Director
Tan Chee Keong Roy	576 Upper East Coast Road #04-07, Idyllic East Singapore 466588	Group Managing Director and Executive Director

2. HISTORY

The Company was incorporated in Singapore on 12 July 1912 and is listed on the Main Board of the SGX-ST. Its registered office is at 12 Ang Mo Kio Street 64, #01-01 UE BizHub CENTRAL, Singapore 569088.

3. PRINCIPAL ACTIVITIES

The Company is one of Singapore's pioneer companies and over the years has evolved into a corporation with key business activities in property rental and hospitality, property development, engineering and distribution, as well as manufacturing.

4. SHARE CAPITAL

4.1 Issued and Paid-up Share Capital

As at the Latest Practicable Date, the issued and paid-up share capital of the Company comprises S$828,390,059.59 divided into 637,520,399 issued and fully paid-up Ordinary Shares and S$875,000 divided into 875,000 issued and fully paid-up Preference Shares.

4.2 Ordinary Shares

As at the Latest Practicable Date, the Company has 637,520,399 Ordinary Shares in issue. The Company has not issued any new Ordinary Shares since 31 December 2018, such date being the end of the previous financial year. The Ordinary Shares are ordinary shares carrying equal ranking rights to dividends, voting at general meetings and return of capital. The Company does not hold any treasury shares or have any subsidiary holdings as at the Latest Practicable Date.

[5] *It is agreed under the Perennial SPA that Mr. Pua Seck Guan will resign as a director of the Company on the earliest date on which such resignation is permitted under Rule 6.3 of the Code.*

4.3 Preference Shares

As at the Latest Practicable Date, the Company has 875,000 Preference Shares in issue. The Company has not issued any new Preference Shares since 31 December 2018, such date being the end of the previous financial year. The Preference Shares are preference shares carrying equal ranking rights to dividends, voting at general meetings and return of capital. They rank in priority to the Ordinary Shares for payment of the capital credited as paid-up in respect of the Shares in the event of a winding up of the Company.

4.4 Rights in respect of Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting in relation to Ordinary Shares and Preference Shares are contained in the Constitution of the Company. For ease of reference, selected texts of the Constitution of the Company relating to the same have been extracted and reproduced in **Appendix H** to this Circular.

4.5 Convertible Securities

The Company has not issued any instruments convertible into, rights to subscribe for and options in respect of the Shares and securities which carry voting rights affecting Shares that are outstanding as at the Latest Practicable Date.

5. DISCLOSURE OF INTERESTS

5.1 Interests of the Company in the Offeror Securities

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

5.2 Dealings in the Offeror Securities by the Company

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

5.3 Interests of the Directors in the Offeror Securities

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

	Interests in the Offeror Securities			
	Direct		Deemed	
Name	Number of Offeror Shares	%[1]	Number of Offeror Shares	%[1]
Zhong Sheng Jian[2]	–	–	100	100

Notes:

(1) Based on 100 Offeror Shares in issue as at the Latest Practicable Date.

(2) Yanlord Commercial holds 100 Offeror Shares. Yanlord Commercial is wholly-owned by YLGL. YHPL has a controlling interest of approximately 66.185% of the issued and paid-up share capital (excluding treasury shares) of YLGL. YHPL is a company owned by Mr Zhong Sheng Jian (95% shareholding interest) and his spouse (5% shareholding interest). Mr Zhong Sheng Jian further holds a direct interest of approximately 3.925% of the issued and paid-up share capital of YLGL. Mr Zhong Sheng Jian is therefore deemed to have an interest in the Offeror Shares held by Yanlord Commercial through YHPL, YLGL and Yanlord Commercial.

5.4 Dealings in the Offeror Securities by the Directors

Save as disclosed below and in this Circular, none of the Directors has dealt in the Offeror Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

On 24 October 2019, Yanlord Commercial entered into:

(i) a sale and purchase agreement with Perennial UW pursuant to which Yanlord Commercial acquired from Perennial UW forty-five (45) Offeror Shares held by Perennial UW, representing 45% of the issued and paid-up share capital of the Offeror; and

(ii) a sale and purchase agreement with Heng Yue pursuant to which Yanlord Commercial acquired from Heng Yue six (6) Offeror Shares held by Heng Yue, representing 6% of the issued and paid-up share capital of the Offeror,

(collectively, the "**Acquisitions**").

Following the completion of the Acquisitions, Yanlord Commercial holds 100 Offeror Shares, representing 100% of the issued and paid-up share capital of the Offeror, and the Offeror has become a wholly-owned subsidiary of Yanlord Commercial.

The total cash amount paid to Perennial UW and Heng Yue pursuant to the Acquisitions totalled approximately S$229.7 million.

Mr Zhong Sheng Jian is deemed to have an interest in indirect dealings in the Offeror Securities by Yanlord Commercial through YHPL, YLGL and Yanlord Commercial. For the avoidance of doubt, Mr Zhong Sheng Jian has not directly dealt in the Offeror Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

5.5 Interests of the Directors in the Company Securities

Save as disclosed below and in this Circular, none of the Directors has an interest, direct or indirect, in the Company Securities as at the Latest Practicable Date.

5.5.1. Ordinary Shares

	Interests in Ordinary Shares			
	Direct		Deemed	
Name	Number of Ordinary Shares	%[1]	Number of Ordinary Shares	%[1]
Zhong Sheng Jian[2]	–	–	351,799,378	55.18%
David Wong Cheong Fook	10,000	n.m.[3]	–	–

Notes:

(1) Based on 637,520,399 Ordinary Shares in issue as at the Latest Practicable Date.

(2) The Offeror holds 248,592,086 Ordinary Shares in the issued and paid-up share capital of the Company. Mr Zhong Sheng Jian is deemed to have an interest in the Ordinary Shares held by the Offeror through YHPL, YLGL, Yanlord Commercial and the Offeror. As at the Latest Practicable Date, the Offeror has received, pursuant to the Ordinary Share Offer, valid acceptances in respect of 23,719,880 Ordinary Offer Shares. The shareholding figure above includes the valid acceptances of the Ordinary Share Offer.

Yanlord Commercial holds 103,207,292 Ordinary Shares in the issued and paid-up share capital of the Company. The 103,207,292 Ordinary Shares held by Yanlord Commercial on behalf of the Offeror will be transferred to the Offeror. Mr Zhong Sheng Jian is deemed to have an interest in the Ordinary Shares held by Yanlord Commercial through YHPL, YLGL and Yanlord Commercial.

(3) Not meaningful.

5.5.2. Preference Shares

	Interests in Preference Shares			
	Direct		Deemed	
Name	Number of Preference Shares	%[1]	Number of Preference Shares	%[1]
Zhong Sheng Jian[2]	–	–	854,993	97.71

Notes:

(1) Based on 875,000 Preference Shares in issue as at the Latest Practicable Date.

(2) The Offeror holds 854,993 Preference Shares. Mr Zhong Sheng Jian is deemed to have an interest in the Preference Shares held by the Offeror through YHPL, YLGL, Yanlord Commercial and the Offeror. As at the Latest Practicable Date, the Offeror has not received any acceptances of Preference Shares pursuant to the Preference Share Offer.

5.5.3. WBL Shares

	Interests in the WBL Shares			
	Direct		Deemed	
Name	Number of WBL Shares	%(1)	Number of WBL Shares	%(1)
Zhong Sheng Jian(2)	–	–	84,078,988	29.90

Notes:

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

(2) The Offeror holds 84,078,988 WBL Shares. Mr Zhong Sheng Jian is deemed to have an interest in the WBL Shares held by the Offeror through YHPL, YLGL, Yanlord Commercial and the Offeror.

5.6 Dealings in the Company Securities by the Directors

Save as disclosed below and in this Circular, none of the Directors has dealt in the Company Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

Dealings in the Company Securities by the Directors during the period commencing six (6) months prior to the Offer Announcement Date:

On 24 October 2019, Yanlord Commercial entered into:

(i) a sale and purchase agreement with Perennial UW pursuant to which Yanlord Commercial acquired from Perennial UW forty-five (45) Offeror Shares held by Perennial UW, representing 45% of the issued and paid-up share capital of the Offeror; and

(ii) a sale and purchase agreement with Heng Yue pursuant to which Yanlord Commercial acquired from Heng Yue six (6) Offeror Shares held by Heng Yue, representing 6% of the issued and paid-up share capital of the Offeror,

(collectively, the "**Acquisitions**").

Following the completion of the Acquisitions, Yanlord Commercial holds 100 Offeror Shares, representing 100% of the issued and paid-up share capital of the Offeror, and the Offeror has become a wholly-owned subsidiary of Yanlord Commercial.

The total cash amount paid to Perennial UW and Heng Yue pursuant to the Acquisitions totalled approximately S$229.7 million.

Mr Zhong Sheng Jian is deemed to have an interest in indirect dealings in the Company Securities by Yanlord Commercial through YHPL, YLGL and Yanlord Commercial. For the avoidance of doubt, Mr Zhong Sheng Jian has not directly dealt in the Company Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

Dealings in the Company Securities by the Directors during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date:

Name	Date of Transaction	No. of Shares Acquired	Transaction Price Per Share	Nature of Transaction
Mr Zhong Sheng Jian[(1)]	12 November 2019	39,207,292	S$2.70	39,207,292 Ordinary Shares acquired by Yanlord Commercial on behalf of the Offeror and to be transferred to the Offeror.
Mr Zhong Sheng Jian[(1)]	12 November 2019	806,100	S$2.70	806,100 Ordinary Shares acquired by Yanlord Commercial on behalf of the Offeror and to be transferred to the Offeror.
Mr Zhong Sheng Jian[(1)]	13 November 2019	3,071,700	S$2.70	3,071,700 Ordinary Shares acquired by Yanlord Commercial on behalf of the Offeror and to be transferred to the Offeror.
Mr Zhong Sheng Jian[(1)]	14 November 2019	193,400	S$2.70	193,400 Ordinary Shares acquired by Yanlord Commercial on behalf of the Offeror and to be transferred to the Offeror.
Mr Zhong Sheng Jian[(1)]	15 November 2019	59,928,800	S$2.70	59,928,800 Ordinary Shares acquired by Yanlord Commercial on behalf of the Offeror and to be transferred to the Offeror.

Note:

(1) Mr Zhong Sheng Jian is deemed to have an interest in indirect dealings in the Company Securities by Yanlord Commercial through YHPL, YLGL and Yanlord Commercial. For the avoidance of doubt, Mr Zhong Sheng Jian has not directly dealt in the Company Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

5.7 Interests of the IFA in the Company 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, owns or controls any Company Securities as at the Latest Practicable Date.

5.8 Dealings in the Company Securities by the IFA

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

5.9 Intentions of the Directors

As at the Latest Practicable Date, Mr David Wong Cheong Fook, a Director who has a direct interest in 10,000 Ordinary Shares as set out in **paragraph 5.5** above, has informed the Company that, in his capacity as a shareholder of the Company, he intends to accept the Ordinary Share Offer in respect of his shareholding of 10,000 Ordinary Shares.

6. OTHER DISCLOSURES

6.1 Directors' Service Contracts

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

6.2 No Payment or Benefit to the Directors

It is not proposed, in connection with the Offers, that any payment or other benefit be made or given to any Director or to any director of any corporation, which is by virtue of Section 6 of the Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offers as at the Latest Practicable Date.

6.3 No Agreement Conditional upon the Outcome of Offers

There are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offers as at the Latest Practicable Date.

6.4 Material Contracts entered into by the Offeror

There are no material contracts entered into by the Offeror in which any Director has a material personal interest, whether direct or indirect, as at the Latest Practicable Date.

7. FINANCIAL INFORMATION ON THE GROUP

Certain financial information for FY2016, FY2017 and FY2018 set out below have been extracted from the annual reports of the Company for FY2016, FY2017 and FY2018, and certain financial information for 9M2019 set out below have been extracted from the 9M2019 Results announced by the Company on 11 November 2019 and set out in **Appendix D** to this Circular (the "**9M2019 Results Announcement**"). The financial information for FY2016, FY2017 and FY2018 should be read in conjunction with the audited consolidated financial statements of the Group and the accompanying notes as set out in the annual reports of the Company for FY2016, FY2017 and FY2018, and the financial information for 9M2019 should be read in conjunction with the 9M2019 Results and the accompanying notes as set out in the 9M2019 Results Announcement.

7.1 Dividends

The following is a summary of the dividend per Ordinary Share declared in respect of each of FY2016, FY2017 and FY2018. This information was extracted from the annual reports of the Company for FY2016, FY2017 and FY2018.

	Dividend in cents per Ordinary Share		
	Final Dividend	**Special Dividend**	**Total Dividend**
In respect of FY2016	5.0	7.0	12.0
In respect of FY2017	4.0	–	4.0
In respect of FY2018	3.0	–	3.0

The following is a summary of the dividend per Preference Share declared in respect of each of FY2016, FY2017 and FY2018. This information was extracted from the annual reports of the Company for FY2016, FY2017 and FY2018.

	Dividend in cents per Preference Share		
	Final Dividend	**Special Dividend**	**Total Dividend**
In respect of FY2016	7.5	–	7.5
In respect of FY2017	7.5	–	7.5
In respect of FY2018	7.5	–	7.5

No dividend was recommended in respect of the Ordinary Shares and the Preference Shares for 9M2019, as set out in the 9M2019 Results Announcement.

7.2 Consolidated Income Statements and Statements of Financial Position

The audited consolidated financial statements of the Group for FY2016, FY2017 and FY2018 set out below have been extracted from the annual reports of the Company for FY2016, FY2017 and FY2018, and the 9M2019 Results set out below have been extracted from the 9M2019 Results Announcement. These statements were not specifically prepared for inclusion in this Circular.

CONSOLIDATED INCOME STATEMENTS

FOR FY2016, FY2017, FY2018 AND 9M2019

	Audited FY2016 S$'000	Audited FY2017[(1)] S$'000	Audited FY2018 S$'000	Unaudited 9M2019 S$'000
Continuing operations				
Revenue	479,701	525,796	374,909	285,800
Cost of sales	(285,953)	(330,037)	(212,452)	(147,260)
Gross profit	193,748	195,759	162,457	138,540
Other items of income				
Interest income	2,587	3,103	4,498	5,114
Other income	25,864	69,796	30,453	69,055
Other items of expense				
Distribution costs	(29,650)	(30,697)	(23,463)	(16,284)
Administrative expenses	(100,664)	(99,038)	(91,856)	(66,157)
Finance costs	(35,744)	(21,162)	(23,053)	(21,008)
Other expenses	(29,518)	(16,700)	(4,037)	(1,761)
Share of profit from equity-accounted associates and joint ventures	2,890	1,896	3,299	4,935
Profit before tax from continuing operations	29,513	102,957	58,298	112,434
Income tax expense	(8,773)	(19,508)	(5,300)	(9,874)
Profit from continuing operations, net of tax	20,740	83,449	52,998	102,560
Discontinued operations				
Profit from discontinued operations, net of tax	156,843	–	–	–
Profit net of tax	177,583	83,449	52,998	102,560
Profit/(loss) attributable to:				
Owners of the Company				
- Continuing operations, net of tax	27,381	87,182	55,760	100,898
- Discontinued operations, net of tax	113,200	–	–	–
	140,581	87,182	55,760	100,898
Non-controlling interests				
- Continuing operations, net of tax	(6,641)	(3,733)	(2,762)	1,662
- Discontinued operations, net of tax	43,643	–	–	–
	37,002	(3,733)	(2,762)	1,662
Earnings per stock unit (cents)				
Basic	22.0	13.7	8.7	15.8
Diluted	22.0	13.7	8.7	15.8

Note:

(1) As presented in the FY2018 annual report of the Company.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018 AND 30 SEPTEMBER 2019

	Audited As at 31 December 2018 S$'000	Unaudited As at 30 September 2019 S$'000
ASSETS		
Non-current assets		
Property, plant and equipment	141,385	198,501
Investment properties	1,927,740	1,993,170
Interests in associates	108,759	114,082
Interests in joint ventures	44,830	45,632
Deferred tax assets	29,259	22,312
Other investments	26,751	27,216
Total non-current assets	2,278,724	2,400,913
Current assets		
Inventories	24,215	21,817
Income tax receivables	678	507
Trade and other receivables	98,343	61,206
Prepayments	8,739	7,094
Properties held for sale	959,720	986,649
Bank balances and deposits	251,252	253,699
Total current assets	1,342,947	1,330,972
Total assets	3,621,671	3,731,885
EQUITY AND LIABILITIES		
Equity		
Share capital	745,717[(1)]	808,030
Retained earnings	1,194,744	1,277,061
Other reserves	(13,560)	(29,256)
Equity attributable to owners of the Company	1,926,901	2,055,835
Non-controlling interests	283,985	280,694
Total equity	2,210,886	2,336,529
Non-current liabilities		
Provisions	35,941	31,137
Deferred tax liabilities	54,609	49,662
Trade and other payables	228	54,634
Borrowings	728,358	967,470
Total non-current liabilities	819,136	1,102,903
Current liabilities		
Provisions	3,339	6,087
Income tax payable	30,348	31,325
Trade and other payables	197,607	187,429
Borrowings	360,355	67,612
Total current liabilities	591,649	292,453
Total liabilities	1,410,785	1,395,356
Total equity and liabilities	3,621,671	3,731,885

Note:

(1) This excludes 21,712,000 stock units held by a subsidiary.

8. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as disclosed in this Circular, the 9M2019 Results Announcement and any other information on the Company and the Group which is publicly available (including without limitation, the announcements released by the Group on the SGX-ST), there have been no material changes to the financial position of the Group since 31 December 2018, being the date of the last audited consolidated accounts of the Group laid before the Shareholders in general meeting.

9. MATERIAL CHANGES IN INFORMATION

Save as disclosed in this Circular, the 9M2019 Results Announcement and any other information on the Company and the Group which is publicly available (including without limitation, the announcements released by the Group on the SGX-ST), there have been no material changes in any information contained in the announcements previously released by the Group during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date.

10. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

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

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

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

11. MATERIAL CONTRACTS

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

12. MATERIAL LITIGATION

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

13. VALUATION OF PROPERTIES

13.1 The Group has commissioned independent valuations of certain significant investment properties of the Group (the "**Appraised Investment Properties**"), properties of the Group held for sale (the "**Appraised Properties held for Sale**"), and the properties held by Shanghai Olympic Garden Property Development Co., Ltd (the "**Shanghai Olympic Properties**").

Extracts of the valuation reports from (i) Colliers International Consultancy & Valuation (Singapore) Pte Ltd dated 8 November 2019; and (ii) Edmund Tie & Company (SEA) Pte. Ltd. dated 8 November 2019, in relation to the Appraised Investment Properties are set out in **paragraph 1** of **Appendix I** to this Circular, and extracts of the valuation reports from Orient Appraisal Co., Ltd. dated 13 November 2019 in relation to the Appraised Properties held for Sale and the Shanghai Olympic Properties are set out in **paragraph 2** of **Appendix I** to this Circular.

Copies of the valuation reports are available for inspection at the registered office of the Company at 12 Ang Mo Kio Street 64, #01-01 UE BizHub CENTRAL, Singapore 569088 during normal business hours for the period during which the Offers remain open for acceptance.

13.2 Under Rule 26.3 of the Code, the Company is required, *inter alia*, to make an assessment of any potential tax liability which would arise if the assets, which are the subject of a valuation given in connection with an offer, were to be sold at the amount of the valuation.

Based on information provided by the valuers referred to in **paragraph 13.1** above, (i) there are no potential tax liabilities which may be incurred by the Company on the hypothetical disposal of the Appraised Investment Properties as any gain or loss on disposal is capital in nature, and as at the Latest Practicable Date, the Company has no intention to sell the Appraised Investment Properties as such properties are held for the Group's principal business activities and for long term investment purposes; and (ii) the potential tax liabilities which may be incurred by the Company on the hypothetical disposal of the Appraised Properties held for Sale and Shanghai Olympic Properties is approximately RMB310.5 million[(1)] and RMB182.5 million[(2)] respectively. The Appraised Properties held for Sale are classified by the Company as properties held for sale and the Shanghai Olympic Properties form part of the Group's investment in the joint venture, Shanghai Olympic Garden Property Development Co., Ltd. The aforesaid tax liabilities will only crystallise in full if the Company disposes of all of the Appraised Properties held for Sale and Shanghai Olympic Properties.

Notes:

(1) Based on the Group's 69.1% effective shareholding interest in the subsidiaries that hold the Appraised Properties held for Sale.

(2) Based on the Group's 31.1% effective shareholding interest in Shanghai Olympic Garden Property Development Co., Ltd.

14. GENERAL

14.1 Costs and Expenses

All costs and expenses incurred by the Company in relation to the Offers will be borne by the Company.

14.2 Transfer Restrictions

There is no restriction in the Constitution of the Company on the right to transfer any Shares, which has the effect of requiring holders of the Ordinary Shares and/or Preference Shares, before transferring them, to offer them for purchase to members of the Company or to any other person.

14.3 Consent of the Auditor

The Auditor has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name, its report in respect of the 9M2019 Results as set out in **Appendix E** to this Circular, and all references thereto, in the form and context in which they appear in this Circular.

14.4 Consent of the IFA

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name, the IFA Letter and its report in respect of the 9M2019 Results as set out in **Appendix F** to this Circular, and all references thereto, in the form and context in which they appear in this Circular.

14.5 Consent of the Share Registrar

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

14.6 Consent of Colliers International Consultancy & Valuation (Singapore) Pte Ltd

Colliers International Consultancy & Valuation (Singapore) Pte Ltd has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name, its valuation report, and all references thereto, in the form and context in which they appear in this Circular.

14.7 Consent of Edmund Tie & Company (SEA) Pte. Ltd.

Edmund Tie & Company (SEA) Pte. Ltd. has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name, its valuation report, and all references thereto, in the form and context in which they appear in this Circular.

14.8 Consent of Orient Appraisal Co., Ltd.

Orient Appraisal Co., Ltd. has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name, its valuation report, and all references thereto, in the form and context in which they appear in this Circular.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 12 Ang Mo Kio Street 64, #01-01 UE BizHub CENTRAL, Singapore 569088 during normal business hours for the period during which the Offers remain open for acceptance:

(i) the Constitution of the Company;

(ii) the annual reports of the Company for FY2016, FY2017 and FY2018, which include the audited consolidated financial statements of the Group for FY2016, FY2017 and FY2018;

(iii) the 9M2019 Results Announcement as set out in **Appendix D** to this Circular;

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

(v) the reports from the Auditor and the IFA in respect of the 9M2019 Results, as set out in **Appendices E and F** to this Circular respectively;

(vi) the valuation reports referred to in **paragraph 13** above; and

(vii) the letters of consent referred to in **paragraph 14** above.

1. THE OFFEROR

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

"***APPENDIX I – ADDITIONAL INFORMATION ON THE OFFEROR***

1. DIRECTORS OF THE OFFEROR

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

Name	***Address***	***Description***
Mr. Zhong Sheng Jian	*9 Temasek Boulevard, #36-02, Suntec Tower Two, Singapore 038989*	*Director*
Mr. Zhong Ming	*9 Temasek Boulevard, #36-02, Suntec Tower Two, Singapore 038989*	*Director*

2. PRINCIPAL ACTIVITIES AND SHARE CAPITAL OF THE OFFEROR

The Offeror is a private company limited by shares incorporated in the Republic of Singapore on 7 June 2017. The principal activity of the Offeror is that of an investment holding company. As at the Latest Practicable Date, the Offeror has an issued share capital of S$100 comprising 100 Offeror Shares.

3. REGISTERED OFFICE

The registered office of the Offeror is at 9 Temasek Boulevard, #36-02, Suntec Tower Two, Singapore 038989.

4. SUMMARY OF FINANCIAL INFORMATION

*As the Offeror was incorporated on 7 June 2017, financial information of the Offeror is only available for the period commencing on 7 June 2017 and ended on 31 December 2018. Certain financial information of the Offeror as extracted from the FY2017 Audited Financial Statements and the FY2018 Audited Financial Statements (collectively, the "**Offeror Financial Statements**") is set out below. Such financial information should be read in conjunction with the Offeror Financial Statements and the accompanying notes as set out therein. Copies of the Offeror Financial Statements are available for inspection as mentioned in paragraph 4 of **Appendix IV** to this Offer Document.*

4.1 Selected Financial Information relating to Income Statements

	FY2018 S$'000	***Financial period from 7 June 2017 to 31 December 2017 S$'000***
Revenue	*–*	*–*
Exceptional Items	*92,728*	*57,501*
Net Profit Before Tax	*96,330*	*64,704*
Net Profit After Tax	*96,338*	*64,664*
Minority Interests	*–*	*–*
Net Earnings Per Share	*963*	*647*
Net Dividends Per Share	*–*	*–*

4.2 Statement of Assets and Liabilities as at 31 December 2018 (audited)

The statement of financial position of the Offeror as at 31 December 2018, as extracted from the FY2018 Audited Financial Statements, is set out below.

	FY2018 S$'000 *(Audited)*
ASSETS	
Non-current assets	
Associates	*921,886*
Available-for-sale investment	*–*
Total non-current assets	*921,886*
Current assets	
Cash at bank	*6,568*
Total current assets	*6,568*
Total assets	***928,454***
EQUITY AND LIABILITIES	
Capital and reserves	
Share capital	**(1)*
Capital reserve	*379,470*
Foreign currency translation reserve	*(9,063)*
Other reserves	*(128)*
Retained earnings	*163,816*
Equity attributable to owners of the company	*534,095*
Total equity	*534,095*
Current liabilities	
Bank loan	*393,605*
Other payables	*751*
Income tax payable	*3*
Total current liabilities	*394,359*
Total equity and liabilities	***928,454***

Note:

*(1) *denotes an amount of less than S$1,000.*

5. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as a result of the making and financing of the Acquisitions and the UEL Offers, there have been no known material changes in the financial position of the Offeror since 31 December 2018, being the date of the last published audited accounts of the Offeror.

6. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Offeror are set out in Note 2 to the FY2018 Audited Financial Statements, a copy of which is available for inspection as mentioned in paragraph 4 of ***Appendix IV*** *to this Offer Document.*

7. CHANGES IN ACCOUNTING POLICIES

There has been no change in the accounting policies of the Offeror since 31 December 2018, being the date of the last published audited accounts of the Offeror, which will cause the figures set out in paragraph 4 of this ***Appendix I*** *not to be comparable to a material extent.*"

2. HOLDINGS AND DEALINGS IN THE SHARES

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

"***APPENDIX IV – ADDITIONAL GENERAL INFORMATION***

1. DISCLOSURE OF INTERESTS

*(a) As at the Latest Practicable Date, based on the latest information available to the Offeror, save as disclosed below, none of the Offeror or any party acting in concert with it owns, controls or has agreed to acquire any (i) UEL Shares, (ii) securities which carry voting rights in UEL, or (iii) convertible securities, warrants, options and derivatives in respect of the UEL Shares or securities that carry voting rights in UEL (collectively, the "**UEL Securities**").*

Name	***UEL Ordinary Shares***		***UEL Preference Shares***	
	No.	***%(1)***	***No.***	***%(2)***
Offeror	*224,872,206*	*35.27*	*854,993*	*97.71*

Notes:

(1) Calculated based on 637,520,399 UEL Ordinary Shares in issue and rounded to the nearest two (2) decimal places.

(2) Calculated based on 875,000 UEL Preference Shares in issue and rounded to the nearest two (2) decimal places.

(b) As at the Latest Practicable Date, based on the latest information available to the Offeror, none of the Offeror or any party acting in concert with it has dealt for value in the UEL Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date."

3. ADDITIONAL INFORMATION

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

"

(c) As at the Latest Practicable Date, none of the Offeror or any party acting in concert with it has received any irrevocable undertaking from any other party to accept the UEL Offers.

(d) As at the Latest Practicable Date, none of the Offeror or any party acting in concert with it has entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code, including indemnity or option arrangements and any agreement or understanding, formal or informal, of whatever nature, relating to the UEL Securities which may be an inducement to deal or refrain from dealing in the Securities.

*(e) As at the Latest Practicable Date, the UEL Shares and WBL Shares which are held by the Offeror as at the Offer Announcement Date (the "**Existing Shares**") are charged in favour of UOB (as security agent) as security for certain banking facilities granted by UOB to the Offeror (the "**Existing Security**"). The Offeror intends to refinance such banking facilities from UOB with new banking facilities from DBS Bank, and in connection therewith, the Offeror will discharge the Existing Security and charge the Existing Shares in favour of DBS Bank upon completion of such refinancing. Save as disclosed in this paragraph 1(e), as at the Latest Practicable Date, based on the latest information available to the Offeror, none of the Offeror or any party acting in concert with it has (i) granted a security interest over any UEL Securities to another person, whether through a charge, pledge or otherwise, (ii) borrowed from another person any UEL Securities (excluding borrowed UEL Securities which have been on-lent or sold), or (iii) lent any UEL Securities to another person.*

*(f) As at the Latest Practicable Date, save for the refinancing arrangements mentioned in paragraph 1(e) of this **Appendix IV** above and the financing arrangements entered into by the Offeror and Yanlord with DBS Bank for the purpose of financing the costs of the Acquisitions and/or the UEL Offers (collectively, the "**Relevant Financing Arrangements**"), there is no agreement, arrangement or understanding between (i) the Offeror or any party acting in concert with the Offeror, and (ii) any of the current or recent directors of UEL, or any of the current or recent Shareholders that has any connection with or dependence upon the UEL Offers.*

(g) As at the Latest Practicable Date, there is no agreement, arrangement or understanding whereby any of the UEL Shares acquired by the Offeror pursuant to the UEL Offers will be transferred to any other person. The Offeror, however, reserves the right to transfer any of the UEL Shares to any of its related corporations or for the purpose of granting security in favour of financial institutions which may extend credit facilities to it from time to time.

(h) As at the Latest Practicable Date, save for the Relevant Financing Arrangements, there is no agreement, arrangement or understanding between (i) the Offeror and (ii) any of the directors of UEL or any other person in connection with or conditional upon the outcome of the UEL Offers or otherwise connected with the UEL Offers.

(i) As at the Latest Practicable Date, there is no agreement, arrangement or understanding for payment or other benefit being made or given to any director of UEL or any of its related corporations, as compensation for loss of office or as consideration for, or in connection with, his retirement from office or otherwise in connection with the UEL Offers.

(j) Save as disclosed in this Offer Document, there has been no material change in any information previously published by or on behalf of the Offeror during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date."

4. YLGL

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

"***APPENDIX II – ADDITIONAL INFORMATION ON YANLORD***

1. DIRECTORS OF YANLORD

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

Name	*Address*	*Description*
Mr. Zhong Sheng Jian	*9 Temasek Boulevard, #36-02, Suntec Tower Two, Singapore 038989*	*Chairman and Chief Executive Officer*
Mr. Zhong Siliang	*9 Temasek Boulevard, #36-02, Suntec Tower Two, Singapore 038989*	*Executive Director*
Ms. Chan Yiu Ling	*Flat E, 7/F, Block 5, Metro City Phase II, Tseung Kwan O, N.T., Hong Kong*	*Executive Director*
Mr. Zhong Ming	*9 Temasek Boulevard, #36-02, Suntec Tower Two, Singapore 038989*	*Executive Director*
Mr. Ronald Seah Lim Siang	*19 Kovan Road, #04-12, Kovan Melody, Singapore 548191*	*Lead Independent Director*
Ms. Ng Shin Ein	*67 Ubi Avenue 1, #05-01, Starhub Green, Singapore 408942*	*Independent Director*
Mr. Hee Theng Fong	*16 Greenleaf Grove, Ban Guan Park, Singapore 279500*	*Independent Director*
Mr. Hong Pian Tee	*50 Leedon Road, Singapore 267860*	*Independent Director*

2. PRINCIPAL ACTIVITIES AND SHARE CAPITAL OF YANLORD

Yanlord is a company listed on the Main Board of the SGX-ST. The Yanlord Group focuses on developing high-end fully-fitted residential, commercial and integrated property projects in strategically selected key and high-growth cities in the PRC. With an established presence in fifteen (15) key high-growth cities within six (6) major economic regions of the PRC, the Yanlord Group has a diverse portfolio of residential, commercial and investment properties including retail malls, offices, hotels and serviced residence developments. As at the Latest Practicable Date, Yanlord has an issued share capital of S$1,482,552,080 comprising 1,948,736,476 ordinary shares, including 17,201,100 shares held in treasury.

In addition, the Yanlord Group also provides property management services primarily for the projects it develops.

3. REGISTERED OFFICE

The registered office of Yanlord is at 9 Temasek Boulevard, #36-02, Suntec Tower Two, Singapore 038989.

4. SUMMARY OF FINANCIAL INFORMATION

*Set out below is certain financial information extracted from Yanlord's annual reports for FY2016, FY2017 and FY2018 respectively and from the unaudited consolidated interim results of Yanlord for the second quarter and half year of FY2019 ended 30 June 2019 ("**HY2019**", and such interim results, the "**Yanlord Group HY2019 Results**"). The financial information for FY2016, FY2017 and FY2018 set out below should be read in conjunction with the audited consolidated financial statements of Yanlord for FY2016, FY2017 and FY2018. In addition, the financial information for HY2019 set out below should be read in conjunction with the Yanlord Group HY2019 Results. Copies of Yanlord's annual reports for FY2016, FY2017 and FY2018 and the Yanlord Group HY2019 Results are available for inspection as set out in paragraph 4 of **Appendix IV** to this Offer Document.*

4.1 Selected Financial Information relating to Income Statements for FY2016, FY2017, FY2018 and HY2019

	HY2019 (Unaudited) RMB'000	FY2018 (Audited) RMB'000	FY2017 (Audited) RMB'000	FY2016 (Audited) RMB'000
Revenue	7,711,904	24,888,041	25,638,407	25,664,408
Exceptional Items	–	–	–	–
Net Profit Before Tax	3,527,780	10,541,657	11,362,224	7,472,154
Net Profit After Tax	1,956,937	5,395,450	5,620,267	3,977,198
Minority Interests	768,561	1,850,880	2,403,827	1,279,837
Net Earnings Per Share (RMB cents)	61.52	183.51	166.12	138.56
Dividends Per Share (Singapore cents)	–	6.8	6.8	4.35

4.2 Statements of Assets and Liabilities of Yanlord as at 31 December 2018 (audited) and 30 June 2019 (unaudited)

	GROUP		COMPANY	
	HY2019 RMB'000 (Unaudited)	FY2018 RMB'000 (Audited)	HY2019 RMB'000 (Unaudited)	FY2018 RMB'000 (Audited)
ASSETS				
Non-current assets				
Property, plant and equipment	3,135,840	3,177,663	–	–
Investment properties	15,292,880	14,567,640	–	–
Right-of-use assets	77,750	–	–	–
Properties for development	5,742,432	16,940,162	–	–
Investments in subsidiaries	–	–	13,752,641	13,523,060
Investments in associates	1,883,889	1,418,593	–	–
Investments in joint ventures	6,539,734	5,897,162	–	–
Other receivables and deposits	2,355,185	3,114,118	–	–
Non-trade amounts due from:				
Associate	454,801	–	–	–
Joint ventures	5,949,464	5,914,815	–	–
Non-controlling shareholders of subsidiaries	633,672	400,000	–	–
Other financial assets	175,923	175,923	–	–
Intangible assets	812	2,092	–	–
Deferred tax assets	450,614	472,281	–	–
Total non-current assets	42,692,996	52,080,449	13,752,641	13,523,060

	GROUP		COMPANY	
	HY2019	FY2018	HY2019	FY2018
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Current assets				
Inventories	112,155	117,027	–	–
Completed properties for sale	5,723,112	5,957,456	–	–
Properties under development for sale	22,284,627	21,124,992	–	–
Trade receivables	50,046	48,183	–	–
Other receivables and deposits	2,582,110	1,853,358	4	1
Non-trade amounts due from:				
Subsidiaries	–	–	2,288,941	1,794,247
Associates	1,347,007	1,201,290	–	–
Joint ventures	10,713,525	9,833,539	–	–
Non-controlling shareholders of subsidiaries	5,425,336	3,247,508	–	–
Other related party	792	788	–	–
Income tax prepayment	452,715	567,767	–	–
Financial asset at fair value through profit or loss	11,743	–	–	–
Pledged bank deposits	736,731	331,048	–	–
Cash and cash equivalents	16,939,965	10,317,374	2,349	9,404
Total current assets	66,379,864	54,600,330	2,291,294	1,803,652
Total assets	109,072,860	106,680,779	16,043,935	15,326,712
EQUITY AND LIABILITIES				
Capital, reserves and non-controlling interests				
Share capital	7,261,726	7,261,726	7,261,726	7,261,726
Reserves	18,256,496	17,768,378	375,022	264,747
Equity attributable to owners of the company	25,518,222	25,030,104	7,636,748	7,526,473
Non-controlling interests	8,577,971	7,848,514	–	–
Total equity	34,096,193	32,878,618	7,636,748	7,526,473
Non-current liabilities				
Bank and other borrowings				
– due after one year	20,952,949	27,998,178	–	–
Senior notes	5,455,618	5,440,228	–	–
Lease liabilities	56,984	–	–	–
Deferred tax liabilities	3,124,297	2,831,594	–	–
Non-trade amount due to:				
Joint ventures	820,279	805,377	–	–
Deferred income	428,697	335,702	–	–
Total non-current liabilities	30,838,824	37,411,079	–	–

	GROUP		COMPANY	
	HY2019	FY2018	HY2019	FY2018
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Current liabilities				
Bank and other borrowings				
– due within one year	12,545,963	8,293,294	–	639,509
Lease liabilities	25,265	–	–	–
Trade payables	8,642,030	8,246,981	–	–
Other payables	3,636,598	1,453,353	–	3,837
Contract liabilities	9,856,528	9,857,831	–	–
Non-trade amounts due to:				
Subsidiary	–	–	8,351,053	7,100,578
Associates	621,903	257,596	–	–
Joint ventures	1,726,165	674,391	–	–
Directors	56,134	56,315	56,134	56,315
Non-controlling shareholders of subsidiaries	548,189	705,139	–	–
Other related parties	36,310	44,808	–	–
Income tax payable	5,122,025	5,480,641	–	–
Put liability to acquire non-controlling interests	1,320,733	1,320,733	–	–
Total current liabilities	44,137,843	36,391,082	8,407,187	7,800,239
Total equity and liabilities	109,072,860	106,680,779	16,043,935	15,326,712

5. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as a result of the making and financing of the Acquisitions and the UEL Offers and as disclosed in the Yanlord Group HY2019 Results and any other information on the Yanlord Group which is publicly available (including without limitation, the announcements released by Yanlord on the SGX-ST), there have been no known material changes in the financial position of Yanlord since 31 December 2018, being the date of the last published audited accounts of Yanlord.

6. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Yanlord Group are set out in Note 2 to Yanlord's annual report for FY2018, a copy of which is available for inspection as mentioned in paragraph 4 of ***Appendix IV*** *to this Offer Document.*

7. CHANGES IN ACCOUNTING POLICIES

Save as set out below, there has been no change in the accounting policies of the Yanlord Group since 31 December 2018, being the date of the last published audited accounts of Yanlord, which will cause the figures set out in paragraph 4 of this ***Appendix II*** *not to be comparable to a material extent.*

The Yanlord Group has applied the same accounting policies and methods of computation in the unaudited financial statements for the current reporting period as those applied in the audited financial statements for the financial year ended 31 December 2018, except for the adoption by the Yanlord Group of the following new/revised SFRS(I) applicable for the financial period beginning 1 January 2019:

(a) SFRS(I) 16 Leases;

(b) Amendments to SFRS(I) 1-28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures; and

(c) SFRS(I) INT 23 Uncertainty over Income Tax Treatments.

The Yanlord Group has adopted SFRS(I) 16 with effect from 1 January 2019, using the modified retrospective approach. The cumulative effect of adopting SFRS(I) 16 is recognised as an adjustment to the opening balance of accumulated profits as at 1 January 2019, with no restatement of comparative information, and has resulted in the following adjustments to the consolidated statement of financial position of the Yanlord Group as at 1 January 2019, compared to the previously reported consolidated statement of financial position of the Yanlord Group as at 31 December 2018:

Consolidated Statement of Financial Position as at 1 January 2019

	GROUP RMB'000
Increase in right-of-use assets	*87,564*
Increase in lease liabilities	*(91,366)*
Decrease in net assets	*(3,802)*
Decrease in equity attributable to owners of the company	*(3,376)*
Decrease in non-controlling interests	*(426)*
Decrease in equity	*(3,802)*

"

APPENDIX D – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR 9M2019

The 9M2019 Results set out below have been extracted from the announcement by the Company on 11 November 2019, and were not specifically prepared for inclusion in this Circular. The figures have not been audited.

UNITED ENGINEERS LIMITED
(Company Registration No. 191200018G)

Q3 2019 Financial Statement Announcement

Part I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) Income statement for the third quarter ended

	Group					
	3 months ended			9 months ended		
	30/9/2019	30/9/2018	Change	**30/9/2019**	30/9/2018	Change
	$000	$000	(%)	**$000**	$000	(%)
Revenue	**112,367**	81,505	38	**285,800**	282,941	1
Cost of sales	**(58,531)**	(41,112)	42	**(147,260)**	(153,295)	(4)
Gross profit	**53,836**	40,393	33	**138,540**	129,646	7
Other items of income						
Interest income	**2,688**	1,006	167	**5,114**	3,150	62
Other income	**2,541**	2,794	(9)	**3,855**	4,802	(20)
Other items of expense						
Distribution costs	**(6,241)**	(5,299)	18	**(16,284)**	(17,432)	(7)
Administrative expenses	**(22,442)**	(22,554)	–	**(66,157)**	(67,959)	(3)
Finance costs	**(7,003)**	(5,792)	21	**(21,008)**	(16,969)	24
Other expenses	**1,028**	(1,870)	NM	**(1,761)**	(3,416)	(48)
Operating profit before revaluation of investment properties	**24,407**	8,678	181	**42,299**	31,822	33
Net surplus on revaluation of investment properties	**65,200***	–	NM	**65,200***	–	NM
Operating profit after revaluation of investment properties	**89,607**	8,678	933	**107,499**	31,822	238
Share of profit from equity-accounted associates and joint ventures	**3,068**	536	472	**4,935**	2,898	70
Profit before tax	**92,675**	9,214	906	**112,434**	34,720	224
Income tax expense	**(5,354)**	(2,457)	118	**(9,874)**	(7,341)	35
Profit net of tax	**87,321**	6,757	NM	**102,560**	27,379	275
Profit/(loss) attributable to:						
Owners of the Company	**84,836**	7,683	NM	**100,898**	27,691	264
Non-controlling interests	**2,485**	(926)	NM	**1,662**	(312)	NM
	87,321	6,757	NM	**102,560**	27,379	275

NM: Not meaningful

* In line with independent external valuations conducted in connection with the Offer Announcement as outlined in Paragraph 10.

1(a)(ii) Other information

	Group			
	3 months ended		9 months ended	
	30/9/2019	30/9/2018	**30/9/2019**	30/9/2018
	$000	$000	**$000**	$000
Depreciation of property, plant and equipment[1]	**(5,971)**	(3,426)	**(18,030)**	(10,459)
Foreign exchange gain/(loss)	**81**	(869)	**(232)**	(566)
Gain on disposal of property, plant and equipment	**1,701**	31	**1,758**	40
Inventories (written-down)/written-back	**(21)**	142	**10**	16
Loss on sale of investment property	**–**	–	**(582)**	–
Net surplus on revaluation of investment properties	**65,200**	–	**65,200**	–
Over/(under) provision of prior years' tax	**2**	3	**153**	(515)
Reversal of impairment loss/(impairment loss) on trade receivables	**2,401**	(291)	**2,370**	(573)

(1) Depreciation of property, plant and equipment increased mainly due to the recognition of right-of-use assets arising from the adoption of SFRS(I) 16.

1(a)(iii) Statement of comprehensive income

	Group			
	3 months ended		9 months ended	
	30/9/2019	30/9/2018	**30/9/2019**	30/9/2018
	$000	$000	**$000**	$000
Profit net of tax for the period	**87,321**	6,757	**102,560**	27,379
Other comprehensive income				
Items that will not be reclassified to income statement:				
Financial assets, at fair value through other comprehensive income (FVOCI)				
- Fair value changes during the period	**238**	891	**466**	(891)
Items that may be reclassified subsequently to income statement:				
Losses on exchange differences on translation, net of tax	**(6,420)**	(19,115)	**(14,501)**	(15,344)
Share of other comprehensive income from equity-accounted associates, net of tax	**231**	2,875	**252**	3,377
	(6,189)	(16,240)	**(14,249)**	(11,967)
Other comprehensive income for the period, net of tax	**(5,951)**	(15,349)	**(13,783)**	(12,858)
Total comprehensive income for the period	**81,370**	(8,592)	**88,777**	14,521
Attributable to:				
Owners of the Company	**81,105**	(1,580)	**91,965**	20,274
Non-controlling interests	**265**	(7,012)	**(3,188)**	(5,753)
	81,370	(8,592)	**88,777**	14,521

1(b)(i) Statements of financial position

	Group		Company	
	30/9/2019	31/12/2018	**30/9/2019**	31/12/2018
	$000	$000	**$000**	$000
ASSETS				
Non-current assets				
Property, plant and equipment	**198,501**	141,385	**40,166**	20,519
Investment properties	**1,993,170**	1,927,740	**749,928**	729,900
Interests in subsidiaries	**–**	–	**1,073,512**	1,053,732
Interests in associates	**114,082**	108,759	**318**	322
Interests in joint ventures	**45,632**	44,830	**–**	–
Deferred tax assets	**22,312**	29,259	**–**	–
Other investments	**27,216**	26,751	**1,209**	1,209
Total non-current assets	**2,400,913**	2,278,724	**1,865,133**	1,805,682
Current assets				
Inventories	**21,817**	24,215	**–**	–
Income tax receivables	**507**	678	**–**	–
Trade and other receivables	**61,206**	98,343	**20,691**	31,612
Prepayments	**7,094**	8,739	**643**	690
Properties held for sale	**986,649**	959,720	**–**	–
Bank balances and deposits	**253,699**	251,252	**21,871**	22,352
Total current assets	**1,330,972**	1,342,947	**43,205**	54,654
Total assets	**3,731,885**	3,621,671	**1,908,338**	1,860,336
EQUITY AND LIABILITIES				
Equity				
Share capital	**808,030**	745,717[1]	**808,030**	808,030
Retained earnings	**1,277,061**	1,194,744	**837,786**	817,428
Other reserves	**(29,256)**	(13,560)	**(21)**	(21)
Equity attributable to owners of the Company	**2,055,835**	1,926,901	**1,645,795**	1,625,437
Non-controlling interests	**280,694**	283,985	**–**	–
Total equity	**2,336,529**	2,210,886	**1,645,795**	1,625,437
Non-current liabilities				
Provisions	**31,137**	35,941	**–**	–
Deferred tax liabilities	**49,662**	54,609	**–**	–
Trade and other payables	**54,634**	228	**20,292**	–
Borrowings	**967,470**	728,358	**150,000**	150,000
Total non-current liabilities	**1,102,903**	819,136	**170,292**	150,000
Current liabilities				
Provisions	**6,087**	3,339	**–**	–
Income tax payable	**31,325**	30,348	**4,059**	3,999
Trade and other payables	**187,429**	197,607	**65,611**	23,600
Borrowings	**67,612**	360,355	**22,581**	57,300
Total current liabilities	**292,453**	591,649	**92,251**	84,899
Total liabilities	**1,395,356**	1,410,785	**262,543**	234,899
Total equity and liabilities	**3,731,885**	3,621,671	**1,908,338**	1,860,336

[1] This excludes 21,712,000 stock units held by a subsidiary.

1(b)(ii) Comparative figures of the Group's borrowings and debt securities

(a) Amount repayable in one year or less, or on demand

As at 30/9/2019		As at 31/12/2018	
$000	$000	$000	$000
Secured	Unsecured	Secured	Unsecured
42,033	25,579	300,713	59,642

(b) Amount repayable after one year

As at 30/9/2019		As at 31/12/2018	
$000	$000	$000	$000
Secured	Unsecured	Secured	Unsecured
817,470	150,000	578,358	150,000

(c) Details of any collaterals

The borrowings are generally secured on certain investment properties and properties held for sale and/or by fixed and floating charges over certain assets of certain subsidiaries.

1(c) Statement of cash flows

	Group			
	3 months ended		9 months ended	
	30/9/2019	30/9/2018	**30/9/2019**	30/9/2018
	$000	$000	**$000**	$000
Cash flows from operating activities				
Profit before tax	**92,675**	9,214	**112,434**	34,720
Depreciation of property, plant and equipment	**5,971**	3,426	**18,030**	10,459
Dividend income from other investments	**(477)**	(1,202)	**(1,634)**	(1,754)
Finance costs	**7,003**	5,792	**21,008**	16,969
Gain on deemed acquisition of an associate	**(30)**	–	**(30)**	–
Gain on disposal of property, plant and equipment	**(1,701)**	(31)	**(1,758)**	(40)
Impairment loss on investment in associate	**–**	–	**–**	337
Interest income	**(2,688)**	(1,006)	**(5,114)**	(3,150)
Inventories written-down/(written-back)	**21**	(142)	**(10)**	(16)
Loss on sale of investment property	**–**	–	**582**	–
Net surplus on revaluation of investment properties	**(65,200)**	–	**(65,200)**	–
Property, plant and equipment written-off	**–**	1	**27**	84
Share of profit from equity-accounted associates and joint ventures	**(3,068)**	(536)	**(4,935)**	(2,898)
Unrealised foreign exchange loss	**482**	2,803	**3,152**	1,695
Operating cash flows before changes in working capital	**32,988**	18,319	**76,552**	56,406
Decrease/(increase) in inventories	**160**	(572)	**2,409**	1,167
Decrease in trade and other payables, provisions and contract liabilities	**(24,462)**	(4,398)	**(14,055)**	(33,431)
Decrease/(increase) in trade and other receivables and contract assets	**7,018**	(51,279)	**38,901**	(44,587)
Decrease/(increase) in properties held for sale	**3,749**	(10,697)	**(40,923)**	(7,403)
Cash flows from operations	**19,453**	(48,627)	**62,884**	(27,848)
Income taxes paid	**(3,142)**	(5,528)	**(7,362)**	(14,561)
Interest paid	**(6,929)**	(3,410)	**(23,747)**	(14,832)
Interest received	**2,754**	980	**5,124**	3,082
Net cash flows from/(used in) operating activities	**12,136**	(56,585)	**36,899**	(54,159)
Cash flows from investing activities				
Distribution from dissolution of other investments	**–**	–	**–**	102
Dividends received from associates	**–**	751	**1,427**	858
Dividends received from joint ventures	**–**	2,104	**–**	2,104
Dividends received from other investments	**477**	1,202	**1,634**	1,754
Decrease/(increase) in amounts due from associates and joint ventures	**226**	(644)	**(2,112)**	(490)
Proceeds from disposal of property, plant and equipment	**2,014**	97	**2,118**	376
Proceeds from sale of investment property	**–**	–	**7,169**	4,584
Proceeds from settlement of outstanding consideration	**–**	–	**–**	–
Purchase of property, plant and equipment	**(3,481)**	(2,647)	**(12,152)**	(8,628)
Subsequent expenditure on investment properties	**(3,050)**	(1,387)	**(5,928)**	(2,289)
Net cash flows used in investing activities	**(3,814)**	(524)	**(7,844)**	(1,629)

1(c) Statement of cash flows (*continued)*

	Group			
	3 months ended		9 months ended	
	30/9/2019	30/9/2018	**30/9/2019**	30/9/2018
	$000	$000	**$000**	$000
Cash flows from financing activities				
Acquisition of non-controlling interests	**(91)**	–	**(109)**	(9,003)
Decrease in short-term loans	**(50,029)**	(209)	**(34,430)**	(3,694)
(Decrease)/increase in banker acceptance	**(451)**	(1,144)	**656**	(3,236)
Distribution to shareholders from liquidation of a joint venture	**–**	–	**–**	22
Dividends paid	**–**	–	**(18,540)**	(24,698)
Dividends paid to non-controlling interests of subsidiaries	**–**	(132)	**–**	(132)
Payment of lease liabilities	**(2,937)**	–	**(9,392)**	–
Proceeds from long-term loans	**1,053**	–	**19,395**	275
Proceeds from sale of the Company stock units held by a subsidiary	**55,543**	–	**55,543**	–
Repayment of long-term loans	**(36,553)**	(4,500)	**(36,974)**	(11,400)
Net cash flows used in financing activities	**(33,465)**	(5,985)	**(23,851)**	(51,866)
Net (decrease)/increase in cash and cash equivalents	**(25,143)**	(63,094)	**5,204**	(107,654)
Cash and cash equivalents, beginning balance	**279,698**	340,854	**251,252**	384,711
Effect of exchange rate changes on cash and cash equivalents	**(856)**	(1,913)	**(2,757)**	(1,210)
Cash and cash equivalents, ending balance	**253,699**	275,847	**253,699**	275,847

1(d)(i) Statements of changes in equity

GROUP

		Attributable to owners of the Company					
	Total equity	**Equity attributable to owners of the Company**	**Share capital**	**Treasury# shares**	**Retained earnings**	**Other reserves**	**Non-controlling interests**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Opening balance at 1/1/2019, as previously reported	2,210,886	1,926,901	808,030	(62,313)	1,194,744	(13,560)	283,985
Effect of adoption of SFRS(I) 16	(62)	(41)	–	–	(41)	–	(21)
Opening balance at 1/1/2019, as adjusted	2,210,824	1,926,860	808,030	(62,313)	1,194,703	(13,560)	283,964
Profit/(loss) for the period	15,239	16,062	–	–	16,062	–	(823)
Losses on exchange differences on translation, net of tax	(8,081)	(5,451)	–	–	–	(5,451)	(2,630)
Financial assets, at FVOCI							
- Fair value changes arising during the period	228	228	–	–	–	228	–
Share of other comprehensive income from equity-accounted associate, net of tax	21	21	–	–	–	21	–
Other comprehensive income for the period	(7,832)	(5,202)	–	–	–	(5,202)	(2,630)
Total comprehensive income for the period	7,407	10,860	–	–	16,062	(5,202)	(3,453)
Contributions by and distributions to owners							
Dividends paid	(18,540)	(18,540)	–	–	(18,540)	–	–
Total contributions by and distributions to owners	(18,540)	(18,540)	–	–	(18,540)	–	–
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests without a change in control	(18)	–	–	–	–	–	(18)
Total changes in ownership interests in subsidiaries	(18)	–	–	–	–	–	(18)
Total transactions with owners in their capacity as owners	(18,558)	(18,540)	–	–	(18,540)	–	(18)
Others							
Transfer of share option reserve from equity-accounted associates	17	17	–	–	–	17	–
Total others	17	17	–	–	–	17	–
Closing balance at 30/6/2019	2,199,690	1,919,197	808,030	(62,313)	1,192,225	(18,745)	280,493
Profit for the period	87,321	84,836	–	–	84,836	–	2,485
Losses on exchange differences on translation, net of tax	(6,420)	(4,200)	–	–	–	(4,200)	(2,220)
Financial assets, at FVOCI							
- Fair value changes arising during the period	238	238	–	–	–	238	–
Share of other comprehensive income from equity-accounted associate, net of tax	231	231	–	–	–	231	–
Other comprehensive income for the period	(5,951)	(3,731)	–	–	–	(3,731)	(2,220)
Total comprehensive income for the period	81,370	81,105	–	–	84,836	(3,731)	265

1(d)(i) Statements of changes in equity *(continued)*

GROUP

		Attributable to owners of the Company					
	Total equity	**Equity attributable to owners of the Company**	**Share capital**	**Treasury[#] shares**	**Retained earnings**	**Other reserves**	**Non-controlling interests**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Contributions by and distributions to owners							
Sale of the Company stock units held by a subsidiary	55,543	55,543	–	62,313	–	(6,770)	–
Total contributions by and distributions to owners	55,543	55,543	–	62,313	–	(6,770)	–
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests without a change in control	(91)	(27)	–	–	–	(27)	(64)
Total changes in ownership interests in subsidiaries	(91)	(27)	–	–	–	(27)	(64)
Total transactions with owners in their capacity as owners	55,452	55,516	–	62,313	–	(6,797)	(64)
Others							
Share of share option reserve from equity-accounted associates	17	17	–	–	–	17	–
Total others	17	17	–	–	–	17	–
Closing balance at 30/9/2019	2,336,529	2,055,835	808,030	–	1,277,061	(29,256)	280,694

[#] This relates to 21,712,000 stock units held by a subsidiary.

1(d)(i) Statements of changes in equity *(continued)*

GROUP

		Attributable to owners of the Company					
	Total equity	Equity attributable to owners of the Company	Share capital	Treasury# shares	Retained earnings	Other reserves	Non-controlling interests
	$000	$000	$000	$000	$000	$000	$000
Opening balance at 1/1/2018, as previously reported	2,207,570	1,901,434	808,030	(62,313)	1,190,312	(34,595)	306,136
Effect of adopting SFRS(I)	–	–	–	–	(31,813)	31,813	–
Opening balance at 1/1/2018, restated	2,207,570	1,901,434	808,030	(62,313)	1,158,499	(2,782)	306,136
Profit for the period	20,622	20,008	–	–	20,008	–	614
Gains on exchange differences on translation, net of tax	3,771	3,126	–	–	–	3,126	645
Financial assets, at FVOCI							
- Fair value changes arising during the period	(1,782)	(1,782)	–	–	–	(1,782)	–
Share of other comprehensive income from equity-accounted associate, net of tax	502	502	–	–	–	502	–
Other comprehensive income for the period	2,491	1,846	–	–	–	1,846	645
Total comprehensive income for the period	23,113	21,854	–	–	20,008	1,846	1,259
Contributions by and distributions to owners							
Dividends paid	(24,698)	(24,698)	–	–	(24,698)	–	–
Total contributions by and distributions to owners	(24,698)	(24,698)	–	–	(24,698)	–	–
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests without a change in control	(9,003)	4,851	–	–	–	4,851	(13,854)
Total Changes in ownership interests in subsidiaries	(9,003)	4,851	–	–	–	4,851	(13,854)
Total transaction with owners in their capacity as owners	(33,701)	(19,847)	–	–	(24,698)	4,851	(13,854)
Others							
Share of share option reserve from equity-accounted associates	42	42	–	–	–	42	–
Transfer of reserve upon dissolution of other investments	–	(15)	–	–	32	(47)	15
Total others	42	27	–	–	32	(5)	15
Closing balance at 30/6/2018	2,197,024	1,903,468	808,030	(62,313)	1,153,841	3,910	293,556
Profit/(loss) for the period	6,757	7,683	–	–	7,683	–	(926)
Losses on exchange differences on translation, net of tax	(19,115)	(13,029)	–	–	–	(13,029)	(6,086)
Financial assets, at FVOCI							
- Fair value changes arising during the period	891	891	–	–	–	891	–
Share of other comprehensive income from equity-accounted associate, net of tax	2,875	2,875	–	–	–	2,875	–
Other comprehensive income for the period	(15,349)	(9,263)	–	–	–	(9,263)	(6,086)
Total comprehensive income for the period	(8,592)	(1,580)	–	–	7,683	(9,263)	(7,012)
Contributions by and distributions to owners							
Dividends paid to non-controlling interest	(132)	–	–	–	–	–	(132)
Total contributions by and distributions to owners	(132)	–	–	–	–	–	(132)
Total transaction with owners in their capacity as owners	(132)	–	–	–	–	–	(132)
Closing balance at 30/9/2018	2,188,300	1,901,888	808,030	(62,313)	1,161,524	(5,353)	286,412

This relates to 21,712,000 stock units held by a subsidiary.

1(d)(i) Statements of changes in equity *(continued)*

COMPANY

	Total equity	Share capital	Retained earnings	Other reserves
	$000	$000	$000	$000
Opening balance at 1/1/2019	1,625,437	808,030	817,428	(21)
Profit for the period	16,725	–	16,725	–
Total comprehensive income for the period	16,725	–	16,725	–
Contributions by and distributions to owners				
Dividends paid	(19,192)	–	(19,192)	–
Total transactions with owners in their capacity as owners	(19,192)	–	(19,192)	–
Closing balance at 30/6/2019	1,622,970	808,030	814,961	(21)
Profit for the period	22,825	–	22,825	–
Total comprehensive income for the period	22,825	–	22,825	–
Closing balance at 30/9/2019	1,645,795	808,030	837,786	(21)
Opening balance at 1/1/2018	1,593,786	808,030	785,789	(33)
Profit for the period	37,794	–	37,794	–
Total comprehensive income for the period	37,794	–	37,794	–
Contributions by and distributions to owners				
Dividends paid	(25,566)	–	(25,566)	–
Total transactions with owners in their capacity as owners	(25,566)	–	(25,566)	–
Closing balance at 30/6/2018	1,606,014	808,030	798,017	(33)
Profit for the period	8,643	–	8,643	–
Total comprehensive income for the period	8,643	–	8,643	–
Closing balance at 30/9/2018	1,614,657	808,030	806,660	(33)

1(d)(ii) Details of any changes in the company's issued share capital

There was no change in the issued share capital of the Company since 31 December 2018.

Share capital	**30/9/2019**	**30/9/2018**
Number of issued stock units	637,520,399	637,520,399
Number of issued stock units (excluding subsidiary holdings)	637,520,399	615,808,399
Number of subsidiary holdings	Nil	21,712,000
Number of treasury shares	Nil	Nil
Percentage of the aggregate number of treasury shares and the subsidiary holdings held against the total number of shares outstanding	NA	3.41%

1(d)(iii) 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.

As at 30 September 2019, the Company's issued and paid-up ordinary share capital excluding treasury shares was 637,520,399 ordinary stock units (31 December 2018: 637,520,399).

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current period reported on.

Not applicable. There were no treasury shares during and as at the end of the current period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current period reported on.

On 5 July 2019, the Company announced the sale of the entire subsidiary holdings comprising 21,712,000 stock units in the Company held by a subsidiary, WBL Corporation Limited.

Except as disclosed above, there were no other sales, transfers, cancellation and/or use of the subsidiary holdings as at the end of the current period reported on.

2 Whether the figures have been audited or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The consolidated financial information of the Group for the 9 months ended 30 September 2019 as set out in Sections 1(a), 1(b)(i) and 1(c) to 1(d)(i) of this announcement have been extracted from the interim condensed financial statements that has been prepared in accordance with Singapore Financial Reporting Standard International 1-34 Interim Financial Reporting, which has been reviewed by the independent auditor in accordance with Singapore Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity ("SSRE 2410"). The results for the 3rd quarter ended 30 September 2019, 3rd quarter ended 30 September 2018 and the 9 months ended 30 September 2018 have not been audited or reviewed.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Please refer to the independent auditor's review report dated 11 November 2019 appended to this announcement.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in Paragraph 5 below, there were no further changes in accounting policies and methods of computation adopted in the financial statements of the current reporting period as compared to the most recently audited annual financial statements as at 31 December 2018.

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 effect of, the change.

The Group adopted the new/revised SFRS(I) that are effective for annual periods beginning on or after 1 January 2019.

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

The adoption of the above SFRS(I) did not result in any substantial change to the Group's accounting policies or any significant impact on the financial statements except for the following:

SFRS(I) 16

On the adoption of SFRS(I) 16, the Group elected to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

The Group choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

i. its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

ii. an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to recognise separately the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Right-of-use assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

6 Earnings per stock unit (cents)

	3 months ended		9 months ended	
	30/9/2019	30/9/2018	**30/9/2019**	30/9/2018
(a) Basic*:	**13.3**	1.2	**15.8**	4.3
(b) Diluted**:	**13.3**	1.2	**15.8**	4.3
(c) Weighted average number of stock units used in the computation of basic earnings per stock unit	**637,520,399**	637,520,399	**637,520,399**	637,520,399
(d) Weighted average number of stock units used in the computation of diluted earnings per stock unit	**637,520,399**	637,520,399	**637,520,399**	637,520,399

* Earnings per ordinary stock unit on existing issued share capital, after deducting provision for preference dividend, is computed based on the weighted average number of ordinary stock units in issue during the period.

** Earnings per ordinary stock unit on a fully diluted basis, after deducting provision for preference dividend, is computed based on the weighted average number of ordinary stock units during the period adjusted to assume conversion of all dilutive ordinary shares.

7 Net asset value per stock unit

	Group		Company	
	30/9/2019	31/12/2018[1]	**30/9/2019**	31/12/2018
Net asset per ordinary stock unit based on the total number of issued stock units	**$3.22**	$3.13	**$2.58**	$2.55

(1) Based on total number of issued stock units excluding the number of stock units held by a subsidiary.

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on.

Overview

Q3 2019 compared with Q3 2018

Revenue increased 38% to $112.4 million in Q3 2019 from $81.5 million in Q3 2018 mainly due to higher revenue contribution from property development and property rental & hospitality. The increase was partially offset by lower revenue contribution from manufacturing and engineering. Gross profit increased 33% to $53.8 million in Q3 2019.

Interest income increased 167% to $2.7 million in Q3 2019 from $1.0 million in Q3 2018 mainly due to notional interest income on interest-free loan to an associated company and higher interest income from fixed deposits.

Distribution costs increased 18% to $6.2 million in Q3 2019 from $5.3 million in Q3 2018 mainly due to higher selling and marketing expenses for overseas property development projects.

Finance costs increased 21% to $7.0 million in Q3 2019 from $5.8 million in Q3 2018 mainly due to higher interest rates and the accretion of interest on lease liabilities arising from the adoption of SFRS(I) 16 in 2019.

Other expenses was a credit of $1.0 million in Q3 2019 compared with expenses of $1.9 million in Q3 2018 mainly due to net reversal of impairment loss on trade receivables.

Share of profit from equity-accounted associates and joint ventures increased 472% to $3.1 million in Q3 2019 from $0.5 million in Q3 2018 mainly due to higher contribution from an associated company in Singapore arising from revaluation gains from its investment property.

Income tax expense increased 118% to $5.4 million in Q3 2019 from $2.5 million in Q3 2018, which was in line with higher operating profit (excluding the revaluation gains on investment properties).

9 months 2019 (9M 2019) compared with 9 months 2018 (9M 2018)

Revenue increased marginally to $285.8 million in 9M 2019 from $282.9 million in 9M 2018 mainly due to higher contribution from property development and property rental & hospitality. The increase was partially offset by lower revenue contribution from manufacturing and engineering. Gross profit increased 7% to $138.5 million in 9M 2019.

Interest income increased 62% to $5.1 million in 9M 2019 from $3.2 million in 9M 2018 mainly due to notional interest income on interest-free loan to an associated company and higher interest income from fixed deposits.

Other income decreased 20% to $ 3.9million in 9M 2019 from $4.8 million in 9M 2018 mainly due to lower rebates and grants from government.

Finance costs increased 24% to $21.0 million in 9M 2019 from $17.0 million in 9M 2018 mainly due to higher interest rates and the accretion of interest on lease liabilities arising from the adoption of SFRS(I) 16 in 2019.

Other expenses decreased 48% to $1.8 million in 9M 2019 from $3.4 million in 9M 2018 mainly due to net reversal of impairment loss on trade receivables. The decrease was partially offset by the absence of write-back of excess provision of $1.0 million in relation to completed overseas development project recorded in 9M 2018.

Share of profit from equity-accounted associates and joint ventures increased 70% to $4.9 million in 9M 2019 from $2.9 million in 9M 2018 mainly due to higher contribution from an associated company in Singapore arising from revaluation gains from its investment property.

Income tax expense increased 35% to $9.9 million in 9M 2019 from $7.3 million in 9M 2018, which was in line with higher operating profit (excluding the revaluation gains on investment properties).

The Group's attributable profit increased to $84.8 million in Q3 2019 from $7.7 million in Q3 2018. For 9M 2019, attributable profit increased to $100.9 million from $27.7 million in 9M 2018. Excluding the net revaluation gain on investment properties of $65.2 million, the Group's attributable profit is $19.6 million in Q3 2019 and $35.7 million in 9M 2019, representing an increase of 155% from $7.7 million in Q3 2018 and 29% from $27.7 million in 9M 2018 respectively.

Financial position review

Property, plant and equipment increased by approximately $57 million mainly due to the recognition of right-of-use assets arising from the adoption of SFRS(I) 16.

Trade and other receivables decreased by approximately $37 million mainly due to GST refund of $22 million from the Inland Revenue Authority of Singapore in relation to the residential land parcel at Dairy Farm Road.

Total trade and other payables increased by approximately $44 million mainly due to the recognition of lease liabilities arising from the adoption of SFRS(I) 16.

Cash flow review

As at 30 September 2019, the Group had cash and cash equivalents of approximately $254 million. In 9M 2019, the Group incurred development expenditure of approximately $41 million for its Singapore and China property development projects. Separately, the Group utilised approximately $19 million for dividend payment. Apart from this, the Group's components of cash flow and changes in these components from 31 December 2018 to 30 September 2019 were mainly due to the Group's other ongoing operations.

Operation review

Property Rental & Hospitality

Revenue increased 8% to $34.4 million in Q3 2019 from $31.8 million in Q3 2018 and 4% to $97.8 million in 9M 2019 from $94.2 million in 9M 2018. Operating profit before interest increased 429% to $86.2 million in Q3 2019 from $16.3 million in Q3 2018 and 145% to $118.2 million in 9M 2019 from $48.2 million in 9M 2018 mainly due to higher revenue and profit contribution from *UE BizHub Tower* and *UE BizHub West* as well as net revaluation gains of $65.2 million from the Group's investment properties. Excluding the net revaluation gain on investment properties of $65.2 million, operating profit before interest increased 29% to $21.0 million and 10% to $53.0 million respectively.

Property Development

Revenue increased to $37.8 million in Q3 2019 from $2.5 million in Q3 2018 and 98% to $49.6 million in 9M 2019 from $25.0 million in 9M 2018 mainly due to revenue recognition from *Chengdu Orchard Villa* (Phase 5A) in China upon project completion and handover in accordance with completed contract method. Operating profit before interest was $7.1 million in Q3 2019 and $5.2 million in 9M 2019 compared with operating loss before interest of $2.1 million in Q3 2018 and $2.6 million in 9M 2018 mainly due to higher revenue.

Engineering & Distribution

Revenue decreased 22% to $19.1 million in Q3 2019 from $24.4 million in Q3 2018 and 19% to $62.2 million in 9M 2019 from $76.8 million in 9M 2018 mainly due to lower revenue contribution from the system integration operation. Operating profit before interest decreased 70% to $0.6 million in Q3 2019 from $2.0 million in Q3 2018 mainly due to lower profit contribution from the distribution business in Singapore. Operating profit before interest decreased 39% to $3.4 million in 9M 2019 from $5.6 million in 9M 2018 mainly due to lower revenue and profit contribution from the system integration and distribution businesses in Singapore.

Manufacturing

Revenue decreased 28% to $11.8 million in Q3 2019 from $16.3 million in Q3 2018 and 22% to $42.2 million in 9M 2019 from $53.8 million in 9M 2018. Operating profit before interest was $1.3 million in Q3 2019 compared with operating loss of $0.01 million in Q3 2018 mainly due to the gain on disposal of property, plant and equipment. Operating profit before interest decreased 45% to $0.6 million in 9M 2019 from $1.1 million in 9M 2018 mainly due to lower revenue, unfavorable product mix and a slower production ramp up for certain new products. The decrease was partially offset by the gain on disposal of property, plant and equipment.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Company did not make any forecast statement previously. The Group's Q3 2019 results are in line with the statement made in paragraph 10 of the Company's Q2 2019 results announcement on 14 August 2019.

10 A commentary at the date of this announcement of the 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 slower economic growth forecast for Singapore may weigh on the overall sentiments of the residential property markets in Singapore which are presently holding steady. The office rentals in Singapore may moderate against the backdrop of continuing global economic uncertainties and trade tensions.

The Group is on track to launch the *Dairy Farm Residences* for sale in end November 2019 and is continuing on asset enhancement program for its investment properties in Singapore. The improvement works for the commercial block at *UE BizHub WEST* (Alexandra) has been substantially completed and this will help to contribute to the Group's recurring rental income, going forward.

In China, the cooling measures and slower economic growth may post challenges to the overall property market in the near term, but the demand for good quality housing remains and the residential property market may continue to see sustainable growth in the longer term.

Going forward, the Group will focus on executing a few residential property development projects in Singapore and China, comprising *Dairy Farm Residences*, *Chengdu Orchard Villa Phase 6*, *Shenyang Orchard Summer Palace* (Residential) and *Shanghai Olympic Garden Phase 3.2*.

As part of its growth strategy, the Group will continue to seek investment and partnership opportunities and will make selective property acquisitions as and when such opportunities arise.

Subsequent event

On 25 October 2019, DBS Bank Ltd. ("DBS"), for and on behalf of Yanlord Investment (Singapore) Pte. Ltd. (the "Offeror") announced ("Offer Announcement"):

(1) a mandatory conditional cash offer (the "UEL Ordinary Share Offer") for all the issued and paid-up ordinary stock units in the capital of United Engineers Limited (the "Company"), other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror, at $2.60 per ordinary stock unit;

(2) a comparable offer for all the issued and paid-up preference shares in the capital of the Company, other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror, at $2.60 per preference share (the "UEL Preference Share Offer"); and

(3) (in the event that the UEL Ordinary Share Offer becomes unconditional as to acceptances or the Offeror acquires statutory control of the Company, whether pursuant to the UEL Ordinary Share Offer or otherwise) the mandatory unconditional cash offer to be made by the Offeror pursuant to Note 7 to Rule 14.1 of the Singapore Code on Take-Overs and Mergers for all the issued and paid-up ordinary shares in the capital of WBL Corporation Limited, other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror, at $2.5947 per ordinary share.

11 Dividend

(a) Current financial period reported on
Any dividend recommended for the current financial period reported on?

None.

(b) Corresponding period of the immediately preceding financial year
Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date Payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

The Directors do not recommend the payment of an interim dividend on either the Cumulative Preference Shares or the Ordinary Stock. However, as in past years, the Directors will consider the payment of a year-end final dividend for both the Cumulative Preference Shares and Ordinary Stock when the full year results are finalised.

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 Company did not obtain a general mandate from shareholders for interested party transactions.

14 Confirmation that the Issuer has procured undertaking from all of its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it has procured undertakings from all of its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

BY ORDER OF THE BOARD
Gn Jong Yuh Gwendolyn
Secretary
11 November 2019

Confirmation by the Board

We, Zhong Sheng Jian and Tan Chee Keong Roy, being two directors of United Engineers Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the Q3 2019 financial results to be false or misleading in any material aspect.

On behalf of the Board,

.....	.....
Zhong Sheng Jian	Tan Chee Keong Roy
Executive Chairman	Group Managing Director

Responsibility Statement

The directors of the Company (including any director who may have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate and that no material facts have been omitted from this announcement (the omission of which would render any statement in this announcement misleading in any material aspect), and they jointly and severally accept responsibility accordingly.

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

APPENDIX E – REPORT FROM THE AUDITOR IN RESPECT OF THE 9M2019 RESULTS

UNITED ENGINEERS LIMITED AND ITS SUBSIDIARIES

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

To the Members of United Engineers Limited

Report on review of interim financial information

Introduction

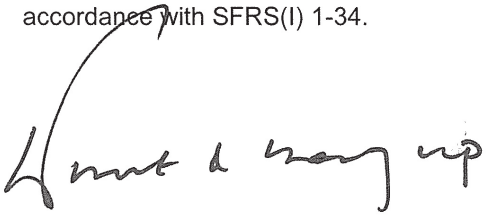
We have reviewed the accompanying interim condensed consolidated statement of financial position of United Engineers Limited as at 30 September 2019 and the related interim condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash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

Scope of Review

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

Conclusion

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



Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

11 November 2019

SAC Capital Private Limited
1 Robinson Road #21-00 AIA Tower Singapore 048542
Tel: (65) 6232 3200 Fax: (65) 6232 3244
Business Registration No.: 200401542N

26 November 2019

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

Dear Sirs

MANDATORY CONDITIONAL CASH OFFER BY DBS BANK LTD., FOR AND ON BEHALF OF YANLORD INVESTMENT (SINGAPORE) PTE. LTD. (THE "OFFEROR"), FOR THE ORDINARY OFFER SHARES AND THE MANDATORY UNCONDITIONAL CASH OFFER BY DBS BANK LTD., FOR AND ON BEHALF OF THE OFFEROR, FOR THE PREFERENCE OFFER SHARES (COLLECTIVELY, THE "OFFERS")

On 25 October 2019, DBS Bank Ltd. announced, for and on behalf of the Offeror, that the Offeror intends to make (i) a mandatory conditional cash offer for all the issued and paid-up ordinary stock units in the capital of United Engineers Limited (the "**Company**") (the "**Ordinary Shares**"), other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror (the "**Ordinary Offer Shares**") in accordance with Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**"), and (ii) a comparable offer for all the issued and paid-up preference shares in the capital of the Company (the "**Preference Shares**"), other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror (the "**Preference Offer Shares**") in accordance with Rule 18 of the Code.

We have examined the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the 9 months ended 30 September 2019 (the "**9M2019 Results**") and have discussed the same with the management of the Company who are responsible for its preparation. We have also considered the independent auditors' review report dated 11 November 2019 prepared by Ernst & Young LLP, the auditors of the Company, to the board of directors of the Company (the "**Directors**") on the 9M2019 Results.

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

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

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

Yours faithfully
For and on behalf of
SAC CAPITAL PRIVATE LIMITED

Bernard Lim
Executive Director

● Integrity ● Trust ● Confidence ● Progressive

The significant accounting policies of the Group have been extracted from the Company's annual report for FY2018 and are set out below:

NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

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

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Exemptions applied on adoption of SFRS(I)

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

- SFRS(I) 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 January 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.

- SFRS(I) 21 The Effects of Changes in Foreign Exchange Rates has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I). Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

- Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, 1 January 2017. As a result, an amount of approximately $31,419,000 was adjusted against the opening retained earnings as at 1 January 2017.

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

New accounting standards effective on 1 January 2018

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

SFRS(I) 9 Financial Instruments

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

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

Classification and measurement

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

SFRS(I) 9 Financial Instruments *(continued)*

Classification and measurement *(continued)*

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

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

For equity securities, the Group continues to measure its currently available for sale equity securities at FVOCI.

The initial application of SFRS(I) 9 does not have any reclassification and measurement effect to the Group's and Company's financial statements.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

On adoption of SFRS(I) 9, there is no significant impact on the impairment of the financial assets.

SFRS(I) 15 Revenue from Contracts with Customers

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

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

- For completed contracts, the Group has not restated contracts that begin and end within the same year or are completed contracts as at 1 January 2017;

- For completed contracts that have variable consideration, the Group has used the transaction price at the date the contract was completed instead of estimating variable consideration amounts in the comparative year ended 31 December 2017;

- The Group has not adjusted the transaction price for the existence of significant financing component when the period between the transfer of control of good or service to a customer and the payment date is one year or less; and

- For the comparative year ended 31 December 2017, the Group has not disclosed the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the corresponding revenue is expected to be recognised.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

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

Sale of development properties

a) Timing of revenue recognition

The Group is in the business of developing residential and commercial properties. The Group previously recognised revenue from the sale of development properties under construction using the percentage of completion method for contracts where the legal terms were such that the construction represented the continuous transfer of work in progress to the purchaser, otherwise, the completed contract method was used. Under SFRS(I) 15, for most of its residential and commercial developments, performance obligations for the sale of development properties are satisfied over time where the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date.

The Group has determined that for certain sale of residential properties where revenue was previously recognised upon completion, its performance does not create an asset with alternative use to the Group and it has concluded that it has an enforceable right to payment for performance completed to date. Therefore, revenue is recognised over time under SFRS(I) 15.

As a result, the Group recognised an adjustment to increase properties held for sale by $2,346,000, increase trade and other payables by $349,000 with a corresponding adjustment to retained earnings of $1,997,000 on 1 January 2017.

The Group income statement for the year end 31 December 2017 was also restated, resulting in a decrease in revenue and cost of sales of $13,563,000 and $11,566,000 respectively.

b) Capitalised contract costs

The Group pays commissions to property agents on the sale of property and previously recognised such commissions as expense when incurred. The Group applied the practical expedients in SFRS(I) 15 for costs to obtain a contract to expense those costs that would have been amortised over one year or less. Where amortisation period will be longer than one year, the Group will capitalise the incremental costs of obtaining a contract that meet the criteria in SFRS(I)15. Under SFRS(I) 15, the Group capitalises such commissions as incremental costs to obtain a contract with a customer if these costs are recoverable. These costs are amortised to income statement as the Group recognises the related revenue. Arising from this change, the Group recognised an increase in capitalised contract costs of $1,343,000 and a corresponding increase in retained earnings by $1,343,000 on 1 January 2017.

Gross amount due from customers for contract work of $13,565,000 and gross amount due to customers for contract work of $3,805,000 as at 31 December 2017 were reclassified to contract assets and contract liabilities.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

The following is the reconciliation of the impact arising from the first-time adoption of SFRS(I) including application of the new accounting standards on 1 January 2017 to certain line items in the statement of financial position of the Group:

	GROUP			
	1 January 2017 (FRS) $000	SFRS(I) 1 adjustments $000	SFRS(I) 15 adjustments $000	1 January 2017 (SFRS(I)) $000
Assets				
Current assets				
Properties held for sale	654,315	–	2,346	656,661
Equity and liabilities				
Current liabilities				
Trade and other payables	218,839	–	349	219,188
Equity				
Retained earnings	1,167,482	(31,419)	1,997	1,138,060
Other reserves	(30,100)	31,419	–	1,319

The following is the reconciliation of the impact arising from the first-time adoption of SFRS(I) including application of the new accounting standards on 31 December 2017 to certain line items in the statement of financial position of the Group:

	GROUP		
	31 December 2017 (FRS) $000	SFRS(I) 1 adjustments $000	31 December 2017 (SFRS(I)) $000
Equity and liabilities			
Equity			
Retained earnings	1,190,312	(31,813)	1,158,499
Other reserves	(34,595)	31,813	(2,782)

The adoption of SFRS(I) does not have any impact to the statement of financial position of the Company as at 1 January 2017 and 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

The following is the reconciliation of the impact arising from the first-time adoption of SFRS(I) and application of the new accounting standards to certain line items in the comprehensive income of the Group for the year ended 31 December 2017:

		GROUP	
	2017 (FRS) $000	SFRS(I) 15 adjustments $000	2017 (SFRS(I)) $000
Revenue	539,359	(13,563)	525,796
Cost of sales	(341,603)	11,566	(330,037)
Other income	70,190	(394)	69,796
Profit net of tax	85,840	(2,391)	83,449
Other comprehensive income items that will be reclassified to income statement	(3,919)	394	(3,525)

2.3 Standards issued but not yet effective

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

	Effective date (Annual periods beginning on or after)
SFRS(I) 16 Leases	1 January 2019
SFRS(I) INT 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to SFRS(I) 9 Prepayment Features with Negative Compensation	1 January 2019
Amendments to SFRS(I) 1-28 Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on statement of financial position. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Standards issued but not yet effective *(continued)*

SFRS(I) 16 Leases *(continued)*

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

On the adoption of SFRS(I) 16, the Group expects to record an adjustment to increase the right-of-use assets and corresponding adjustment to lease liabilities for the financial year ended 31 December 2019. In addition, the Group expects to record an adjustment to increase its depreciation and interest expense with related adjustment to lease expenses.

2.4 Basis of consolidation and business combinations

Basis of consolidation

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Basis of consolidation and business combinations *(continued)*

Basis of consolidation (continued)

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

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

Business combinations

Business combinations (other than combinations involving entities or businesses under common control which are accounted for by applying the pooling of interest method) are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised either in the income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in the income statement.

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

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

Business combinations involving entities under common control

Business combinations involving entities or businesses under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities or businesses are reflected at their carrying amounts reported in the consolidated financial statements. The retained earnings and other reserves recognised in the combined financial statements are the retained earnings and other reserves of the combining entities or businesses immediately before the combination.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Basis of consolidation and business combinations *(continued)*

Business combinations involving entities under common control (continued)
Any difference between the consideration paid and the share capital of the acquired entity or the net tangible asset amount of the acquired business is reflected within equity as merger reserve or deficit. The combined income statement reflects the results of the combining entities or businesses for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities or businesses had always been combined since the date the entities or businesses had come under common control.

2.5 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

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

2.6 Revenue recognition

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Revenue recognition *(continued)*

Rendering of services
Revenue from services rendered is recognised upon services performed.

Sale of development property held for sale
The Group develops and sells residential and commercial properties before completion of construction of the properties.

Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and the practices in the legal jurisdictions.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset.

In determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money for contracts with customers that include a significant financing component. In adjusting for the significant financing component, the Group uses a discount rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception, such that it reflects the credit characteristics of the party receiving financing in the contract. The Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component when the period between the transfer of control of goods or services to a customer and the payment date is one year or less.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advance payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

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

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

Dividend and interest income
Dividend income is recognised when the Group's right to receive payment is established. Interest income is recognised using the effective interest method.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.7 Employee benefits

Defined contribution plans
The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. As required by law, the Group's companies in Singapore make contributions to the Central Provident Fund (CPF) scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

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

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

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

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

Equity compensation benefits
In previous financial years, the Company also operated the United Engineers Share Option Scheme 2000 (Scheme 2000) to grant non-transferable options to certain employees of the Company as consideration for services rendered. When the options were exercised, the proceeds received net of any transaction costs were credited to share capital of the Company accordingly.

The compensation cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the share options are granted which takes into account market conditions and non-vesting conditions.

The compensation cost is recognised in the income statement with a corresponding increase in the employee share option reserve, over the vesting period that is the period which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in the income statement upon cancellation. The employee share option reserve is transferred to retained earnings upon expiry of the share options.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.7 Employee benefits *(continued)*

Equity compensation benefits (continued)
Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. Additional expense is recognised for any increase in the total fair value of the share options due to the modification, as measured at the date of the modification.

Where the employee share option plan is cancelled, it is treated as if it had vested on the date of cancellation, and any expense that otherwise would have been recognised for services received over the remaining vesting period is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new employee share option plan is substituted for the cancelled employee share option plan, and designated as a replacement employee share option plan on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transactions are treated equally.

Employee leave entitlement
Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.8 Foreign currencies

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

(a) *Transactions and balances*
Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to income statement of the Group on disposal of the foreign operation.

(b) *Consolidated financial statements*
For consolidation purpose, the assets and liabilities of foreign operations are translated into Singapore Dollars at the rate of exchange ruling at the end of the reporting period and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in foreign currency translation reserve relating to that particular foreign operation is recognised in the income statement.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Income taxes

Current tax
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

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

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

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Income taxes *(continued)*

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

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

- Where the goods and services tax/sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax/sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of goods and services tax/sales tax included.

The net amount of goods and services tax/sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment.

For self-constructed assets, the cost includes materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

The accounting policy for borrowing costs is set out in Note 2.23. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Leases with unexpired terms of over 100 years are classified as long leaseholds; those under 100 years are classified as leaseholds.

No depreciation is provided on freehold/long leasehold land as it has an unlimited and long useful life respectively.

Assets under construction are not depreciated as these assets are not yet available for use.

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

Leasehold land	-	over terms of lease ranging from 8 to 99 years
Leasehold buildings	-	lower of term of lease and 50 years
Freehold/long leasehold buildings	-	50 years
Plant and machinery	-	2 to 15 years
Motor vehicles and other assets	-	2 to 10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 Property, plant and equipment *(continued)*

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

2.11 Investment properties

Investment properties comprise completed properties and properties under construction or re-development held on a long-term basis for their investment potential and income.

Investment properties are initially recorded at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.10 up to the date of change in use.

Investment properties under construction (IPUC)
IPUC is measured at fair value when the fair value is reliably determinable in accordance with SFRS(I) 40, Investment Property. When assessing whether the fair value of IPUC can be determined reliably the Company considers, among other things:

- Is the asset being constructed in a developed liquid market?
- Has a construction contract with the contractor been signed?
- Are the required building and letting permits obtained?
- What percentage of rentable area has been pre-leased to tenants?

IPUC for which fair value cannot be determined reliably is measured at cost less impairment.

The fair value of IPUC was determined at the end of the reporting period based on valuation by a qualified independent valuer. The valuation was performed based on open market value in existing state of construction, as deemed appropriate by the valuer. Each IPUC is individually assessed.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12 Subsidiaries, associates and joint ventures

Subsidiary

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

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associate

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has the power to participate in the financial and operating policy decisions of the entity but does not have control or joint control of those policies. The entity will be treated as an associate from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associate is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates.

Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment.

Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The Group's share of the results of its associates is its effective share of the profit attributable to equity holders of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the results of its associates is shown on the face of income statement after tax and non-controlling interests in the associates.

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

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

The financial years of some of the associates are not co-terminous with that of the Company. In the case of the associates whose financial years are not co-terminous, the share of profits or losses is arrived at from the last audited financial statements available and unaudited management accounts to the end of the Company's financial year. Where necessary, adjustments are made for the effects of significant transactions or events that occur between that date and reporting date of the Company, and to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and the proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in income statement.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12 Subsidiaries, associates and joint ventures *(continued)*

Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group's investments in joint ventures are accounted for using the equity method. Under the equity method, the investment in joint venture is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. The income statement reflects the share of the results of operations of the joint ventures. Where there has been a change recognised in other comprehensive income by the joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint ventures.

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

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

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

Upon loss of joint control, the Group measures any retained interest at its fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in income statement.

Accounting for subsidiaries, associates and joint ventures by the Company

In the Company's separate financial statements, investments in subsidiaries, associates and joint ventures are accounted for at cost less impairment losses. Loans and amounts due from or to subsidiaries, associates and joint ventures are classified and accounted for as financial assets at amortised cost under SFRS(I) 9. The accounting policy for this category of financial asset is stated in Note 2.14.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. The costs incurred in bringing the inventories to their present location and conditions are determined on a weighted average basis. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. The cost of finished goods and work-in-progress include raw materials, direct costs of production and an appropriate proportion of overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs to completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.14 Financial assets

Initial recognition and measurement

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

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

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

Subsequent measurement

a) Investments in debt instruments

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

(i) Amortised cost

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

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

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

(iii) Fair value through profit or loss

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.14 Financial assets *(continued)*

Subsequent measurement (continued)

b) Investments in equity instruments

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

c) Derivatives

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

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

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

Details of the Group's financial risk management objectives and policies are set out in Note 32.

Derecognition

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

2.15 Impairment of financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Impairment of financial assets *(continued)*

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

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

2.16 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting period to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For assets excluding goodwill, an assessment is made at each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.17 Properties held for sale

Development properties held for sale

Development projects for which revenue is recognised using the percentage of completion method is stated at cost plus estimated profits to-date less progress billings. Progress claims from purchasers of residential units for sale are shown as a deduction from the cost of the development properties held for sale.

Development projects for which revenue is recognised using the completed contract method is stated at cost. Progress claims from purchasers of residential units for sale are included in "trade and other payables" as "progress billings received in advance".

Allowance for foreseeable losses is made when it is anticipated that the net realisable value has fallen below cost.

Costs include cost of land and construction, related overhead expenditure and financing charges incurred up to the completion of construction. Financing charges incurred to finance the development of such properties are capitalised during the period that is required to complete and prepare each property for its sale. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Developments are considered completed upon the issue of Temporary Occupation Permit. When completed, development properties held for sale are transferred to completed properties held for sale.

Profit on development properties held for sale using the percentage of completion method is recognised on partly completed projects which have been sold and is based on the accounting policy in Note 2.6. The expected profit is assessed having regard to the sales procured less attributable total costs including the cost of land, construction and interest and after making due allowance for known potential costs overruns and allowance for contingencies.

Progress billings not yet paid by customers are included in trade and other receivables.

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, related overhead expenditure, and financing charges and other net costs incurred during the period of development. The costs are assigned by using specific identification. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Allowance for impairment is made when it is anticipated that the net realisable value has fallen below cost.

Revenue from completed properties held for sale is recognised upon execution of Sale and Purchase Agreements and issue of Notice of Vacant Possession.

2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank, demand deposits and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts which form an integral part of the Group's cash management.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

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

Convertible bonds
When convertible bonds are issued, the total proceeds are allocated to the liability component and the equity component, which are separately presented on the statement of financial position.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

The difference between the total proceeds and the liability component is allocated to the conversion option (equity component), which is presented in equity net of deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, its carrying amount will be transferred to the share capital account. When the conversion option lapses, its carrying amount will be transferred to retained earnings.

2.20 Financial liabilities

Initial recognition and measurement
Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement
Subsequent to initial recognition, financial liabilities that are not carried at fair value through profit or loss are measured at amortised cost using the effective interest method. Gains or losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A provision for warranty is recognised for all products under warranty at the end of the reporting period. The provision is calculated based on service history.

2.22 Leases

As lessor
Leases where the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.6. Contingent rents are recognised as revenue in the period in which they are earned.

As lessee
Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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

Operating lease payments are recognised as expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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

2.23 Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.24 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees are recognised initially at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in the income statement over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the income statement.

2.25 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:
  (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.26 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants are recognised in the income statement on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are deducted in reporting the related expenses.

2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managing directors who are responsible for or have an oversight over the performance of the respective segments under their charge. The management and board of directors of the Company regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.28 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.29 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) or arising from business combination are recognised at cost and deducted from equity. No gain or loss is recognised in income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group.

2.30 Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Judgements made in applying accounting policies

The following is the judgement, apart from those involving estimations, made by management in the process of applying the Group's accounting policies that has the most significant effect on the amounts recognised in the financial statements.

Income tax

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. Tax is computed in accordance with taxation rules in each jurisdiction. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable, deferred tax liabilities and deferred tax assets as at 31 December 2018 are $30,348,000 (31 December 2017: $43,079,000; 1 January 2017: $31,679,000), $54,609,000 (31 December 2017: $56,986,000; 1 January 2017: $75,188,000) and $29,259,000 (31 December 2017: $29,263,000; 1 January 2017: $46,162,000) respectively.

Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever there is an indication that these assets may be impaired. The Group considers the guidance of SFRS(I)1-36 in assessing whether there is any indication that an item of property, plant and equipment may be impaired. This assessment required significant judgement. If any such indication exists, the recoverable amount of the property, plant and equipment is estimated to ascertain the amount of impairment loss. The recoverable amount is defined as the higher of the fair value less cost to sell and value-in-use. The carrying amount of the Group's property, plant and equipment as at 31 December 2018 is $141,385,000 (31 December 2017: $148,277,000; 1 January 2017: $162,909,000).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each 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. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful lives of plant and machinery
The cost of plant and machinery is depreciated on a straight-line basis over the useful lives estimated to be within 2 to 15 years. The carrying amount of the plant and machinery as at 31 December 2018 is $39,334,000 (31 December 2017: $38,450,000; 1 January 2017: $43,208,000). Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. Based on management's estimates, a 5% difference in the expected useful lives of these assets would result in approximately 1% (2017: approximately 1%) variance in the Group's profit before tax from continuing operations for the financial year.

Provision for expected credit losses of trade receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 19.

The carrying amount of trade receivables as at 31 December 2018 is $49,062,000 (31 December 2017: $59,236,000, 1 January 2017: $199,962,000).

Provision in relation to the sale of UE BizHub EAST
The Group recognises a provision in relation to the sale of UE BizHub EAST as disclosed in Note 25. The provision is reviewed at the end of each reporting period and adjusted to reflect the current best estimates. In determining the fair value of the provision, assumptions and estimates are made in relation to occupancy rate, rental rate, discount rate and current information available to compute the net operating expenses and net property income as well as refurbishment and reinstatement costs. These estimates are based on present obligations under the contract and local market conditions existing at the end of each reporting period. If the present value of estimated future cash flows of the underlying components of the property has been 5% lower than management's estimates, the carrying amount of the provision will be approximately $1,214,000 (31 December 2017: $2,237,000; 1 January 2017: $3,610,000) higher.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

3.2 Key sources of estimation uncertainty *(continued)*

Estimation of net realisable value of properties held for sale
Properties held for sale are stated at the lower of cost and net realisable value.

Net realisable value of the properties represents the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less estimated costs to be incurred in selling the property.

Revaluation of investment properties
Investment property comprises real estate (land or building, or both) held by the Group in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes.

The Group carries its completed investment properties at fair value, with changes in fair values being recognised in the income statement. The Group engaged independent valuation specialists to determine fair value as at 31 December 2018. The fair value of investment properties are determined using recognised valuation techniques.

The determination of the fair values of these investment properties require the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, any environmental matters and the overall repair and condition of the property) and capitalisation rates applicable to those assets. These estimates are based on local market conditions existing at the end of each reporting period.

All capitalised terms used in the following extracts shall have the same meanings as those given to them in the Constitution, a copy of which is available for inspection at the registered office of the Company at 12 Ang Mo Kio Street 64, #01-01 UE BizHub CENTRAL, Singapore 569088 during normal business hours for the period during which the Offers remain open for acceptance.

The rights of Shareholders in respect of capital, dividends and voting as set out in the Constitution are as follows:

I. RIGHTS IN RESPECT OF CAPITAL

CUMULATIVE PREFERENCE SHARES

Rights of cumulative preference shares

5. The capital of the Company is divided into cumulative preference shares and ordinary shares, and the said shares shall confer upon the members of the Company who are holders thereof for the time being respectively the rights following, *viz*.:

(a) the cumulative preference shares shall confer:

(i) the right to a fixed cumulative preferential dividend, at the rate of 7½ per cent. per annum on the capital credited as paid up in respect of such shares;

(ii) the right to rank in a winding up of the Company for payment of the capital credited as paid up in respect of such shares at the commencement of the winding up and any arrears of the said cumulative preferential dividend whether earned or declared or not up to the commencement of the winding up in priority to all other shares issued by the Company; and

(iii) the right in a winding up of the Company to participate with the holders of the ordinary shares of the Company in any surplus assets of the Company in the manner hereinafter provided.

(b) the said ordinary shares shall confer:

(i) the right subject to the other provisions of this paragraph to the profits of the Company after the dividends payable to the holders of the said cumulative preference shares shall have been satisfied;

(ii) the right in a winding up of the Company (after payment to the holders of the said cumulative preference shares of all moneys due to them under Regulation 5(a)(ii)) to payment of the capital credited as paid up in respect of such shares at the commencement of the winding up; and

(iii) the right in a winding up of the Company to participate with the holders of the cumulative preference shares of the Company in any surplus assets of the Company in manner hereinafter provided.

And in a winding up of the Company the assets of the Company available for distribution among its members shall accordingly be applied:

(1) firstly in payment to the holders of the said cumulative preference shares of the capital then credited as paid up in respect of such shares and in payment of any arrears of the said cumulative preferential dividend whether earned or declared or not up to the commencement of the winding up; and

(2) secondly in payment to the holders of the ordinary shares of the capital then credited as paid up in respect of such shares,

And any surplus assets shall be divided among and paid to the holders of the said cumulative preference shares and to the holders of the said ordinary shares in proportion to the numbers of shares held by each of them respectively without regard to the amount of capital credited as paid up in respect of such shares.

ISSUE OF SHARES

6. (A) The rights attaching to shares of a class other than ordinary shares shall be expressed in this Constitution.

Shares of a class other than ordinary shares

(B) The Company may issue shares for which no consideration is payable to the Company.

Issue of shares for no consideration

7. (A) Subject to the Statutes and this Constitution, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and the terms of such approval and to Regulation 11, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors in accordance with the Act, Provided always that:

Issue of shares

(a) (subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Regulation 11(A) with such adaptations as are necessary shall apply; and

(b) any other issue of shares, the aggregate of which would exceed the limits referred to in Regulation 11(B), shall be subject to the approval of the Company in General Meeting.

(B) Except as herein provided, no person shall exercise any rights or privileges of a member until his name is entered in the Register of Members or (as the case may be) the Depository Register as a member and shall have paid all calls and other moneys due for the time being on every share held by him.

No rights or privileges until entered in Register of Members or the Depository Register as a Member

8. (A) Preference shares may be issued subject to such limitation thereof as may be prescribed by the Stock Exchange. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking 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 arrear. The total number of issued preference shares shall not exceed the total number of issued ordinary shares.

Preference shares

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

Issue of further preference capital

VARIATION OF RIGHTS

9. (A) Whenever the share capital of the Company is divided into different classes of shares, subject to the provisions of the Statutes, the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the total number of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so repaid, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of this Constitution relating to General Meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, Provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-quarters of the total number of the issued shares of the class concerned within two months of such General Meeting shall be as valid and effectual as a Special Resolution carried at such General Meeting. The foregoing provisions of this Regulation shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

Variation of rights

(B) The repayment of preference capital other than redeemable preference capital, or any alteration of preference shareholders' rights, may only be made pursuant to a Special Resolution of the preference shareholders concerned; 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-fourths of the total number of the preference shares concerned within two months of such General Meeting, shall be as valid and effectual as a Special Resolution carried at such General Meeting.

Repayment of preference capital other than redeemable preference capital

10. The special rights attached to any class of shares having preferential or other 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.

Issue of further shares ranking *pari passu*

ALTERATION OF SHARE CAPITAL

11. (A) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the listing rules of the Stock Exchange, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. In offering such new shares in the first instance to all the then holders of any class of shares, 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 the aforesaid 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 or by reason of any other difficulty in apportioning the same) cannot, in the opinion of the Directors, be conveniently offered under this Regulation 11(A).

Offer of new shares to members

(B) Notwithstanding Regulation 11(A), 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:

General authority

(a) (i) issue shares of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) 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) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,

Provided always that:

(1) 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 Stock Exchange;

(2) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the listing rules of the Stock Exchange for the time being in force (unless such compliance is waived by the Stock Exchange) and this Constitution; and

(3) (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 Statutes (whichever is the earliest).

New shares subject to the Statutes and this Constitution

(C) Except so far as otherwise provided by the conditions of issue or by this Constitution, all new shares shall be subject to the provisions of the Statutes and of this Constitution with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

Offer of new shares to members who are subject to foreign securities laws

(D) The Company may, notwithstanding Regulation 11(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.

Power to consolidate, sub-divide and redenominate shares

12. (A) The Company may by Ordinary Resolution:

(a) consolidate and divide all or any of its shares;

(b) sub-divide its shares, or any of them (subject, nevertheless, to the provisions of the Statutes and this Constitution); Provided always that in such sub-division the proportion between the amount paid and the amount (if any) unpaid on each sub-divided share shall be same as it was in the case of the share from which the sub-divided share is derived;

(c) subject to the provisions of the Statutes and this Constitution, convert its share capital or any class of shares from one currency to another currency; and/or

(d) cancel the number of shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the number of the shares so cancelled.

(B) The Company may by Special Resolution, subject to and in accordance with the Statutes, convert one class of shares into another class of shares. Power to convert shares

13. (A) The Company may reduce its share capital or any undistributable reserve in any manner and with and subject to any incident authorised and consent required by law. Power to reduce capital

(B) The Company may, subject to and in accordance with the Act and the listing rules of the Stock Exchange, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share which is so purchased or acquired by the Company as aforesaid shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act and the listing rules of the Stock Exchange. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to the Act and this Constitution, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly. Power to repurchase shares

(C) The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act. Treasury shares

SHARES

14. Except as required by the Statutes or law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by this Constitution or by law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository or its nominee (as the case may be)) entered in the Register of Members as the registered holder thereof or (as the case may be) the person whose name is entered in the Depository Register in respect of that share and nothing in this Constitution relating to the Depository or to Depositors or in any depository agreement made by the Company with any common depository for shares shall in any circumstances be deemed to limit, restrict or qualify the above. Absolute owner of shares

15. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution or, if required by the Statutes, by Special Resolution determine (or, in the absence of any such determination, but subject to the Statutes, as the Directors may determine) and subject to the provisions of the Statutes, the Company may issue preference shares which are, or at the option of the Company are, liable to be redeemed. Rights and privileges of new shares

16. Subject to the provisions of this Constitution and of the Statutes relating to authority, pre-emption rights and otherwise and of any resolution of the Company in General Meeting passed pursuant thereto, all new shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.

Power of Directors to issue shares

17. The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.

Power to pay commission and brokerage

17A. 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 long 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.

Shares issued for the purpose of raising money to defray the expenses of construction of any works or buildings or the provision of any plant

18. Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within 10 Market Days of the closing date (or such other period as may be approved by the Stock Exchange) of any such application. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder or (as the case may be) before that share is entered against the name of a Depositor in the Depository Register, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

Allotment of shares

SHARE CERTIFICATES

19. Subject to the provisions of the Statutes and Regulation 121(C), every share certificate shall be issued under the Seal and shall specify the number and class of shares to which it relates, whether the shares are fully or partly paid up, and the amount (if any) unpaid thereon and shall bear the autographic or facsimile signatures of one Director and the Secretary or a second Director or such other person as may be authorised by the Directors. The facsimile signatures may be reproduced by mechanical, electronic or other method approved by the Directors. No share certificate shall be issued representing shares of more than one class. The provisions in this Regulation and Regulations 20 to 23 (so far as they are applicable) shall not apply to transfer of book-entry securities (as defined in the Statutes).

Share certificates

20. (A) The Company shall not be bound to register more than three persons as the registered joint holders of a share except in the case of executors or administrators (or trustees) of the estate of a deceased member.

Joint holders

(B) In the case of a share registered jointly in the names of several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the registered joint holders shall be sufficient delivery to all.

Issue of certificate to joint holders

21. Every person whose name is entered as a member in the Register of Members shall be entitled to receive, within 10 Market Days (or such other period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Stock Exchange from time to time) of the closing date of any application for shares or, as the case may be, the date of lodgement of a registrable transfer or on a transmission of shares, one share certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred. Where such a member transfers part only of the shares comprised in a share certificate, the old share certificate shall be cancelled and a new share certificate or share certificates for the balance of such shares shall be issued in lieu thereof and such member shall pay a maximum fee of S$2 for each new certificate or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by the Stock Exchange.

Entitlement to certificate

22. (A) Any two or more share certificates representing shares of any one class held by any person whose name is entered in the Register of Members may at his request be cancelled and a single new certificate for such shares issued in lieu without charge.

Consolidation of share certificates

(B) If any person whose name is entered in the Register of Members shall surrender for cancellation a share certificate or share certificates representing shares held by him and request the Company to issue in lieu two or more share certificates representing such shares in such proportions as he may specify, the Directors may, if they think fit, comply with such request. Such person shall (unless such fee is waived by the Directors) pay a maximum fee of S$2 for each share certificate issued in lieu of a share certificate surrendered for cancellation or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by the Stock Exchange.

Sub-division of share certificates

(C) In the case of shares registered jointly in the names of several persons any such request may be made by any one of the registered joint holders.

Requests by joint holders

23. Subject to the provisions of the Statutes, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Stock Exchange or on behalf of its or their client or clients as the Directors of the Company shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding S$2 (or such other fee as the Company may determine having regard to any limitation thereof as may be prescribed by the Stock Exchange from time to time) as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

Replacement share certificates

CALLS ON SHARES

24. The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.

Calls on shares

25. Each member shall (subject to receiving at least 14 days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine. Notice of calls

26. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding 10 per cent. per annum) as the Directors may determine but the Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part. Interest on unpaid calls

27. Any sum which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of this Constitution be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In case of non-payment all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified. When calls made and payable

28. The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment. Power of Directors to differentiate

29. The Directors may if they think fit receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish *pro tanto* the liability upon the shares in respect of which it is made and upon the money so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent. per annum, unless the Company in General Meeting otherwise directs) as the member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, while carrying interest, confer a right to participate in profits. Payment of calls in advance

FORFEITURE AND LIEN

30. If a member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment. Notice requiring payment of calls

31. The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be forfeited. Notice to state place and time of payment

32. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.

Forfeiture on non-compliance with notice

33. A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to transfer or effect the transfer of a forfeited or surrendered share to any such other person as aforesaid.

Sale of forfeited shares

34. A member whose shares have been forfeited or surrendered shall cease to be a member in respect of the shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares with interest thereon at eight per cent. per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for the value of the shares at that time of forfeiture or surrender or waive payment in whole or in part.

Rights and liabilities of members whose shares have been forfeited

35. The Company shall have a first and paramount lien on every share (not being a fully paid share) and dividends from time to time declared in respect of such shares. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the member or deceased member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Regulation.

Company to have paramount lien

36. (A) The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of 14 days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto (if any) entitled to effect a transmission of the shares and who shall have produced to the Company satisfactory evidence of such capacity and default in payment shall have been made by him or them for 14 days after such notice; Provided always that if a member shall have died or become mentally disordered and incapable of managing himself or his affairs or bankrupt and no person shall have given to the Company satisfactory proof of his right to effect a transmission of the shares held by such member the Directors may exercise such power of sale without serving any such notice.

Sale of shares subject to lien

(B) In the event of a forfeiture of shares or a sale of shares to satisfy the Company's lien thereon the member or other person who prior to such forfeiture or sale was entitled thereto shall be bound to deliver and shall forthwith deliver to the Company the share certificate or share certificates held by him for the shares so forfeited or sold.

Application of sale proceeds

37. The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities (including unpaid calls and accrued interest and expenses) and any residue shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assigns, or as he may direct. For the purpose of giving effect to any such sale the Directors may authorise some person to transfer or effect the transfer of the shares sold to the purchaser.

Title to forfeited or surrendered shares

38. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt of the Company of the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together (where the same be required) with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, to the Depository or its nominee (as the case may be)) or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute good title to the share and the share shall be registered in the name of the person to whom the share is sold, re-allotted or disposed of or, where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

TRANSFER OF SHARES

Form and execution of transfer

39. All transfers of the legal title in shares may be effected by the registered holders thereof by transfer in writing in the form for the time being approved by the Stock Exchange or in any other form acceptable to the Directors. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, Provided always that an instrument of transfer in respect of which the transferee is the Depository or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the Depository or its nominee (as the case may be). The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.

Closure of transfer books and Register of Members

40. The Register of Members and the Register of Transfers may be closed, and the registration of transfers may be suspended, at such times and for such period as the Directors may from time to time determine, Provided always that such Registers shall not be closed for more than 30 days in any calendar year, Provided always that the Company shall give prior notice of such closure as may be required to the Stock Exchange, stating the period and purpose or purposes for which the closure is made.

Directors' power to decline to register a transfer

41. (A) There shall be no restriction on the transfer of fully paid-up shares (except where required by law or the listing rules of, or bye-laws and rules governing, the Stock Exchange) but the Directors may, in their sole discretion, decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid-up may refuse to register a transfer to a transferee of whom they do not approve (to the extent permitted by the listing rules of the Stock Exchange), Provided always that in the event of the Directors refusing to register a transfer of shares, they shall within 10 Market Days (or such period as the Directors may determine subject to any limitation thereof as may be prescribed by the Stock Exchange from time to time) beginning with the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.

When Directors may refuse to register a transfer

(B) The Directors may in their sole discretion refuse to register any instrument of transfer of shares unless:

(a) such fee not exceeding S$2 (or such other fee as the Company may determine subject to any limitation thereof as may be prescribed by the Stock Exchange from time to time) as the Directors may from time to time require, is paid to the Company in respect thereof;

(b) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;

(c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if stamp duty is payable on such instrument of transfer in accordance with any law for the time being in force relating to stamp duty), the share certificates of the shares to which the transfer relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and

(d) the instrument of transfer is in respect of only one class of shares.

Notice of refusal to register a transfer

42. If the Directors refuse to register a transfer of any shares, they shall within 10 Market Days after the date on which the transfer was lodged with the Company send to the transferor and the transferee notice of the refusal as required by the Statutes.

Retention of transfers

43. All instruments of transfer which are registered may be retained by the Company, but any instrument of transfer which the Directors may refuse to register shall be returned to the person depositing the same except in the case of fraud.

Fees for registration of transfer

44. There shall be paid to the Company in respect of the registration of any instrument of transfer or probate or letters of administration or certificate of marriage or death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares such fee not exceeding S$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Stock Exchange from time to time) as the Directors may from time to time require or prescribe.

Destruction of transfers

45. The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument of transfer duly and properly registered and every share certificate so destroyed was a valid and effective share certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company; Provided always that:

(a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;

(b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Regulation; and

(c) references herein to the destruction of any document include references to the disposal thereof in any manner.

TRANSMISSION OF SHARES

Survivor or legal personal representatives of deceased member

46. (A) In the case of the death of a member whose name is entered in the Register of Members, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.

Survivor or legal personal representatives of deceased Depositor

(B) In the case of the death of a member who is a Depositor, the survivors or survivor where the deceased is a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.

(C) Nothing in this Regulation shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.

Estate of deceased holder

47. (A) Any of the following person(s) or guardian(s), may (subject as hereinafter provided) upon supplying to the Company such evidence as the Company may reasonably require to show his title to the share, elect either to be registered himself as holder of the share or to have another person nominated by him registered as a transferee thereof:

Transmission of shares

(a) any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register of Members;

(b) any guardian becoming entitled to the legal title in a share of an infant whose name is entered in the Register of Members;

(c) any person who has the management of the estate of a person whose name is entered in the Register of Members; and

(d) any person who has the management of the affairs of a person who is mentally disordered and incapable of managing himself or his affairs whose name is entered in the Register of Members.

The Directors shall, in any case, have the same right to decline or suspend registration as they would have had in the case of a transfer of shares by a member.

(B) If the person becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing (in a form as may be approved by the Company from time to time) signed by him stating that he so elects. If he elects to have another person nominated by him registered, he shall testify his election by executing to that person a transfer of shares. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the event upon which transmission took place had not occurred and the notice or transfer were a transfer executed by such person.

Procedure for transmission of shares

48. Save as otherwise provided by or in accordance with this Constitution, a person becoming entitled to a share pursuant to Regulations 46(A) or (B) or Regulation 47 (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the registered holder of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to meetings of the Company until he shall have been registered as a member in the Register of Members or his name shall have been entered in the Depository Register in respect of the share.

Rights of person on transmission of shares

STOCK

49. The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares.

Conversion of shares to stock and re-conversion

50. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units as the Directors may from time to time determine.

Transfer of stock

51. The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by the number of stock units which would not, if existing in shares, have conferred such privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.

Rights of stockholders

II. RIGHTS IN RESPECT OF DIVIDENDS

CUMULATIVE PREFERENCE SHARES

5. The capital of the Company is divided into cumulative preference shares and ordinary shares, and the said shares shall confer upon the members of the Company who are holders thereof for the time being respectively the rights following, *viz.*:

Rights of cumulative preference shares

(a) the cumulative preference shares shall confer:

(i) the right to a fixed cumulative preferential dividend, at the rate of 7½ per cent. per annum on the capital credited as paid up in respect of such shares;

(ii) the right to rank in a winding up of the Company for payment of the capital credited as paid up in respect of such shares at the commencement of the winding up and any arrears of the said cumulative preferential dividend whether earned or declared or not up to the commencement of the winding up in priority to all other shares issued by the Company; and

(iii) the right in a winding up of the Company to participate with the holders of the ordinary shares of the Company in any surplus assets of the Company in the manner hereinafter provided.

(b) the said ordinary shares shall confer:

(i) the right subject to the other provisions of this paragraph to the profits of the Company after the dividends payable to the holders of the said cumulative preference shares shall have been satisfied;

(ii) the right in a winding up of the Company (after payment to the holders of the said cumulative preference shares of all moneys due to them under Regulation 5(a)(ii)) to payment of the capital credited as paid up in respect of such shares at the commencement of the winding up; and

(iii) the right in a winding up of the Company to participate with the holders of the cumulative preference shares of the Company in any surplus assets of the Company in manner hereinafter provided.

And in a winding up of the Company the assets of the Company available for distribution among its members shall accordingly be applied:

(1) firstly in payment to the holders of the said cumulative preference shares of the capital then credited as paid up in respect of such shares and in payment of any arrears of the said cumulative preferential dividend whether earned or declared or not up to the commencement of the winding up; and

(2) secondly in payment to the holders of the ordinary shares of the capital then credited as paid up in respect of such shares,

And any surplus assets shall be divided among and paid to the holders of the said cumulative preference shares and to the holders of the said ordinary shares in proportion to the numbers of shares held by each of them respectively without regard to the amount of capital credited as paid up in respect of such shares.

RESERVES

Reserves

123. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same the Directors shall comply with the provisions (if any) of the Statutes.

DIVIDENDS

Declaration of dividends

124. The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.

Interim dividends

125. 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.

126. Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act: Apportionment of dividends

(a) all dividends in respect of shares must be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and

(b) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.

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

127. No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes. Dividends payable out of profits

128. No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company. No interest on dividends

129. (A) The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. Retention of dividends on shares subject to lien

(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. Retention of dividends pending transmission

(C) A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

130. 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. Waiver of dividends

131. The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or any such moneys unclaimed after a period of six years from the date they are first payable shall be forfeited and shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six years has elapsed from the date such dividend or other moneys are first payable. Unclaimed dividends or other moneys

Payment of dividend *in specie*

132. The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company or in any one or more of such ways) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

Scrip dividend scheme

133. (A) Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on shares of a particular class in the capital of the Company, the Directors may further resolve that members entitled to such dividend be entitled to elect to receive an allotment of shares of that class credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:

(a) the basis of any such allotment shall be determined by the Directors;

(b) the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of shares of the relevant class credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to members, providing for forms of election for completion by members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Regulation 133;

(c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded, Provided always that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and

(d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on the shares of the relevant class in respect whereof the share election has been duly exercised (the "elected shares") and, in lieu and in satisfaction thereof, shares of the relevant class shall be allotted and credited as fully paid to the holders of the elected shares on the basis of allotment determined as aforesaid. For such purpose and notwithstanding the provisions of Regulations to the contrary, the Directors shall be empowered to do all things necessary and convenient for the purpose of implementing the aforesaid including, without limitation, the making of each necessary allotment of shares and of each necessary appropriation, capitalisation, application, payment and distribution of funds which may be lawfully appropriated, capitalised, applied, paid or distributed for the purpose of the allotment and without prejudice to the generality of the foregoing the Directors may (i) capitalise and apply out of the amount standing to the credit of any of the Company's reserve accounts or any amount standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of shares for allotment and distribution to and among the holders of the elected shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected shares towards payment of the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares on such basis.

Ranking of shares

(B) The shares of the relevant class allotted pursuant to the provisions of Regulation 133(A) shall rank *pari passu* in all respects with the shares of that class then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.

Record date

(C) The Directors may, on any occasion when they resolve as provided in Regulation 133(A), determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of shares, the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of Regulation 133 shall be read and construed subject to such determination.

Eligibility

(D) The Directors may, on any occasion when they resolve as provided in Regulation 133(A), further determine that no allotment of shares or rights of election for shares under Regulation 133(A) shall be made available or made to members whose registered addresses entered in the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other members or class of members as the Directors may in their sole discretion decide and in such event the only entitlement of the members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.

Disapplication

(E) Notwithstanding the foregoing provisions of this Regulation 133, if at any time after the Directors' resolution to apply the provisions of Regulation 133(A) in relation to any dividend but prior to the allotment of shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their discretion and as they deem fit in the interest of the Company and without assigning any reason therefor, cancel the proposed application of Regulation 133(A).

Fractional entitlements

(F) The Directors may do all acts and things considered necessary or expedient to give effect to any appropriation, capitalisation, application, payment and distribution of funds pursuant to the provisions of Regulation 133(A), with full power to make such provisions as they think fit in the case of shares of the relevant class becoming distributable in fractions (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down) or whereby the benefit of fractional entitlements accrues to the Company rather than the members) and to authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such appropriation, capitalisation, application, payment and distribution of funds and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

Dividends payable by cheque or warrant

134. Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

Payment to Depository good discharge

135. Notwithstanding the provisions of Regulation 134 and the provisions of Regulation 137, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.

Payment of dividends to joint holders

136. 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.

Resolution declaring dividends

137. 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.

BONUS ISSUES AND CAPITALISATION OF PROFITS AND RESERVES

Power to issue free bonus shares and/ or to capitalise reserves

138. (A) The Directors may, with the sanction of an Ordinary Resolution of the Company, including any Ordinary Resolution passed pursuant to Regulation 11(B):

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

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

(ii) (in the case of an Ordinary Resolution passed pursuant to Regulation 11(B)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares; and/or

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

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

(ii) (in the case of an Ordinary Resolution passed pursuant to Regulation 11(B)) such other date as may be determined by the Directors,

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

(B) The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue and/or capitalisation under Regulation 138(A), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

Power of Directors to give effect to bonus issues and capitalisations

139. In addition and without prejudice to the powers provided for by Regulation 138, the Directors shall have power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue:

Power to issue free shares and/or to capitalise reserves for share-based incentive plans and Directors' remuneration

(a) be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting and on such terms as the Directors shall think fit; or

(b) be held by or for the benefit of non-executive Directors as part of their remuneration under Regulation 82 and/or Regulation 83(A) approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit."

139A. The Directors may do all such acts and things considered necessary or expedient to give effect to Regulations 138 and 139.

III. RIGHTS IN RESPECT OF VOTING

GENERAL MEETINGS

52. Save as otherwise permitted under the Act, an Annual General Meeting shall be held once in every year, at such time (within a period of not more than four months after the end of each financial year) and place as may be determined by the Directors (subject to the listing rules of the Stock Exchange). All other General Meetings shall be called Extraordinary General Meetings. The interval between the close of a financial year of the Company and the date of the Annual General Meeting shall not exceed 4 months or such other period as prescribed by the Act and the listing rules of the Stock Exchange or other legislation applicable to the Company from time to time.

Annual general meeting and extraordinary general meeting

53. 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.

Calling extraordinary general meeting

NOTICE OF GENERAL MEETINGS

Notice of general meeting

54. 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 21 days' notice in writing at the least and an Annual General Meeting and any other Extraordinary General Meeting by 14 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 General Meeting is to be held and shall be given in the manner hereinafter mentioned to all members other than such as are not under the provisions of this Constitution and the Act entitled to receive such notices from the Company; Provided always that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:

(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 an 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 a right to vote at that meeting,

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. So long as the shares in the Company are listed on any Stock Exchange, at least 14 days' notice in writing (excluding the date of notice and the date of meeting) of any General Meeting shall be given to shareholders by advertisement in the daily press and in writing to the Stock Exchange; Provided always that in the case of any Annual General Meeting and any Extraordinary General Meeting at which it is proposed to pass a Special Resolution, at least 21 days' notice in writing (excluding the date of notice and the date of meeting) of such Annual General Meeting and Extraordinary General Meeting shall be given to shareholders by advertisement in the daily press and in writing to the Stock Exchange.

Contents of notice for general meeting

55. (A) Every notice calling a General Meeting shall specify the place and the day and hour of the General 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.

Contents of notice for annual general meeting

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

Notice of general meeting for special business and special resolutions

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

Routine business

56. 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 financial statements, the Directors' statement, the Auditor's report and other documents required to be attached to the financial statements;

(c) appointing or re-appointing Directors to fill vacancies arising at the Annual General Meeting on retirement whether by rotation or otherwise;

(d) appointing Auditor or re-appointing the retiring Auditor (unless they were last appointed otherwise than by the Company in General Meeting);

(e) fixing the remuneration of the Auditor or determining the manner in which such remuneration is to be fixed; and

(f) fixing the fees of the Directors proposed to be paid in respect of their office as such under Regulation 82 and/or Regulation 83(A).

Statement regarding effect of special business

57. 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

Chairman of general meeting

58. 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 General Meeting neither be present within 10 minutes after the time appointed for holding the General 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 General Meeting. If required by the listing rules of the Stock Exchange, all General Meetings shall be held in Singapore, unless prohibited by relevant laws and regulations of the jurisdiction of the Company's incorporation, or unless such requirement is waived by the Stock Exchange.

Quorum

59. 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 General Meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two or more members present in person or by proxy. Provided always that (i) a proxy representing more than one member shall only count as one member for the purpose of determining the quorum aforesaid is present; and (ii) where a member is represented by more than one proxy such proxies of such member shall only count as only one member for the purpose of determining if the quorum aforesaid is present. In addition, for the purposes of a quorum, joint holders of any share shall be treated as one member.

60. If within 30 minutes from the time appointed for a General Meeting (or such longer interval as the Chairman of the General Meeting may think fit to allow) a quorum is not present, the General Meeting, if convened on the requisition of members, shall be dissolved. In any other case it shall stand adjourned to the same day 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 10 days' notice appoint. At the adjourned General Meeting any one or more members present in person or by proxy shall be a quorum.

If quorum not present, adjournment or dissolution of meeting

61. 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 General Meeting) adjourn the General Meeting from time to time (or *sine die*) and from place to place, but no business shall be transacted at any adjourned General Meeting except business which might lawfully have been transacted at the General Meeting from which the adjournment took place. Where a General Meeting is adjourned *sine die*, the time and place for the adjourned General Meeting shall be fixed by the Directors. When a General Meeting is adjourned for 30 days or more or *sine die*, not less than seven days' notice of the adjourned General Meeting shall be given in like manner as in the case of the original General Meeting.

Business at adjourned meeting

62. 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 General Meeting.

Notice of adjournment not required

63. 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 General Meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

Amendment of resolutions

64. (A) If required by the listing rules of the Stock Exchange, all resolutions at General Meetings shall be voted by poll (unless such requirement is waived by the Stock Exchange).

Mandatory polling

(B) Subject to Regulation 64(A), at any General Meeting a resolution put to the vote of the General Meeting shall be decided on a show of hands by the members present in person or by proxy and entitled to vote at the General Meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

Method of voting where mandatory polling not required

(a) the Chairman of the General Meeting; or

(b) not less than two members present in person or by proxy and entitled to vote at the General Meeting; or

(c) a member present in person or by proxy, or where such a member has appointed two or more 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 five per cent. of the total voting rights of all the members having the right to vote at the General Meeting; or

(d) a member present in person or by proxy, or where such a member has appointed two or more proxies any one of such proxies, or any number or combination of such members or proxies, and holding shares conferring a right to vote at the General Meeting, being shares on which an aggregate sum has been paid up equal to not less than five per cent. of the total sum paid up on all the shares conferring that right.

A demand for a poll made pursuant to this Regulation 64(B) may be withdrawn only with the approval of the Chairman of the General Meeting, and any such demand shall not prevent the continuance of the General Meeting for the transaction of any business other than the question on which the poll has been demanded. Unless a poll is demanded, a declaration by the Chairman of the General 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.

Taking a poll

65. Where a poll is taken, it shall be taken in such manner (including the use of ballot or voting papers or tickets or electronic means) as the Chairman of the General Meeting may direct, and the result of the poll shall be deemed to be the resolution of the General Meeting at which the poll was taken. The Chairman of the General Meeting may (and, if required by the listing rules of the Stock Exchange or if so directed by the General Meeting, shall) appoint at least one scrutineer and may adjourn the General Meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

Timing for taking a poll

66. A poll on the choice of a Chairman or on a question of adjournment shall be taken immediately. A poll on any other question shall be taken either immediately or at such subsequent time (not being more than 30 days from the date of the General Meeting) and place as the Chairman of the General Meeting may direct. No notice need be given of a poll not taken immediately.

Casting vote of chairman

67. In the case of an equality of votes, whether on a poll or on a show of hands, the Chairman of the General Meeting at which the poll or show of hands takes place shall be entitled to a casting vote.

VOTES OF MEMBERS

How members may vote

68. Subject and without prejudice to any special rights, privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Regulation 13(C), each member entitled to vote may vote in person or by proxy. Every member who is present in person or by proxy shall:

(a) on a poll, have one vote for every share which he holds or represents; and

(b) on a show of hands, have one vote, Provided always that:

(i) in the case of a member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the Chairman of the General Meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and

(ii) in the case of a member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.

For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company. 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 General Meeting.

69. In the case of joint holders of a share, any one of such persons may vote and be reckoned in a quorum at any General Meeting either personally or by proxy as if he were solely entitled thereto, but if more than one of such persons is present at a General Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or (as the case may be) the Depository Register in respect of the share. Several executors or administrators of a deceased member in whose name any share stands shall for the purpose of this Regulation 69 be deemed joint holders thereof.

Voting rights of joint holders

70. 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.

Voting by receivers

71. No member shall, unless the Directors otherwise determine, 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 presently payable by him to the Company in respect of such shares remains unpaid.

Entitlement of members to vote

72. (A) No objection shall be raised as to the admissibility of any vote except at the General Meeting or adjourned General Meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such General Meeting shall be valid for all purposes. Any such objection shall be referred to the Chairman of the General Meeting whose decision shall be final and conclusive.

When objection to admissibility of votes may be made

(B) If any votes be counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same General Meeting or at any adjournment thereof and not in any case unless it shall in the opinion of the Chairman be of sufficient magnitude.

Error in counting of votes shall not vitiate the result of the voting

73. 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.

Vote on a poll

74. (A) Save as otherwise provided in the Act:

Appointment of proxies

(a) a member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy; and

(b) a member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

(B) In any case where a member is a Depositor, the Company shall be entitled and bound:

Shares entered in Depository Register

(a) to reject any instrument of proxy lodged by that Depositor if he is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company; and

(b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by that 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 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

(C) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.

Notes and instructions

(D) A proxy need not be a member of the Company.

Proxy need not be a member

(E) Where a Member appoints more than one proxy, the Member shall specify the proportion of his shares to be represented by each such proxy. If the Member fails to specify the proportion of his shares to be represented by each proxy and more than one of such proxies is present at a General Meeting, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other proxies and for this purpose seniority shall be determined by the name which stands first in the instrument of proxy.

Member to specify the proportion of shares to be represented by each proxy

75. (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: Execution of proxies

(a) in the case of an individual member, shall be:

(i) signed by the appointor or his attorney if the instrument of proxy is delivered personally or sent by post; or

(ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument of proxy is submitted by electronic communication; and

(b) in the case of a member which is a corporation, shall be:

(i) either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation if the instrument of proxy is delivered personally or sent by post; or

(ii) authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.

The Directors may, for the purposes of Regulations 75(A)(a)(ii) and 75(A)(b)(ii), designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

(B) The signature on, or authorisation of, such instrument of proxy need not be witnessed. Where an instrument appointing a proxy is signed or authorised on behalf of a member (which shall, for the purposes of this Regulation 75(B) include a Depositor) by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to Regulation 76(A), failing which the instrument of proxy may be treated as invalid. Witness and authority

(C) The Directors may, in their absolute discretion: Directors may approve method and manner, and designate procedure, for electronic communications

(a) approve the method and manner for an instrument appointing a proxy to be authorised; and

(b) designate the procedure for authenticating an instrument appointing a proxy,

as contemplated in Regulations 75(A)(a)(ii) and 75(A)(b)(ii) for application to such members or class of members as they may determine. Where the Directors do not so approve and designate in relation to a member (whether of a class or otherwise), Regulation 75(A)(a)(i) and/or (as the case may be) Regulation 75(A)(b)(i) shall apply.

76. (A) An instrument appointing a proxy or the power of attorney or other authority, if any: Deposit of proxies

(a) if sent personally or by post, 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 General Meeting (or, if no place is so specified, at the Office); or

(b) if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the General Meeting,

and in either case, not less than 72 hours before the time appointed for the holding of the General Meeting or adjourned General Meeting or (in the case of a poll taken otherwise than at or on the same day as the General Meeting or adjourned General 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 appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the General Meeting as for the General Meeting to which it relates; Provided always that an instrument of proxy relating to more than one General Meeting (including any adjournment thereof) having once been so delivered in accordance with this Regulation 76 for the purposes of any General Meeting shall not be required again to be delivered for the purposes of any subsequent General Meeting to which it relates.

(B) The Directors may, in their absolute discretion, and in relation to such members or class of members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in Regulation 76(A)(b). Where the Directors do not so specify in relation to a member (whether of a class or otherwise), Regulation 76(A)(a) shall apply. Directors may specify means for electronic communications

77. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the General Meeting. Rights of proxies

78. A vote cast by proxy in accordance with the terms of an instrument of proxy (which for the purposes of this Constitution shall also include a power of attorney) shall not be invalidated by the previous death or mental disorder of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made or the transfer of the share in respect of which the proxy is given, Provided always that no notice in writing of such death, mental disorder, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) at least one hour before the commencement of the General Meeting or adjourned General Meeting. Intervening death or mental disorder

78A. Subject to the Statutes and this Constitution, the Company may, at its sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow members who are unable to vote in person at any General Meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile. Voting in absentia

CORPORATIONS ACTING BY REPRESENTATIVES

Corporations acting by representatives

79. Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any General Meeting of the Company or of any class of members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of this Constitution (but subject to the Act) be deemed to be present in person at any such General Meeting if a person so authorised is present thereat.

NOTICES

Service of notices

145. (A) Any notice or document (including a share certificate) may be served on or delivered to any member by the Company either personally or by sending it through the post in a prepaid cover addressed to such member at his registered address appearing in the Register of Members or (as the case may be) the Depository Register, or (if he has no registered address within Singapore) to the address, if any, within Singapore supplied by him to the Company or (as the case may be) supplied by him to the Depository as his address for the service of notices, or by delivering it to such address as aforesaid. Where any notice or other document is served or delivered by post, service or delivery shall be deemed to be effected at the time when the envelope or cover containing the same is posted and in proving such service or delivery, it shall be sufficient to prove that such envelope or cover was properly addressed, stamped and posted.

Electronic communications

(B) Without prejudice to the provisions of Regulation 145(A), but subject otherwise to any applicable laws relating to electronic communications and (where applicable) the listing rules of the Stock Exchange, any notice or document (including, without limitation, any accounts, balance-sheet, financial statements or report) which is required or permitted to be given, sent or served under any applicable laws or under this Constitution by the Company, or by the Directors, to a member may, at the sole discretion of the Company, be given, sent or served using electronic communications:

(a) to the current address of that person; or

(b) by making it available on a website prescribed by the Company from time to time,

(c) in such manner as may be approved by the Company in its absolute discretion expressly consented to by such member giving notice in writing to the Company,

in accordance with the provisions of this Constitution and any applicable laws and the listing rules of the Stock Exchange.

Implied consent

(C) For the purposes of Regulation 145(B) above, a member shall be implied to have agreed to receive such notice or document by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document, unless otherwise provided under applicable laws or under the listing rules of the Stock Exchange.

Deemed consent

(D) Notwithstanding Regulation 145(C) above, the Directors may, at their discretion, at any time by notice in writing give a member an opportunity to elect within a specified period of time whether to receive such notice or document by way of electronic communications or as a physical copy, and a member shall be deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such an event have a right to receive a physical copy of such notice or document, unless otherwise provided under applicable laws or under the listing rules of the Stock Exchange.

When notice given by electronic communications deemed served

(E) Where a notice or document is given, sent or served by electronic communications:

(a) to the current address of a person pursuant to Regulation 145(B)(a), it shall be deemed to have been duly given, sent or served at the time of transmission of the electronic communication by the email server or facility operated by the Company or its service provider to the current address of such person (notwithstanding any delayed receipt, non-delivery or "returned mail" reply message or any other error message indicating that the electronic communication was delayed or not successfully sent), unless otherwise provided under applicable laws or under the listing rules of the Stock Exchange; and

(b) by making it available on a website pursuant to Regulation 145(B)(b), it shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the website, or unless otherwise provided under applicable laws or under the listing rules of the Stock Exchange.

Notice to be given of service on website

(F) Where a notice or document is given, sent or served to a member by making it available on a website pursuant to Regulation 145(B)(b), the Company shall give separate notice to the member of the publication of the notice or document on that website and the manner in which the notice or document may be accessed by any one or more of the following means:

(a) by sending such separate notice to the member personally or through the post pursuant to Regulation 145(A);

(b) by sending such separate notice to the member using electronic communications to his current address pursuant to Regulation 145(B)(a);

(c) by way of advertisement in the daily press; and/or

(d) by way of announcement on the Stock Exchange,

provided always that such notice shall include, among others, the following information:

(i) the publication of the document on the website;

(ii) if the document is not available on the website on the date of notification, the date on which it will be available;

(iii) the address of the website;

(iv) the place on the website where the document may be accessed; and

(v) how to access the document.

(G) Regulations 145(B) to (F) shall not apply to such notices or documents which are excluded from being given, sent or served by electronic communication or means pursuant to applicable laws and any regulations relating to electronic communication and any listing rules of the Stock Exchange, including but not limited to:

(a) forms or acceptance letters that members may be required to complete;

(b) notices of meetings, excluding circulars or letters referred to in that notice;

(c) notices and documents relating to takeover offers and rights issues; and

(d) notices to be given to members pursuant to relevant regulations.

Service of notices in respect of joint holders

146. Any notice given to that one of the joint holders of a share whose name stands first in the Register of Members or (as the case may be) the Depository Register in respect of the share shall be sufficient notice to all the joint holders in their capacity as such. For such purpose a joint holder having no registered address in Singapore and not having supplied an address within Singapore for the service of notices shall be disregarded.

Service of notices after death, bankruptcy, etc.

147. A person entitled to a share in consequence of the death or bankruptcy of a member upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, and upon supplying also to the Company or (as the case may be) the Depository an address within Singapore for the service of notices, shall be entitled to have served upon or delivered to him at such address any notice or document to which the member but for his death or bankruptcy would have been entitled, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share. Save as aforesaid any notice or document delivered or sent by post to or left at the registered address of any member or given, sent or served to any member using electronic communications in pursuance of this Constitution shall, notwithstanding that such member be then dead or bankrupt or in liquidation, and whether or not the Company or (as the case may be) the Depository shall have notice of his death or bankruptcy or liquidation, be deemed to have been duly served or delivered in respect of any share registered in the name of such member in the Register of Members or, where such member is a Depositor, entered against his name in the Depository Register as sole or first-named joint holder.

No notice to members with no registered address in Singapore

148. A member who (having no registered address within Singapore) has not supplied to the Company or (as the case may be) the Depository an address within Singapore for the service of notices shall not be entitled to receive notices or other documents from the Company.

1. Appraised Investment Properties

Extracts of the valuation reports from (i) Colliers International Consultancy & Valuation (Singapore) Pte Ltd dated 8 November 2019; and (ii) Edmund Tie & Company (SEA) Pte. Ltd. dated 8 November 2019 in relation to the Appraised Investment Properties are set out below:

Colliers International Consultancy & Valuation (Singapore) Pte Ltd
12 Marina View
#19-02, Asia Square 2
Singapore 018961
RCB No. 198105965E

MAIN +65 6223 2323

VALUATION CERTIFICATE

Address of Property	:	31 Rochester Drive, PARK AVENUE ROCHESTER, Singapore 138637 & 35, 37, 39 & 41 Rochester Drive, ROCHESTER MALL, Singapore 138639/40/41 & 138582
Our Reference	:	2019/C2/0156/CORP
Valuation Prepared for	:	UE One-North Developments Pte. Ltd.
Purpose of Valuation	:	For financial reporting/accounting purposes
Interest Valued	:	Unexpired lease term of approximately 84.3 years as at the material date of valuation
Legal Description	:	Strata Lots U40166L, U40533K to U40535X and accessory lots, Mukim 3
Tenure	:	Leasehold 99 years less 1 day commencing 2 February 2005
Registered Lessee	:	UE One-North Developments Pte. Ltd.
Brief Description	:	The Property comprises a 351-room business hotel-cum-serviced office block, a 3-level retail mall and three colonial bungalows used for commercial purpose. It is located at the junction of Rochester Park and North Buona Vista Road, some 9 km from the City Centre. It lies within one-north, a 200-ha development developed by JTC in phases to a work-life-play-learn environment filled with world class research facilities and business parks.
Site Area	:	14,330.8 sm or thereabouts (for the entire development including the residential block at 33 Rochester Drive)
Gross Floor Area ("GFA")	:	Based on the Grant of Written Permission dated 14 June 2011, the GFA is as follows :- Hotel GFA : 18,881.05 sm Commercial GFA : 7,998.9 sm
Strata Floor Area	:	

Address	Strata Lot No.	Strata Area
31, 37, 39 & 41 Rochester Drive	U40166L Mukim 3	25,783 sm (including strata void of 3,380 sm)
35 Rochester Drive	U40533K Mukim 3	8,137 sm (including strata void of 190 sm)
	U40534N Mukim 3	14 sm
	U40535X Mukim 3	33 sm

Retail Net Lettable Area	:	We understand that the approximate total lettable area of retail space within the Property is 6,218 sm (or 66,931 sf). This area is also inclusive of the lettable area at the plaza which is approximately 205 sm (or 2,205 sf). *Note: Areas are approximate and as extracted from the Tenancy Schedule and updates provided.*
Year of Completion	:	The development was completed circa 2011. There were addition and alteration ("A&A") works carried out to the hotel block in 2017 to increase the number of rooms to 351.
Condition	:	Generally good
Occupancy	:	According to the Tenancy Schedule provided, the hotel within the Property has an occupancy rate of about 89% whilst the retail space is about 95% let as at 30 September 2019.
Annual Value	:	We understand that the Property is assessed at an aggregate annual value of $10,379,953/- for 2019. Property tax is payable at 10% per annum of the Annual Value.
Master Plan Zoning (2014 Edition)	:	The subject site is zoned "White Site".
Basis of Valuation	:	Market Value on "As-Is" basis and subject to the existing tenancies. Market Value is defined as "the estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". Our valuation of Market Value is consistent with the Financial Reporting Standard 113 (FRS 113) Fair Value Measurement.
Methods of Valuation	:	Income Capitalisation Method and Comparison Method
Date of Valuation	:	30 September 2019

31, 35, 37, 39 & 41 Rochester Drive
PARK AVENUE ROCHESTER & ROCHESTER MALL
Singapore 138637/39/40/41 & 138582| 3
COLLIERS INTERNATIONAL
2019/C2/0156/CORP

Market Value	:	**S$322,000,000/-** **(Singapore Three Hundred and Twenty-Two Million Only)**
Assumptions, Disclaimers, Limitations & Qualifications	:	*This valuation is provided subject to the caveats and assumptions, qualifications, limitations and disclaimers attached to the valuation report. The valuation report and certificate have been prepared for the use of the instructing parties for the stated purpose only and cannot be relied upon by third parties.*

For and on behalf of
Colliers International Consultancy & Valuation (Singapore) Pte Ltd



Goh Seow Leng
Appraiser's Licence No.: AD041- 2003809B
B.Sc. (Estate Management), MSISV
Executive Director
Valuation and Advisory Services I Singapore

Colliers International Consultancy & Valuation (Singapore) Pte Ltd
12 Marina View
#19-02, Asia Square 2
Singapore 018961
RCB No. 198105965E

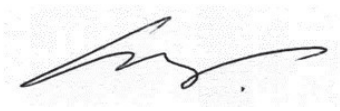
MAIN +65 6223 2323

VALUATION CERTIFICATE

Address of Property	:	79 Anson Road, Singapore 079906
Our Reference	:	2019/C2/0124/CORP
Valuation Prepared for	:	UE Development (Anson) Pte. Ltd.
Purpose of Valuation	:	For financial reporting/accounting purposes
Interest Valued	:	Freehold interest
Legal Description	:	The land is designated as Lot 992X Town Subdivision 23.
Tenure	:	Estate in Perpetuity
Registered Lessee	:	UE Development (Anson) Pte. Ltd.
Brief Description	:	The Property comprises a 23-storey commercial development with 4 retail units on the 1st storey and carpark lots on the 2nd to 4th storeys. It is located on the south-eastern side of Anson Road, at its junction with Palmer Road. It lies at the fringe of the financial district of the Republic and is within walking distance to the Tanjong Pagar MRT Station. The Prince Edward MRT Station (under construction) which will form part of Circle Line is also located nearby. Accessibility to other parts of Singapore is enhanced by its proximity to the Marina Coastal Expressway, East Coast Parkway, Ayer Rajah Expressway, Nicoll Highway and Central Expressway.
Site Area	:	2,616.4 sm or thereabouts
Gross Floor Area	:	Approximately 26,866 sm (as provided and subject to survey)
Strata Floor Area	:	20,200 sm (including void of about 1,325 sm)
Net Lettable Area	:	Approximately 18,809 sm (or 202,459 sf) including 2 retail units on 1st storey owned by MCST of the development (as provided and subject to survey) *Note: Areas are approximate and as extracted from the Tenancy Schedule and updates provided.*
Year of Completion	:	We understand that the building was completed in 1992. Refurbishment works have been carried out to the building in 2010. The lifts and lobbies have been upgraded recently.
Condition	:	Fairly good generally
Occupancy	:	According to the Tenancy Schedule provided, the Property is about 96% let as at 31 August 2019, including committed leases.

Annual Value	:	The Property is assessed at an aggregate annual value of $14,652,900/- for 2019. Property tax is payable at 10% per annum of the Annual Value.
Master Plan Zoning (2014 Edition)	:	The subject site is zoned "Commercial" with a plot ratio of 8.4+ and a maximum height of up to 35 storeys.
Basis of Valuation	:	Market Value on "As-Is" basis and subject to the existing tenancies. Market Value is defined as "the estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". Our valuation of Market Value is consistent with the Financial Reporting Standard 113 (FRS 113) Fair Value Measurement.
Methods of Valuation	:	Income Capitalisation Method and Comparison Method
Date of Valuation	:	30 September 2019
Market Value	:	**S$472,000,000/-** **(Singapore Four Hundred and Seventy-Two Million Only)**
Assumptions, Disclaimers, Limitations & Qualifications	:	*This valuation is provided subject to the caveats and assumptions, qualifications, limitations and disclaimers attached to the valuation report. The valuation report and certificate have been prepared for the use of the instructing parties for the stated purpose only and cannot be relied upon by third parties.*

For and on behalf of
Colliers International Consultancy & Valuation (Singapore) Pte Ltd



Goh Seow Leng
Appraiser's Licence No.: AD041- 2003809B
B.Sc. (Estate Management), MSISV
Executive Director
Valuation and Advisory Services I Singapore

Colliers International Consultancy & Valuation
(Singapore) Pte Ltd
12 Marina View
#19-02, Asia Square 2
Singapore 018961
RCB No. 198105965E

MAIN +65 6223 2323

VALUATION CERTIFICATE

Address of Property	:	450 & 452 ALEXANDRA ROAD SINGAPORE 119960/1
Our Reference	:	2019/C2/0157/CORP
Valuation Prepared for	:	UE Development (Alexandra) Pte. Ltd.
Purpose of Valuation	:	For financial reporting/accounting purposes
Interest Valued	:	Freehold interest
Legal Description	:	The land is designated as Lot 2456P Mukim 1.
Tenure	:	Estate in Fee Simple
Registered Lessee	:	UE Development (Alexandra) Pte. Ltd.
Brief Description	:	The Property comprises a 12-storey commercial building and an 8-storey industrial building. It is located along Alexandra Road, approximately 8 km from the City Centre. Accessibility to other parts of Singapore is enhanced by its close proximity to the West Coast Highway, Ayer Rajah Expressway, Keppel Viaduct, Labrador Park MRT Station along the Circle Line and Harbourfront MRT Station.
Site Area	:	17,789.5 sm or thereabouts
Gross Floor Area	:	

Address	Gross Floor Area	
	sm	sf
450 Alexandra Road	14,486	155,932
452 Alexandra Road	32,060	345,101

(as provided and subject to survey)

Year of Completion	:	450 Alexandra Road was built in the 1970s with additions and alterations carried out over the years whilst 452 Alexandra Road was built circa 1998.
Condition	:	Average generally. Some upgrading works have been carried out to the commercial block recently.
Occupancy	:	We understand that the industrial building is fully let whilst the commecial building is vacant.

Annual Value	:	The Property is assessed at an aggregate annual value of $20,893,000/- for 2019. Property tax is payable at 10% per annum of the Annual Value.
Master Plan Zoning (2014 Edition)	:	450 Alexandra Road (with an estimated land area of 5,170.5 sm) is zoned "Commercial" with a plot ratio of 2.8 whilst 452 Alexandra Road (with an estimated land area of 12,619 sm) is zoned "Business 1" with a plot ratio of 2.5.
Basis of Valuation	:	Market Value on "As-Is" basis and subject to the existing tenancies. Market Value is defined as "the estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". Our valuation of Market Value is consistent with the Financial Reporting Standard 113 (FRS 113) Fair Value Measurement.
Methods of Valuation	:	Income Capitalisation Method and Comparison Method
Date of Valuation	:	30 September 2019
Market Value	:	**S$403,000,000/-** **(Singapore Four Hundred and Three Million Only)**
Assumptions, Disclaimers, Limitations & Qualifications	:	*This valuation is provided subject to the caveats and assumptions, qualifications, limitations and disclaimers attached to the valuation report. The valuation report and certificate have been prepared for the use of the instructing parties for the stated purpose only and cannot be relied upon by third parties.*

For and on behalf of
Colliers International Consultancy & Valuation (Singapore) Pte Ltd



Goh Seow Leng
Appraiser's Licence No.: AD041- 2003809B
B.Sc. (Estate Management), MSISV
Executive Director
Valuation and Advisory Services I Singapore

EDMUND TIE

VALUATION SUMMARY

Property	:	80 Kim Yam Road Park Avenue Residences Singapore 239375
Legal Description	:	Lot 1016W Town Subdivision 21.
Tenure	:	99 years leasehold commencing from 12 December 1996.
Registered Proprietors	:	UE Ville Developments Pte Ltd
Site Area	:	1,173.7 sq m.
Lettable Floor Area (as provided)	:	2,521 sq m.
Master Plan Zoning (2014 Edition)	:	"Residential and Conservation" with a plot ratio of 2.8.
Brief Description	:	The subject development comprises a 10-storey rear extension block and a 2-storey conservation building with basement carpark. It comprises a total of 31 apartments and 5 townhouses of various designs and layouts with sizes ranging from 46 sq m to 132 sq m. Access to the upper storeys and basement is facilitated by 2 lifts and staircases. Facilities provided include swimming pool and gymnasium. Security system include audio intercom system. In addition, ample carparking lots are provided at the 2 basements within the development.
Valuation Approach:	:	Direct Comparison Approach
Market Value as at 30 September 2019 *	:	S$33,000,000/- (Singapore Dollars Thirty-Three Million).

* free from all encumbrances

for and on behalf of
EDMUND TIE & COMPANY (SEA) PTE LTD

Nicholas Cheng Chee Keen
Executive Director
Valuation Advisory
BSc (Est Mgt) MSISV
(Appraiser's Licence No: AD041-2004055B)

Alden Cheong Wai Khin
Director
Valuation Advisory Services
B Bus (Pty) MSISV
(Appraiser's Licence No. AD041-2009244F)

Date: 8 November 2019
Our Ref: NC:CWK:rl:19110062

EDMUND TIE

LIMITING CONDITIONS

This property Valuation and Report has been prepared subject to the following limiting conditions:-

1) VALUATION BASIS

Our valuation is made on the basis of Market Value. This is intended to mean the highest value at which the sale interest in the property might reasonably be expected to have been completed on the date of valuation, assuming :

a) a willing seller;

b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms for the completion of the sale;

c) that no account is taken of any additional bid by a prospective purchaser with a special interest; and

d) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

Our valuation assumes that as at the date of valuation, the property is free and clear of all mortgages, encumbrances and other outstanding premiums, charges and liabilities.

Values are reported in Singapore Currency.

2) CONFIDENTIALITY

Our Valuation and Report is confidential to the party to whom it is addressed and to their professional advisors for the specific purpose to which they refer. The valuer disclaims all responsibility and will accept no liability to any other party. Neither the whole, nor any part, nor reference thereto may be published in any document, statement or circular, nor in any communication with third parties, without our prior written consent of the form and context in which it will appear.

3) SOURCE OF INFORMATION

Where it is stated in the report that information has been supplied to the valuer by the sources listed, this information is believed to be reliable, but the valuer will accept no responsibility if this should prove not to be so. All other information stated without being attributed directly to another party is obtained from our searches of records, examination of documents or enquiries with relevant government authorities.

4) TENANTS

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 lettings, 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.

EDMUND TIE

5) TOWN PLANNING AND OTHER STATUTORY REGULATIONS

Information on Town Planning is obtained from the set of Master Plan, Development Guide Plan (DGP) and Written Statement published by the competent authority. Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities to confirm that the property is not adversely affected by any public schemes such as road improvements. If assurance is required, we recommend that verification be obtained from your lawyers.

Our valuations are prepared on the basis that the premises and any improvements thereon comply with all relevant statutory regulations. It is assumed that they have been, or will be issued with a Certificate of Statutory Completion by the competent authority.

6) STRUCTURAL SURVEYS

Unless expressly instructed, we do not carry out a structural survey, nor do we test the services. Whilst any defects or items of disrepair which we note during the course of our inspection will be reflected in our valuations, we are not able to give any assurance in respect of rot, termite, or past infestation or other hidden defects.

7) SITE CONDITIONS

We do not normally carry out investigations on site in order to determine the suitability of the ground conditions, and the services, for any new development. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that where development is proposed, no extraordinary expenses or delays will be incurred during the construction period.

8) ATTENDANCE IN COURT

The valuer is not required to give testimony or to appear in court by reason of this report unless specific arrangement has been made therefor.

9) MAXIMUM LIABILITY

Our maximum liability to the client relating to our services rendered (regardless of action whether in contract, negligence or otherwise) shall be limited to fees paid for engaging our services. Under no circumstances will we be liable for consequential, incidental, punitive or special losses, damage or expenses (including opportunity costs and loss of profits) despite being advised of their possible existence.

EDMUND TIE

VALUATION SUMMARY

Property	:	207/205 River Valley Road & 81/A/B/83 Clemenceau Avenue UE Square Singapore 238275/4 & 239917/18/19/20
Legal Description	:	Lot 241T, 242A, 243K and 244N Town Subdivision 29.
Tenure	:	929 years leasehold commencing from 1 January 1953.
Registered Proprietor	:	United Engineers Limited
Site Area	:	32,982.3 sqm.
Lettable Area (as provided)	:	Office 28,807 sq m. Retail 7,404 sq m. Serviced Apartments 9,089 sq m.
Master Plan Zoning (2014 Edition)	:	"Commercial and Residential" with a plot ratio of 3.9
Brief Description	:	UE Square is a residential/commercial/office development comprising 2 blocks of 6/19-storey residential apartments (345 units) with 2/3 basements, a 15-storey shopping cum serviced apartments (150 units) block with 2 basements and an 18-storey office building with 2 basement carpark levels (977 carpark lots). Temporary Occupation Permits (TOP) were obtained in stages from 6 June 1997 to 19 December 1997. <u>205/207 River Valley Road</u> These are two part 6/19-storey residential blocks with shops (total 14 units) on the 1st storey and apartments (total 345 units) above. Recreational facilities provided within the residential blocks include swimming pool, wading pool, tennis court, squash courts, children's playground, gymnasium, meeting/games rooms and multi-purpose halls. In addition, intelligent home automation features such as telephone-linked air-conditioning, intelligent card-key security controls, closed circuit television and video intercom are provided. <u>81/A/B Clemenceau Avenue</u> This is a 15-storey block comprising a 4-storey shopping podium with 2 basements (81 Clemenceau Avenue) and an 11-storey service apartment block (81A and 81B Clemenceau Avenue) with a total of 150 serviced apartments and 41 shop units. A pair of escalators serve the 1st to 3rd storey of the shopping podium. Two sets of passenger/firemen lifts also serve the podium. Male/female/handicapped toilets are provided on every level of the 4-storey shopping podium.

EDMUND TIE

Brief Description (Cont'd)	:	The serviced apartments are located in 2 wings from the 5th to 15th storey. Access to the upper floors in each wing is facilitated by 3 passenger lifts and 1 firemen's lift from the 5th to 11th storey, and by 1 passenger lift and 1 firemen's lift from the 12th to 14th storey. The main lift lobby, reception counter and management office are located on the 5th storey. Facilities provided include a swimming pool, gymnasium, games room, meeting room and laundry room. Male/female/handicapped toilets are provided on the 5th storey.	
		83 Clemenceau Avenue	
		This is an 18-storey office block with shops on the 1st storey (total 8 units) and offices on the 2nd to 18th storeys.	
		The building is managed by an intelligent building management system through an interactive voice answering system. It is also protected by close-circuit cameras, 24-hour integrated security system and proximity card system.	
		Fire protection and alarm systems provided include automatic fire sprinkler, micro-processor based addressable fire alarm, wet riser, hosereel, portable fire extinguishers and fireman intercom.	
Valuation Approaches:	:	Residential	Direct Comparison Approach
		Retail	Capitalisation & Direct Comparison Approach
		Office	Capitalisation & Direct Comparison Approach
Capitalisation Rates	:	Retail	4.50%
		Office	3.25%
Market Value as at 30 September 2019 *	:	S$749,900,000/- (Singapore Dollars Seven Hundred Forty-Nine Million And Nine Hundred Thousand).	

* free from all encumbrances

for and on behalf of
EDMUND TIE & COMPANY (SEA) PTE LTD

Nicholas Cheng Chee Keen
Executive Director
Valuation Advisory
BSc (Est Mgt) MSISV
(Appraiser's Licence No: AD041-2004055B)

Alden Cheong Wai Khin
Director
Valuation Advisory Services
B Bus (Pty) MSISV
(Appraiser's Licence No. AD041-2009244F)

Date: 8 November 2019
Our Ref: NC:CWK:rl:19110064

EDMUND TIE

LIMITING CONDITIONS

This property Valuation and Report has been prepared subject to the following limiting conditions:-

1) VALUATION BASIS

Our valuation is made on the basis of Market Value. This is intended to mean the highest value at which the sale interest in the property might reasonably be expected to have been completed on the date of valuation, assuming :

a) a willing seller;

b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms for the completion of the sale;

c) that no account is taken of any additional bid by a prospective purchaser with a special interest; and

d) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

Our valuation assumes that as at the date of valuation, the property is free and clear of all mortgages, encumbrances and other outstanding premiums, charges and liabilities.

Values are reported in Singapore Currency.

2) CONFIDENTIALITY

Our Valuation and Report is confidential to the party to whom it is addressed and to their professional advisors for the specific purpose to which they refer. The valuer disclaims all responsibility and will accept no liability to any other party. Neither the whole, nor any part, nor reference thereto may be published in any document, statement or circular, nor in any communication with third parties, without our prior written consent of the form and context in which it will appear.

3) SOURCE OF INFORMATION

Where it is stated in the report that information has been supplied to the valuer by the sources listed, this information is believed to be reliable, but the valuer will accept no responsibility if this should prove not to be so. All other information stated without being attributed directly to another party is obtained from our searches of records, examination of documents or enquiries with relevant government authorities.

4) TENANTS

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 lettings, 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.

EDMUND TIE

5) TOWN PLANNING AND OTHER STATUTORY REGULATIONS

Information on Town Planning is obtained from the set of Master Plan, Development Guide Plan (DGP) and Written Statement published by the competent authority. Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities to confirm that the property is not adversely affected by any public schemes such as road improvements. If assurance is required, we recommend that verification be obtained from your lawyers.

Our valuations are prepared on the basis that the premises and any improvements thereon comply with all relevant statutory regulations. It is assumed that they have been, or will be issued with a Certificate of Statutory Completion by the competent authority.

6) STRUCTURAL SURVEYS

Unless expressly instructed, we do not carry out a structural survey, nor do we test the services. Whilst any defects or items of disrepair which we note during the course of our inspection will be reflected in our valuations, we are not able to give any assurance in respect of rot, termite, or past infestation or other hidden defects.

7) SITE CONDITIONS

We do not normally carry out investigations on site in order to determine the suitability of the ground conditions, and the services, for any new development. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that where development is proposed, no extraordinary expenses or delays will be incurred during the construction period.

8) ATTENDANCE IN COURT

The valuer is not required to give testimony or to appear in court by reason of this report unless specific arrangement has been made therefor.

9) MAXIMUM LIABILITY

Our maximum liability to the client relating to our services rendered (regardless of action whether in contract, negligence or otherwise) shall be limited to fees paid for engaging our services. Under no circumstances will we be liable for consequential, incidental, punitive or special losses, damage or expenses (including opportunity costs and loss of profits) despite being advised of their possible existence.

2. Appraised Properties held for Sale and Shanghai Olympic Properties

Extracts of the valuation reports from Orient Appraisal Co., Ltd. dated 13 November 2019 in relation to the Appraised Properties held for Sale and Shanghai Olympic Properties, and English translations of such extracts, are set out below:

東洲咨詢集團
Orient Consulting Group
上海东洲资产评估有限公司
上海市延安西路889号太平洋企业中心19楼
Tel:86-21-52402166 Fax:86-21-62252086

新加坡联合工程有限公司
拟了解沈阳夏宫房地产开发有限公司、成都华新国际实业有限公司、上海奥林匹克置业投资有限公司存货价值咨询报告
东洲咨报字【2019】第 1455 号
（摘要）

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

委托人：新加坡联合工程有限公司

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

咨询目的：拟股权转让涉及的存货价值

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

价值类型：市场价值。

咨询基准日：2019年09月30日

咨询方法：市场法、假设开发法。

咨询结论：在报告假设前提成立的条件下，沈阳夏宫房地产开发有限公司存货价值为人民币2, 138, 722, 331. 00元，大写：人民币贰拾壹亿叁仟捌佰柒拾贰万贰仟叁佰叁拾壹元。成都华新国际实业有限公司存货价值为人民币728,180,400.00元，大写：人民币柒亿贰仟捌佰壹拾捌万零肆佰元。上海奥林匹克置业投资有限公司存货价值为人民币992,070,177.90元，大写：人民币玖亿玖仟贰佰零柒万零壹佰柒拾柒元玖角。

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

本报告仅限于约定的咨询目的和报告使用者使用，详见报告书正文记载的内容。

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

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

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

4、截至咨询基准日，根据上海奥林匹克置业投资有限公司提供的资料，开发项目预计含税总成本为 96, 558. 26 万元，若今后开发项目实际总成本与企业提供的开发总成本概算不同，本次咨询价值应作相应调整。

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

6、上海奥林匹克置业投资有限公司委估开发项目中 8#系回迁楼，根据企业提供的相关规划设计文件记载，该回迁楼总建筑面积为 5,999.66m^2，而根据企业另行提供的已签约回迁楼补偿协议明细表，回迁楼合计面积为 6,020.00m^2，考虑到本次对于回迁楼含税销售收入，系根据已签约的合计金额 270,900,000.00 元来确定，因此本次不考虑相关规划设计文件记载的回迁楼建筑面积与回迁楼补偿协议明细表记载的合计面积有所差异，而对于咨询价值的影响。

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

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

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

上海东洲资产评估有限公司

2019 年 11 月 13 日

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

ORIENT APPRAISAL Consultation Report 【2019】 No.1455

(Abstract)

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

Client：UNITED ENGINEERS LIMITED

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

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

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

Value Type: Market Value

Benchmark Date: September 30, 2019

Approaches: Market Method, Assumption Development Method

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

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

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

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detailed in the body of the report.

Special items:

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

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

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

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

ORIENT APPRAISAL CO., LTD

November 13, 2019