CIRCULAR DATED 15 AUGUST 2017

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

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

If you have sold or transferred all your issued ordinary stock and/or preference shares in the capital of the Company, you should immediately forward this Circular to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale for onward transmission to the purchaser or the transferee.

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

United Engineers Limited

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 Perennial Investment (Singapore) Pte. Ltd. and parties acting in concert with it

by

UNITED OVERSEAS BANK LIMITED

(Company Registration No. 193500026Z)
(Incorporated in the Republic of Singapore)

for and on behalf of

YANLORD PERENNIAL INVESTMENT (SINGAPORE) PTE. LTD.

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

Independent Financial Adviser to the 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

SAC CAPITAL PRIVATE LIMITED

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

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT EACH OF THE OFFERS WILL CLOSE AT 5.30 P.M. (SINGAPORE TIME) ON 29 AUGUST 2017 OR SUCH LATER DATE(S), IF ANY, 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.

CONTENTS

DEFINITIONS

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

"**6M2017**"	:	The six months ended 30 June 2017
"**6M2017 Results**"	:	The unaudited consolidated financial statements of the Group for 6M2017
"**ACRA**"	:	The Accounting and Corporate Regulatory Authority of Singapore
"**Acquisition**"	:	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 2** to this Circular
"**Appraised Properties held for Sale**"	:	Shall have the meaning ascribed to it in **paragraph 13.1** of **Appendix 2** to this Circular
"**CDP**"	:	The Central Depository (Pte) Limited
"**Circular**"	:	This circular to Shareholders dated 15 August 2017 in relation to the Offers
"**Closing Date**"	:	The Ordinary Share Offer Closing Date or the Preference Share Offer Closing Date (as relevant)
"**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
"**Consortium Members**"	:	The shareholders of the Offeror
"**Constitution**"	:	The constitution of the Company
"**CPFIS Investors**"	:	Investors who have purchased Shares using their Central Provident Fund contributions pursuant to the Central Provident Fund Investment Scheme
"**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
"**Encumbrances**"	:	Shall have the meaning ascribed to it in **Section 2.3** of this Circular

"**FAA**"	:	Forms of Acceptance and Authorisation for Ordinary Offer Shares and Preference Offer Shares 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 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
"**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
"**IFA**"	:	SAC Capital Private Limited, being the independent financial adviser to the Directors in connection with the Offers
"**IFA Letter**"	:	Shall have the meaning ascribed to it in **Section 7.1** of this Circular
"**Latest Practicable Date**"	:	11 August 2017, being the latest practicable date prior to the printing of this Circular
"**Last Trading Day**"	:	11 July 2017, 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 2.5** of this Circular
"**Market Day**"	:	A day on which the SGX-ST is open for trading of securities
"**OCBC**"	:	Oversea-Chinese Banking Corporation Limited
"**Offer Announcement**"	:	The announcement issued by UOB on the Offer Announcement Date, for and on behalf of the Offeror, in relation to the Offers
"**Offer Announcement Date**"	:	13 July 2017
"**Offer Document**"	:	The document dated 1 August 2017 issued by UOB, for and on behalf of the Offeror, in relation to the Offers
"**Offeror**"	:	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 capital of the Offeror
"**Offers**"	:	The Ordinary Share Offer and the Preference Share Offer

"**Ordinary Offer Shares**"	:	The Ordinary Shares, other than those 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 UOB, 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 FAA and the FAT
"**Ordinary Share Offer Closing Date**"	:	29 August 2017 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 Offer Price**"	:	S$2.60 in cash for each Ordinary Offer Share
"**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, as the case may be, in the records of CDP
"**Preference Offer Shares**"	:	The Preference Shares, other than those owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror
"**Preference Share Offer**"	:	The comparable offer by UOB, 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 FAA and the FAT
"**Preference Share Offer Closing Date**"	:	29 August 2017 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 Offer Price**"	:	S$2.60 in cash for each Preference Offer Share
"**Preference Shares**"	:	Issued and paid-up preference shares in the capital of the Company
"**S$**" and "**cents**"	:	Singapore dollars and cents respectively
"**Scheme**"	:	Shall have the meaning ascribed to it in **Section 2.4** of this Circular
"**SFA**"	:	The Securities and Futures Act, Chapter 289 of Singapore
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shareholders**"	:	Holders of Shares (including persons whose Shares are deposited with CDP or who have purchased Shares on the SGX-ST)
"**Share Options**"	:	Shall have the meaning ascribed to it in **Section 2.4** of this Circular
"**Shares**"	:	Ordinary Shares and Preference Shares

"**Share Registrar**"	:	Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.)
"**SRS Investors**"	:	Investors who have purchased Shares using their Supplementary Retirement Scheme contributions pursuant to the Supplementary Retirement Scheme
"**Subsidiary Holdings**"	:	21,712,000 Ordinary Shares held by WBL Corporation Limited, a subsidiary of the Company
"**UEL Vendors**"	:	Shall have the meaning ascribed to it in **Section 1.1** of this Circular
"**UOB**"	:	United Overseas Bank Limited, being the financial adviser to the Offeror in connection with the Offers
"**%**"	:	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 637,508,148 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, 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 638,383,148 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 IFA Letter and the Constitution are set out in this Circular within quotes and in italics, and capitalised terms used within these reproduced statements bear the meanings ascribed to them in the Offer Document, the IFA Letter and the Constitution respectively.

UNITED ENGINEERS LIMITED

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

Directors:	**Registered Office:**
Tan Ngiap Joo Norman Ip Ka Cheung Koh Beng Seng Koh Poh Tiong Lee Lap Wah, George Michael Lim Chun Leng David Wong Cheong Fook	12 Ang Mo Kio Street 64 #01-01 UE BizHub CENTRAL Singapore 569088

15 August 2017

To: The Shareholders of United Engineers Limited

Dear Sir / Madam

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

AND

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

1. INTRODUCTION

1.1 Offer Announcement. On 13 July 2017, UOB announced, for and on behalf of the Offeror, that the Offeror had acquired an aggregate of 213,116,206 Ordinary Shares, representing approximately 33.4 per cent. of the total number of Ordinary Shares, and 614,050 Preference Shares, representing approximately 70.2 per cent. of the total number of Preference Shares, from OCBC, certain subsidiaries of GEH and other vendors (collectively, the "**UEL Vendors**") (the "**Acquisition**").

As a result of the Acquisition, the Offeror and parties acting in concert with it own, control or have agreed to acquire an aggregate of 213,205,539 Ordinary Shares, representing approximately 33.4 per cent. of the total number of Ordinary Shares and 614,050 Preference Shares, representing approximately 70.2 per cent. of the total number of Preference Shares. Accordingly:

(i) 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

(ii) 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 Offer Document. Shareholders should by now have received a copy of the Offer Document issued by UOB, 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 10 to 13 of the Offer Document, while the principal terms and conditions of the Preference Share Offer are set out on pages 13 to 16 of the Offer Document. Shareholders are advised to read the terms and conditions contained therein carefully.

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

2. THE ORDINARY SHARE OFFER

2.1 Ordinary Share Offer Price. As set out in the Offer Document, the Ordinary Share Offer Price is:

For each Ordinary Share : S$2.60 in cash.

The Offeror DOES NOT intend to increase the Ordinary Share Offer Price save that the Offeror reserves the right to do so in a competitive situation. Therefore, in accordance with Rule 20.2 of the Code, save in a competitive situation, the Offeror will not be allowed to subsequently amend the terms of the Ordinary Share Offer, including the Ordinary Share Offer Price, in any way.

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, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever ("**Encumbrances**"); and

(iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights and other distributions 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 Ordinary Shares on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Ordinary Share Offer Price by an amount equivalent to such dividend, right, other distribution or return of capital.

2.4 No Option Proposal. As at the Latest Practicable Date, there are 165,721 outstanding share options granted by the Company (the "**Share Options**") pursuant to the United Engineers Share Option Scheme 2000 (the "**Scheme**") approved by the Shareholders at the extraordinary general meeting of the Company held on 21 June 2000. Under the rules of the Scheme, the Share Options are not transferable by the holders thereof. In view of this restriction, the Offeror will not make an offer to acquire the Share Options, although, for the avoidance of doubt, the Ordinary Share Offer is extended to all new Ordinary Shares unconditionally issued prior to the Ordinary Share Offer Closing Date pursuant to the valid exercise of outstanding Share Options. For the purposes of the Ordinary Share Offer, the expression "**Ordinary Offer Shares**" shall include such new Ordinary Shares.

2.5 Minimum Acceptance Condition. As set out in paragraph 2.5 of the Offer Document, 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 per cent. of the total voting rights attributable to the Ordinary Shares (excluding the Subsidiary Holdings to the extent they remain as subsidiary holdings of the Company) (the "**Minimum Acceptance Condition**").

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 holding such number of Ordinary Shares carrying more than 50 per cent. of the voting rights attributable to the total number of Ordinary Shares which would be in issue had all the outstanding Share Options been validly exercised.

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

2.6 **Details of the Ordinary Share Offer.** Further details of the Ordinary Share Offer are set out in:

(i) pages 11 to 13 of the Offer Document in relation to the duration of the Ordinary Share Offer;

(ii) Appendix IV 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; and

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

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

2.7 **Ordinary Share Offer Closing Date.** Shareholders should note that the Ordinary Share Offer will close at 5.30 p.m. (Singapore time) on 29 August 2017 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.** As set out in the Offer Document, the Preference Share Offer Price is:

For each Preference Share : S$2.60 in cash.

The Offeror DOES NOT intend to increase the Preference Share Offer Price save that the Offeror reserves the right to do so in a competitive situation. Therefore, in accordance with Rule 20.2 of the Code, save in a competitive situation, the Offeror will not be allowed to subsequently amend the terms of the Preference Share Offer, including the Preference Share Offer Price, in any way.

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 Encumbrances; and

(iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights and other distributions 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 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, as at the Offer Announcement Date, 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 14 to 15 of the Offer Document in relation to the duration of the Preference Share Offer;

(ii) Appendix IV 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; and

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

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

3.6 Preference Share Offer Closing Date. Shareholders should note that the Preference Share Offer will close at 5.30 p.m. (Singapore time) on 29 August 2017 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 RELATING TO THE COMPANY

The full text of the rationale for the Offers, and the Offeror's intentions relating to the Company 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, 9** and **10** below shall have the same meanings as those defined in the Offer Document. **Shareholders are advised to read the extract below carefully.**

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

8.1 Rationale

UEL is primarily a real estate company with property businesses mainly in Singapore and the PRC. Yanlord and Perennial, who are both sponsors of the Offeror, are also real estate companies which own and manage sizeable portfolios primarily in the same countries. Through a strategic review of the business and operations of UEL, Yanlord and Perennial hope that areas of long-term value will be uncovered for all stakeholders.

Based on UEL's financial year 2016 audited net profit after tax from continuing operations of S$27.38 million, the Offer Prices value UEL at a price to earnings multiple of 60.5 times, which is a higher multiple relative to the average multiple of about 20 times for companies in the same sector[(1)].

The Offeror is prepared to take a patient and long term investment outlook on the Acquisition, and hopes that UEL's performance will improve in the long run.

Note:

(1) Average price to earnings multiple of SGX listed companies classified in the "Real Estate Management and Development" sector under the Global Industry Classification Standard and as extracted from Bloomberg L.P..

In Singapore, the Offeror intends to leverage on the asset and project management skills of Yanlord and Perennial and work with the board and management team of UEL to unlock the inherent value of UEL and WBL's income-producing and freehold assets through selective enhancement works.

In the PRC, the Offeror aims to improve on the current performance of WBL's properties by leveraging on Yanlord and Perennial's expertise and execution capabilities, as well as their existing network and strong relationships with local authorities.

8.2 Offeror's Intentions relating to UEL

The Offeror currently intends for UEL to continue its existing business activities and has no plans to (a) introduce any major changes to the business of the Group, (b) re-deploy the fixed assets of any Group Company, (c) affect the operations of any Group Company or (d) discontinue the employment of the existing employees of any Group Company, in each case, other than in the ordinary and usual course of business. The Offeror may request the board of directors of UEL at any time and from time to time, to consider any options or opportunities in relation to any Group Company which may present themselves and which it may regard to be in the best interests of such Group Company and conduct a review of the Group's business strategy to identify potential areas in which UEL can improve returns of its projects and achieve optimal value for Shareholders in the long term.

In particular, the Offeror may request the board of directors of UEL to undertake an assessment of (i) the Group's capital structure and needs and (ii) the human resource requirements of the Group, taking into account the future plans of the board of directors of UEL for the Group but ensuring continuity of its existing operations and the objectives of retaining and attracting competent personnel to further enhance the management and operations of the Group."

5. LISTING STATUS AND COMPULSORY ACQUISITION

The Offer Document also sets out the Offeror's intentions for the Company with regard to its listing status and compulsory acquisition, as follows:

"10. <u>LISTING STATUS AND COMPULSORY ACQUISITION</u>

10.1 Trading Suspension and 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 UEL 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 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%, UEL must, as soon as practicable, announce that fact and the SGX-ST may suspend the 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 (excluding treasury shares) 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 acquires not less than 90% of the total number of the issued 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 which, for the avoidance of doubt, excludes any UEL Ordinary Shares held by UEL as treasury shares), 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 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 all the UEL Ordinary Shares and/or 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 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 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 UEL does not meet the minimum public float required under the Listing Manual at the close of the Offers, the Offeror reserves the right to re-evaluate its position, including its right of compulsory acquisition (if applicable) as described in paragraph 10 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 AND THE CONSORTIUM

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

"5.1 The Offeror

The Offeror is a special purpose vehicle incorporated in the Republic of Singapore for the purposes of the Acquisition and the Offers.

*As at the Latest Practicable Date, the share capital of the Offeror amounts to S$100 divided into 100 issued and fully paid-up shares, which are held by the shareholders of the Offeror (collectively, the "**Consortium Members**") as follows:*

(a) Yanlord Commercial : 49%

(b) Perennial SPV : 45%

(c) Heng Yue : 6%

The board of directors of the Offeror comprises the following individuals:

(i) Mr. Zhong Sheng Jian;

(ii) Mr. Zhong Ming;

(iii) Mr. Pua Seck Guan;

(iv) Ms. Belinda Gan Chui Chui; and

(v) Mr. Kung Chun Lung."

6.2 Information on the Consortium Members. Details on the Consortium Members have been extracted from the Offer Document and are set out in italics below.

"5.2 The Consortium Members

*The Consortium Members have agreed to form a consortium (the "**Consortium**") to undertake the Offers through the Offeror. Details of the Consortium Members are set out below:*

(a) Yanlord Commercial Property Investments Pte. Ltd.

Yanlord Commercial is a wholly-owned subsidiary of Yanlord, a company listed on the SGX-ST. Yanlord is a leading developer of high end residential, commercial and integrated developments in the PRC. With an established presence across 12 cities, Yanlord has a diverse portfolio of commercial and investment properties including offices, hotels and high street retail. Yanlord is a constituent of the SGX Real Estate 20 Index which tracks the 20 largest real estate stocks listed on the SGX-ST.

(b) Perennial UW Pte. Ltd.

*Perennial SPV is held by the following shareholders (collectively, the "**Perennial SPV Members**") as follows:*

(i)	*Perennial Singapore*	*:*	*72.22%*
(ii)	*HPRY*	*:*	*16.67%*
(iii)	*WCA*	*:*	*11.11%*

Details of the Perennial SPV Members are set out below:

(A) Perennial Singapore Investment Holdings Pte. Ltd.

Perennial Singapore is a wholly-owned subsidiary of Perennial, an integrated real estate and healthcare company headquartered in Singapore and listed on the SGX-ST. As a real estate owner, developer and manager, the Perennial group focuses strategically on large-scale mixed-use developments and has a presence in the PRC, Singapore, Malaysia and Ghana with a combined portfolio spanning about 54 million square feet in gross floor area. The Perennial group is also a healthcare services owner and operator focused predominantly on the PRC and its healthcare business services include medical, hospital, eldercare and senior housing, as well as maternal and child health management.

(B) HPRY Holdings Limited

HPRY is an investment holding company and its sole shareholder is Mr. Kuok Khoon Hong, who is also the Chairman, Non-Independent and Non-Executive Director of Perennial.

(C) WCA Pte. Ltd.

WCA is a wholly-owned subsidiary of Wilmar International Limited, an agribusiness company headquartered in Singapore and listed on the SGX-ST. The Wilmar group's businesses include oil palm cultivation, oilseed crushing, edible oils refining, sugar milling and refining, manufacturing of consumer products, specialty fats, oleochemicals, biodiesel and fertilisers as well as flour and rice milling.

(c) *Heng Yue Holdings Limited*

Heng Yue is an investment holding company incorporated in the British Virgin Islands and its sole shareholder is Mr Kung Chun Lung."

6.3 Further Information on the Offeror and the Consortium. Further information on the Offeror and the Consortium is set out in **Appendix 3** to this Circular.

7. ADVICE OF THE IFA

7.1 IFA. SAC Capital Private Limited has been appointed as the independent financial adviser to advise the Directors in respect of the Offers. Shareholders should consider carefully the recommendation of the Directors and the advice of the IFA to the 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 15 August 2017, which is reproduced in **Appendix 1** to this Circular (the "**IFA Letter**").

7.2 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 below). Shareholders should read the following extract 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 Offers, we have taken into account, and reviewed the following key considerations, which we consider to be pertinent in our assessment of the Offers:

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

(b) Book NAV and NTA 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 Preference Shares;

(f) Comparison with selected preference shares listed on the SGX-ST; and

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

We wish to highlight that the break-up value theoretically implied in our sum-of-the-parts valuation analysis is based on several assumptions. Shareholders should note that a discount may be applied to the sum-of-the-parts valuation of a conglomerate such as the Group for various reasons, including but not limited to the ability of investors to achieve a more effective diversification by purchasing 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."

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

"*Based on our analysis set out above and after considering all relevant information available to us as at the Latest Practicable Date, from a financial point of view, we are of the opinion that, on balance, the financial terms of the Offers are **fair and reasonable**. Accordingly, we advise the Independent Directors to recommend that Shareholders accept the Offers, unless Shareholders can obtain a price higher than the Ordinary Share Offer Price and/or the 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. The Independent Directors may also wish to highlight to the Shareholders who accept the Ordinary Share Offer that there is no certainty that the Ordinary Share Offer will become or be capable of being declared unconditional as to acceptances.*"

8. RECOMMENDATION OF THE DIRECTORS

8.1 Recommendation. The Directors (all of whom are considered to be independent for the purpose of making a recommendation to the Shareholders in respect of the Offers), 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 Ordinary Share Offer Price and/or the 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. The Directors wish to highlight to the Shareholders who accept the Ordinary Share Offer that there is no certainty that the Ordinary Share Offer will become or be capable of being declared unconditional as to acceptances.

SHAREHOLDERS ARE ADVISED TO READ THE IFA LETTER SET OUT IN APPENDIX 1 TO THIS CIRCULAR CAREFULLY.

8.2 No Regard to Specific Objectives. In making their recommendation, the Directors have not had regard to the specific objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. Accordingly, the 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.

9. OVERSEAS SHAREHOLDERS

9.1 Overseas Shareholders. The Offer Document sets out information in relation to Overseas Shareholders, as follows:

"11. __OVERSEAS SHAREHOLDERS__

*The availability of the 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 Offers, as this Offer Document, the FAA and the FAT have not been reviewed by any regulatory authority in any overseas jurisdictions. Where there are potential restrictions on sending this Offer Document, the FAA and/or the FAT to any overseas jurisdiction, the Offeror, UOB and CDP each reserves the right not to send these documents to Shareholders in such overseas jurisdictions. For the avoidance of doubt, the 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, sent.*

*Copies of this Offer Document and any formal documentation relating to the 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 Offers would violate the laws 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 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 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 CDP 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 to request for this Offer Document, the FAA and/or the FAT and any related documents to be sent to an address in Singapore by ordinary post at the Overseas Shareholder's own risk, up to three (3) Market Days prior to the Closing Date.

It is the responsibility of any Overseas Shareholder who wishes to (a) request for this Offer Document, the FAA and/or the FAT and/or any related documents, or (b) accept either or both of the 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 UOB) 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 UOB) 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 Offers, the Overseas Shareholder represents and warrants to the Offeror and UOB 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 UOB each reserves the right to notify any matter, including the fact that the 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 daily newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement, notice or advertisement."

10. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

The Offer Document sets out information pertaining to CPFIS Investors and SRS Investors in paragraph 14 of the Offer Document, as follows:

"CPFIS Investors and SRS Investors should receive further information on how to accept either or both of the 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 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 Price(s) payable in respect of their Offer Shares validly tendered in acceptance of the Offer(s) through appropriate intermediaries in their respective CPF investment accounts and SRS investment accounts."

11. 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 Appendix V 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.

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.

12. RESPONSIBILITY STATEMENT

The Directors (including those 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 (the omission of which would render any statement in this Circular misleading in any material respect), and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from a named source (including, without limitation, the Offer Document), the sole responsibility of the Directors 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 Circular.

In respect of the IFA Letter and the reports issued by the Auditor and the IFA in respect of the 6M2017 Results as set out in **Appendices 1, 5** and **6** to this Circular respectively, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Group are fair and accurate.

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

Tan Ngiap Joo
Chairman

APPENDIX 1

LETTER FROM THE IFA
TO THE DIRECTORS IN RESPECT OF THE OFFERS

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

1 Robinson Road #21-02 AIA Tower
Singapore 048542

15 August 2017

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

Mr Tan Ngiap Joo
Mr Norman Ip Ka Cheung
Mr Koh Beng Seng
Mr Koh Poh Tiong
Mr Lee Lap Wah, George
Dr Michael Lim Chun Leng
Mr David Wong Cheong Fook

Dear Sirs

MANDATORY CONDITIONAL CASH OFFER FOR ALL THE ISSUED AND PAID-UP ORDINARY STOCK UNITS AND MANDATORY UNCONDITIONAL CASH OFFER FOR ALL THE 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 15 August 2017 (the "**Circular**") shall have the same meanings herein.*

1. INTRODUCTION

On 13 July 2017, Yanlord Perennial Investment (Singapore) Pte. Ltd. (the "**Offeror**") entered into a sale and purchase agreement (the "**UEL SPA**") with several shareholders of United Engineers Limited ("**UEL**" or the "**Company**"), namely, (a) Oversea-Chinese Banking Corporation Limited ("**OCBC**"), (b) certain subsidiaries of Great Eastern Holdings Limited ("**GEH**") and (c) other vendors (collectively, the "**UEL Vendors**"), pursuant to which the Offeror acquired from the UEL Vendors an aggregate of (i) 213,116,206 issued and paid-up ordinary stock units in the capital of the Company (the "**Ordinary Shares**"), representing approximately 33.4%[1] of the issued Ordinary Shares, and (ii) 614,050 issued and paid-up preference shares in the capital of the Company (the "**Preference Shares**", together with the Ordinary Shares, the "**Shares**"), representing approximately 70.2%[2] of the issued Preference Shares (the "**Acquisition**"). As a result of the Acquisition, the Offeror is required to make a mandatory conditional cash offer (the "**Ordinary Share Offer**") for all 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 (the "**Ordinary Offer Shares**") pursuant to Rule 14 of the Singapore Code on Take-Overs and Mergers (the "**Code**"), and a comparable offer for all 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**

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[1] Based on 637,508,148 issued Ordinary Shares.
[2] Based on 875,000 issued Preference Shares.

Offer Shares") pursuant to Rule 18 of the Code (the "**Preference Share Offer**" and together with the Ordinary Share Offer, the "**Offers**").

On 13 July 2017 (the "**Offer Announcement Date**"), United Overseas Bank Limited announced, for and on behalf of the Offeror, that the Offeror intends to make the Ordinary Share Offer (the "**Offer Announcement**") at S$2.60 per Ordinary Offer Share (the "**Ordinary Share Offer Price**") and the Preference Share Offer at S$2.60 per Preference Offer Share (the "**Preference Share Offer Price**").

In connection with the Offers, the Company has appointed us as the independent financial adviser to the directors of the Company who are independent in relation to the Offers (the "**Independent Directors**") to advise on the financial terms of the 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 Offers and their recommendation to shareholders of the Company who hold the Ordinary Shares (the "**Ordinary Shareholders**"), and shareholders of the Company who hold the 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 Offers in order to advise the Independent Directors in respect of their recommendation to Shareholders on the Offers.

We were not involved in any aspect of the negotiations entered into by the Company and its subsidiaries (collectively, the "**Group**") in relation to the Offers or in the deliberations leading up to the decision by the Offeror to undertake the Offers. Accordingly, we do not, by this letter, make any representation or warrant the merits of the Offers, other than to advise the Independent Directors on the terms of the Offers from a financial point of view. We have not conducted a comprehensive independent 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 Offers and we have not evaluated the strategic, legal or commercial merits or risks of the Offers or the future growth prospects or earnings potential of the Group, its associates and joint ventures after the completion of the Offers. Accordingly, we do not express any view as to the future prices at which the Ordinary Shares and the Preference Shares may trade or on the future financial performance of the Group, its associates and joint ventures or the Offeror after the completion of the 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 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 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 facts.

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 also 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 11 August 2017 (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 letters (the "**Summary Valuation Letters**") of the independent valuation reports (the "**Valuation Reports**") prepared by Edmund Tie & Company (SEA) Pte Ltd, Colliers International Consultancy & Valuation (Singapore) Pte Ltd, and Yinxin Appraisal Co., Ltd (the "**Independent Valuers**") who were appointed to perform an independent valuation of certain properties held by the Group as at 30 June 2017. The Summary Valuation Letters are set out in Appendix 9 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 valuation 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 Reports and/or the Summary Valuation Letters or if the contents in the Valuation Reports 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 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 OFFERS

3.1 The Ordinary Share Offer

3.1.1 Ordinary Share Offer Price

As set out in the Offer Document, the Ordinary Share Offer Price is:

For each Ordinary Offer Share: S$2.60 in cash

The Offeror DOES NOT intend to increase the Ordinary Share Offer Price, save that the Offeror reserves the right to do so in a competitive situation. Therefore, in accordance with Rule 20.2 of the Code, save in a competitive situation, the Offeror will not be allowed to subsequently amend the terms of the Ordinary Share Offer, including the Ordinary Share Offer Price, in any way.

3.1.2 Ordinary Offer Shares

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

3.1.3 No encumbrances

The Ordinary Offer Shares will be acquired: (a) fully paid-up, (b) free from all liens, equities, mortgages, 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 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 Ordinary Share Offer Price by an amount equivalent to such dividend, right, other distribution or return of capital.**

3.1.4 No option proposal

As at the Latest Practicable Date, there are 165,721 outstanding share options granted by the Company (the "**Share Options**") pursuant to the United Engineers Share Option Scheme 2000 (the "**Scheme**") approved by the Shareholders at the extraordinary general meeting of the Company held on 21 June 2000. Under the rules of the Scheme, the Share Options are not transferable by the holders thereof. In view of this restriction, the Offeror will not make an offer to acquire the Share Options, although, for the avoidance of doubt, the Ordinary Share Offer is extended to all new Ordinary Shares unconditionally issued prior to 29 August 2017 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 (the

"**Ordinary Share Offer Closing Date**") pursuant to the valid exercise of outstanding Share Options. For the purposes of the Ordinary Share Offer, the expression "Ordinary Offer Shares" shall include such new Ordinary Shares.

3.1.5 Minimum acceptance condition

As set out in paragraph 2.5 of the Offer Document, 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 (excluding the Subsidiary Holdings (as defined in the Circular) to the extent they remain as subsidiary holdings of the Company) (the "**Minimum Acceptance Condition**").

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 holding such number of Ordinary Shares carrying more than 50% of the voting rights attributable to the total number of Ordinary Shares which would be in issue had all the outstanding Share Options been validly exercised.

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

3.1.6 Details of the Ordinary Share Offer

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

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

(b) Appendix IV 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; and

(c) Appendix V 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 Preference Share Offer Price

As set out in the Offer Document, the Preference Share Offer Price is:

For each Preference Offer Share: S$2.60 in cash

The Offeror DOES NOT intend to increase the Preference Share Offer Price, save that the Offeror reserves the right to do so in a competitive situation. Therefore, in accordance with Rule 20.2 of the Code, save in a competitive situation, the Offeror will not be allowed to subsequently amend the terms of the Preference Share Offer, including the Preference Share Offer Price, in any way.

3.2.2 Preference Offer Shares

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

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 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 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 14 to 15 of the Offer Document in relation to the duration of the Preference Share Offer;

(b) Appendix IV 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 V to the Offer Document in relation to the procedures for acceptance of the Preference Share Offer.

3.3 Possible Chain Offer for WBL Corporation Limited and WBL Shares Acquisition

As set out in paragraph 4.1 of the Offer Document, the Company indirectly owns an aggregate of 190,056,316 issued and paid-up ordinary shares in the capital of WBL Corporation Limited ("**WBL**"), representing approximately 67.6% of the total number of issued and paid-up ordinary shares (the "**WBL Shares**') in the capital of WBL. 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 Securities Industry Council (the "**SIC**") had on 23 June 2017 confirmed that the chain principle set out in Note 7 to Rule 14.1 of the Code applies such that a party (whether the Offeror or any other party making a competing offer for the Ordinary Shares) which acquires statutory control of the Company will also be required to make an offer for WBL Shares not held by such offeror and its concert parties (the "**WBL Offer Shares**"). 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 (the "**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 (the "**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.

The WBL Chain Offer will not be made unless and until the WBL Chain Offer Condition is satisfied.

3.4 WBL Shares Acquisition

As set out in paragraph 4.2 of the Offer Document, on the Announcement Date, the Offeror entered into a sale and purchase agreement (the "**WBL SPA**") with (a) OCBC, (b) certain subsidiaries of GEH and (c) other vendors (collectively, the "**WBL Vendors**") to, *inter alia*, acquire 28,120,063 WBL Shares, representing 10.0% of the total number of WBL Shares from the WBL Vendors at a price of S$2.07 per WBL Share (the "**WBL Acquisition Price**"). Further details of the WBL Acquisition are set out in paragraph 4.2 of the Offer Document.

3.5 Offer Price for WBL Chain Offer

As set out in paragraph 4.3 of the Offer Document, the offer price for the WBL Chain Offer, if and when made by the Offeror or a concert party of the Offeror, shall be the WBL Acquisition Price of S$2.07 per WBL Offer Share[3].

3.6 UEL Undertaking

As set out in paragraph 4.5 of the Offer Document, UE Centennial Venture Pte. Ltd., being a wholly owned subsidiary of the Company and a shareholder holding approximately 67.6% interest in WBL, has provided an undertaking to the Offeror that it will not prior to the close, lapse or withdrawal of the Ordinary Share Offer, *inter alia*, offer, sell, transfer or otherwise dispose of any of its WBL Shares at a price below the WBL Acquisition Price.

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[3] We note that the WBL Acquisition Price was negotiated between the relevant parties, which could take into account many factors, including the lack of marketability of the WBL Shares. As such, we have not taken into consideration the WBL Acquisition Price in the analysis in this letter.

4. INFORMATION ON THE OFFEROR AND THE CONSORTIUM

4.1 Information on the Offeror

The Offeror is a special purpose vehicle incorporated in the Republic of Singapore for the purposes of the Acquisition and the Offers. As at the latest practicable date of the Offer Document, the share capital of the Offeror amounts to S$100 divided into 100 issued and fully paid-up shares, which are held by the shareholders of the Offeror (collectively, the "**Consortium Members**") as follows:

(a)	Yanlord Commercial Property Investments Pte. Ltd. ("**Yanlord Commercial**")	:	49%
(b)	Perennial UW Pte. Ltd. ("**Perennial SPV**")	:	45%
(c)	Heng Yue Holdings Limited ("**Heng Yue**")	:	6%

The board of directors of the Offeror comprises (a) Mr Zhong Sheng Jian, (b) Mr Zhong Ming, (c) Mr Pua Seck Guan, (d) Ms Belinda Gan Chui Chui, and (e) Mr Kung Chun Lung.

4.2 Information on the Consortium Members

The Consortium Members have agreed to form a consortium (the "**Consortium**") to undertake the Offers through the Offeror. Details of the Consortium Members are set out in paragraph 6.2 of the Circular.

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

The full text of the rationale for the 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 OFFERS

In assessing the financial terms of the Offers[4], 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 Ordinary Shares;

(b) Book net asset value ("**NAV**") and net tangible asset value ("**NTA**");

(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 Preference Shares;

(f) Comparison with selected preference shares listed on the SGX-ST; and

[4] For the purposes of the analysis in this letter, unless otherwise stated, any reference to the total number of Ordinary Shares means 637,508,148 Ordinary Shares as at the Latest Practicable Date and we have not taken into consideration the exercise of the outstanding Share Options into new Ordinary Shares after the Latest Practicable Date.

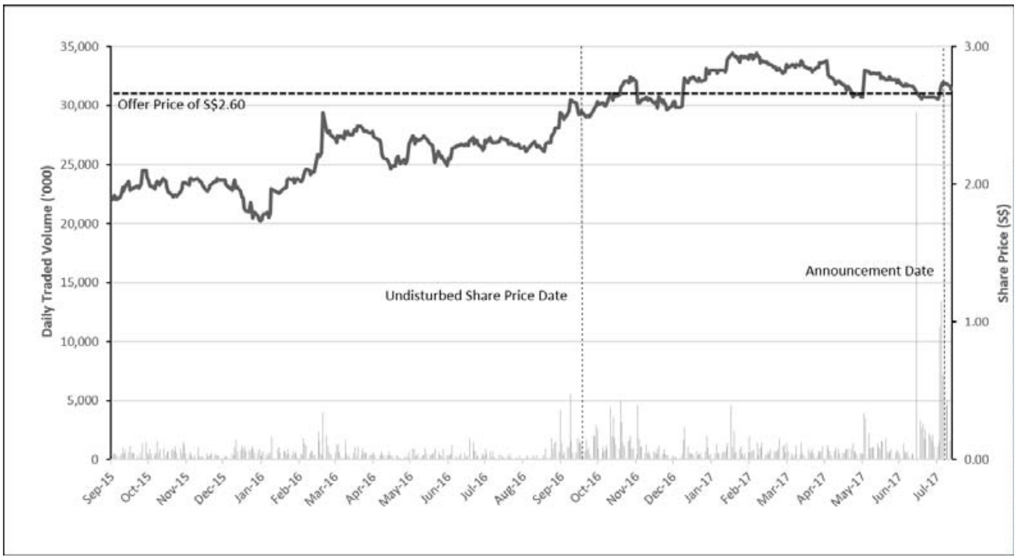
(g) Other relevant considerations in relation to the Ordinary Share Offer and Preference Share Offer.

<u>**Assessment of the Ordinary Share Offer**</u>

6.1 Market Quotation and Trading Liquidity of the Ordinary Shares

6.1.1 <u>Share price performance and trading liquidity of the Ordinary Shares</u>

A graphical representation of the daily closing prices and volume traded of the Ordinary Shares for the period commencing 12 months prior to and including the Undisturbed Share Price Date (as defined below), and ending on the Latest Practicable Date is set out as follows:



Source: Bloomberg L.P.

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

Date	Event
16 October 2015	Announcement that the Company and its wholly-owned subsidiary, UE Support Services Pte Ltd ("**UESS**") had disposed their stakes of 98.8% and 1.2% respectively in PT United Engineers Indonesia ("**PTUEI**") to PT Reborn Capital and Mr Ismu Prasetyo (collectively, the "**Purchasers**") (the "**Sale**") pursuant to the sale and purchase agreement entered into between the Company, UESS and the Purchasers. The consideration for the Sale was Rp70.0 billion (equivalent to approximately S$7.2 million) and the gain from the Sale was approximately S$13.2 million, after taking into consideration the transaction costs and realisation of foreign exchange reserves. Following the Sale, PTUEI ceased to be a subsidiary of the Company.
6 November 2015	Announcement on the unaudited financial results for the 9-month financial period ended 30 September 2015 of Multi-Fineline Electronix, Inc ("**MFLEX**"), a NASDAQ-listed subsidiary of the Company, which reported a net income of US$34.7 million (or US$1.37 per diluted share) *vis-à-vis* a net loss of US$75.2 million (or US$3.12 per diluted share) in the 9-month financial period ended 30 September 2014.

Date	Event
13 November 2015	Announcement on the unaudited interim financial results for the 9-month financial period ended 30 September 2015 ("**9M2015**") of the Company, which reported a 38.3% increase in attributable profit on continuing operations from S$44.1 million in the 9-month financial period ended 30 September 2014 to S$61.1 million in 9M2015.
30 November 2015	Announcement on the appointment of Mr Norman Ip Ka Cheung as the Group Managing Director of the Company.
31 December 2015	Announcement that the Company's indirectly owned 67.6% subsidiary, O'Connor's Holdings Pte Ltd ("**OCH**"), had incorporated an associated company in Thailand, O'Connor's (Thailand) Co., Ltd. ("**OC Thailand**"). OCH had subscribed for 49,000 shares, representing 49% of the total equity interest in OC Thailand. OC Thailand is principally engaged in the business of system integration and trading and distribution of engineering systems.
13 January 2016	Announcement on the preliminary financial results for the fourth quarter ended 31 December 2015 of MFLEX. Net sales in the fourth quarter ended 31 December 2015 was expected to be approximately US$169.0 million, slightly below MFLEX's guidance range. Gross margin during the fourth quarter ended 31 December 2015 was expected to be approximately 11.3% to 11.8%, which was within MFLEX's guidance range.
5 February 2016	Announcement on the proposed disposal of the Company's indirectly owned subsidiary, MFLEX to Suzhou Dongshan Precision Manufacturing Co., Ltd. (the "**Purchaser**"), by way of the merger (the "**Merger**") of Dragon Electronix Merger Sub Inc., (a Delaware corporation and an indirectly wholly-owned subsidiary of the Purchaser) with and into MFLEX in accordance with the General Corporation Law of the State of Delaware.
	Announcement on the unaudited financial results for the financial year ended 31 December 2015 of MFLEX, which reported a net income of US$45.1 million (or US$1.79 per diluted share) in the financial year ended 31 December 2015 *vis-à-vis* a net loss of US$59.3 million (or US$2.45 per diluted share) in the financial year ended 31 December 2014.
26 February 2016	Announcement on the unaudited financial results for financial year ended 31 December 2015 ("**FY2015**") of the Company, which reported a 122.0% increase in attributable profit on continuing operations from S$46.0 million in the financial year ended 31 December 2014 ("**FY2014**") to S$102.2 million in FY2015.
	Announcement on the valuation of five investment properties as at 31 December 2015.
18 March 2016	Announcement on the query from the SGX-ST in relation to the unusual price movements on 18 March 2016.
	Announcement on the Company's response to the query from the SGX-ST in relation to the unusual price movements on 18 March 2016 that, *inter alia*, the Company was not aware of any information not previously announced concerning the Group or associated companies.
26 April 2016	Announcement that Mr Chew Leng Seng, an Independent and Non-Executive Director of the Company, will not be seeking re-appointment as a Director at the annual general meeting due to health reasons.

Date	Event
29 April 2016	Announcement on the cessation of Mr Chew Leng Seng as an Independent and Non-Executive Director of the Company.
6 May 2016	Announcement on the unaudited financial results for the 3-month financial period ended 31 March 2016 of MFLEX, which reported a net loss of US$9.7 million (or US$0.40 per diluted share) in the financial period ended 31 March 2016 *vis-a-vis* a net income of US$9.1 million (or US$0.36 per diluted share) in the 3-month financial period ended 31 March 2015.
11 May 2016	Announcement on the unaudited interim financial results for the 3-month financial period ended 31 March 2016 ("**3M2016**") of the Company, which reported a 72.0% decrease in attributable profit from S$25.0 million in the 3-month financial period ended 31 March 2015 to S$6.9 million in 3M2016.
13 May 2016	Announcement that the Company had entered into a conditional share purchase agreement with Giant Maze Limited to sell 62,000,000 shares in UES Holdings Pte. Ltd., and the Company's wholly owned subsidiary, UE UMC Pte. Ltd. had entered into a conditional share purchase agreement with the Giant Maze Limited to sell 20,464,957 shares in the capital of UE Envirotech Pte. Ltd., for a consideration of S$16.0 million and S$30.0 million respectively.
16 May 2016	Announcement that the Company had established a S$1,000,000,000 multicurrency debt issuance programme.
25 May 2016	Announcement that the Company intended to issue the first series of notes comprising S$150,000,000 in aggregate principal amount of 3.68% per annum fixed rate senior notes due 2021 (the "**Series 001 Notes**") pursuant to its S$1,000,000,000 multicurrency debt issuance programme established on 16 May 2016.
1 June 2016	Announcement on the confirmed issue and listing of the Series 001 Notes.
8 June 2016	Announcement on the results of the extraordinary general meeting held on 8 June 2016 whereby the resolution relating to the disposal of MFLEX was duly passed.
1 July 2016	Announcement on the appointment of Mr Lee Lap Wah, George, as an Non-Independent and Non-Executive Director of the Company.
26 July 2016	Announcement on the completion of disposal of the entire issued and paid-up share capital in UE Envirotech Pte. Ltd. and the entire issued and paid-up capital of each of UE Asia Pacific (Beijing) Co., Ltd. and Hengyang City Songmu Water Co., Ltd. by UE UMC Pte. Ltd..
27 July 2016	Announcement on the completion of disposal of MFLEX to Suzhou Dongshan Precision Manufacturing Co., Ltd.
29 July 2016	Announcement that the Company agreed with Giant Maze Limited, subject to certain conditions, to extend the completion date of the proposed disposal of UES Holdings Pte. Ltd. to 30 September 2016.
12 August 2016	Announcement on the unaudited interim financial results for the 6-month financial period ended 30 June 2016 ("**6M2016**") of the Company, which reported a 25.0% decrease in attributable profit on continuing operations from S$10.7 million in the 6-month financial period ended 30 June 2015 to S$8.0 million in 6M2016.
23 August 2016	Announcement that the Company's 67.6% owned subsidiary, WBL had disposed of its effective interest of 93.0% in Suzhou Speedling

Date	Event
	Co., Ltd. ("**Suzhou Speedling**") to Mr Zhang Xiao Dong and Mr Wu Liang for a total consideration of RMB5,500,797 (equivalent to S$1.1 million).
27 September 2016	Announcement that OCBC and GEH had on 26 September 2016 announced that they are currently reviewing strategic options with respect to their combined stakes in the Company and WBL (the "**OCBC and GEH Joint Announcement**"). The Company noted that no decision had been made by OCBC and GEH to pursue any specific transaction or any other strategic option.
28 September 2016	Announcement on the completion of disposal of interests in UES Holdings Pte. Ltd..
5 October 2016	Announcement on the query from the SGX-ST in relation to unusual price movements on 5 October 2016.
	Announcement on the Company's response to the query from the SGX-ST in relation to the unusual price movements on 5 October 2016 that, other than the OCBC and GEH Joint Announcement released on 26 September 2016 and the announcement released by OUE Limited to the SGX-ST, the Company was not aware of any information not previously announced concerning the Company, its subsidiaries or associated companies.
11 November 2016	Announcement on the unaudited interim financial results for the 9-month financial period ended 30 September 2016 ("**9M2016**") of the Company, which reported a 18.0% decrease in attributable profit on continuing operations from S$39.3 million in 9M2015 to S$32.3 million in 9M2016.
29 November 2016	Announcement on the query from the SGX-ST in relation to the unusual price movements on 29 November 2016.
	Announcement on the Company's response to the query from the SGX-ST in relation to the unusual price movements on 29 November 2016 that, *inter alia*, the Company was not aware of any information not previously announced concerning the Company, its subsidiaries or associated companies.
5 January 2017	Announcement on the query from the SGX-ST in relation to unusual price movements on 5 January 2017.
	Announcement on the Company's response to the query from the SGX-ST in relation to the unusual price movements on 5 January 2017 that, other than the joint announcement dated 5 January 2017 released by OCBC and GEH in relation to the appointment of Credit Suisse (Singapore) Limited as their financial advisor, the Company was not aware of any information not previously announced concerning the Group or associated companies.
10 February 2017	Announcement on the query from the SGX-ST in relation to the unusual price movements on 10 February 2017.
	Announcement on the Company's response to the query from the SGX-ST in relation to the unusual price movements on 10 February 2017 that, other than the joint announcement dated 10 February 2017 released by OCBC and GEH in relation to the receipt of non-binding expressions of interest over their combined stakes in the Company and the WBL, the Company was not aware of any information not previously announced concerning the Group or associated companies.

Date	Event
27 February 2017	Announcement on the unaudited financial results for the financial year ended 31 December 2016 ("**FY2016**") of the Company, which reported a 62.0% decrease in attributable profit on continuing operations from S$71.6 million in FY2015 to S$27.4 million in FY2016. Announcement on the valuation of five investment properties as at 31 December 2016.
8 May 2017	Announcement that UED Developments (M) Sdn. Bhd., an indirect wholly-owned subsidiary, had acquired 1,022,088 ordinary shares, representing approximately 40% interest in the issued and paid-up share capital of BlueScope Buildings (Malaysia) Sdn. Bhd. from BlueScope Buildings (Singapore) Pte. Ltd. for a consideration of RM1,022,088.
12 May 2017	Announcement on the unaudited interim financial results for the 3-month financial period ended 31 March 2017 ("**3M2017**") of the Company, which reported a 12.0% decrease in attributable profit from S$9.5 million in 3M2016 to S$8.3 million in 3M2017.
1 June 2017	Announcement that OCBC and GEH had announced that they had received proposals from several parties regarding their combined stakes in the Company and WBL. OCBC and GEH were evaluating these proposals and were in discussions with such parties and there was no certainty that any transaction will materialise or that any agreement will be entered into.
13 July 2017	Announcement on the Offers.
17 July 2017	Announcement on the addition of the Offeror as a substantial shareholder of the Company. Cessation of OCBC, Lee Foundation States of Malaya, and GEH as substantial shareholders of the Company.
28 July 2017	Announcement on the appointment of SAC Capital Private Limited as the independent financial adviser to advise the Independent Directors in connection with the Offers.
1 August 2017	Announcement on the despatch of the Offer Document dated 1 August 2017.
4 August 2017	Announcement on the addition of Oxley Holdings Limited as a substantial shareholder of the Company.
11 August 2017	Announcement on the unaudited interim financial results for the 6-month financial period ended 30 June 2017 ("**6M2017**") of the Company, which reported an increase in attributable profit on continuing operations from S$20.7 million in 6M2016 to S$53.6 million in 6M2017.

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

Additional information on the traded closing prices of the Ordinary Shares, volume-weighted average prices ("**VWAPs**") and average daily trading volumes for the reference period(s) (a) prior to and including the date of the OCBC and GEH Joint Announcement, being 26 September 2016 (the "**Undisturbed Share Price Date**")[(1)], (b) prior to the Offer Announcement, and (c) after the Offer Announcement and ending on the Latest Practicable Date is set out as follows:

	Highest closing price (S$)	Lowest closing price (S$)	VWAP (S$)	Premium / (discount) of Offer Price over / (to) VWAP (%)	Average daily trading volume[(2)] ('000)	Average daily trading volume as percentage of free float[(3)] (%)
Periods prior to and including the Undisturbed Share Price Date						
Last 12 months	2.520	1.735	2.137	21.7	605	0.15
Last 6 months	2.420	2.110	2.307	12.7	488	0.12
Last 3 months	2.410	2.140	2.305	12.8	462	0.11
Last one month	2.410	2.240	2.332	11.5	517	0.12
Undisturbed Share Price Date[(4)]	2.410	2.410	2.410	7.9	658	0.16
Period after the Undisturbed Share Price Date and prior to the Offer Announcement						
Period after the Undisturbed Share Price Date and prior to the Offer Announcement	2.950	2.470	2.724	(4.6)	1,074	0.27
Last Market Day prior to the Offer Announcement [(5)]	2.710	2.710	2.710	(4.1)	537	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	2.740	2.620	2.661	(2.3)	5,072	1.50
Latest Practicable Date[(6)]	2.690	2.690	2.690	(3.3)	3,382	1.00

Source: Bloomberg L.P.

Notes:

(1) We have used the Undisturbed Share Price Date as the benchmark date as the Undisturbed Share Price Date was the date of the first announcement made by OCBC and GEH that there were ongoing discussions on the potential strategic transaction in relation to their combined stakes in the Company and WBL.

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

(3) Free float refers to the 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 416.6 million Ordinary Shares as at the Undisturbed Share Price Date (for the periods prior to and including the Undisturbed Share Price Date), (b) approximately 402.1 million Ordinary Shares as at the Offer Announcement Date (for the period after the Undisturbed Share Price Date and prior to the Offer Announcement), and (c) approximately 338.3 million 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 Ordinary Shares on 26 September 2016, being the Undisturbed Share Price Date.

(5) This refers to the closing price of the Ordinary Shares on 11 July 2017, being the last Market Day prior to the trading halt of the Ordinary Shares on 12 July 2017.

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

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

<u>Periods prior to and including the Undisturbed Share Price Date</u>

(a) during the 12-month period prior to and including the Undisturbed Share Price Date, the closing prices of the Ordinary Shares ranged between a low of S$1.735 (on 27 January 2016) and a high of S$2.520 (on 18 March 2016 and 27 September 2016). The Ordinary Share Offer Price represents (i) a significant premium of 49.9% over the lowest closing price of the Ordinary Shares, and (ii) a premium of 3.2% over the highest closing price of the Ordinary Shares, during the 12-month period;

(b) the Ordinary Share Offer Price represents a premium of 21.7%, 12.7%, 12.8% and 11.5% over the VWAP of the Ordinary Shares for the 12-, 6-, 3- and one-month periods prior to and including the Undisturbed Share Price Date respectively;

(c) the Ordinary Share Offer Price represents a premium of 7.9% over the closing price of the Ordinary Shares of S$2.410 on the Undisturbed Share Price Date; and

(d) the average daily trading volume of the Ordinary Shares as a percentage of the free float ranging between approximately 0.11% and 0.16% in the 12-, 6-, 3- and one-month periods prior to and including the Undisturbed Share Price Date;

<u>Period after the Undisturbed Share Price Date and prior to the Offer Announcement</u>

(a) the Ordinary Share Offer Price represents a discount of 4.6% to the VWAP of the Ordinary Shares of S$2.724 for the period after the Undisturbed Share Price Date and prior to the Offer Announcement;

(b) the Ordinary Share Offer Price represents a discount of 4.1% to the closing price of S$2.710 on 11 July 2017, being the last Market Day on which the Ordinary Shares were traded prior to the trading halt of the Ordinary Shares on 12 July 2017; and

(c) the average daily trading volume of the Ordinary Shares as a percentage of the free float was approximately 0.27% for the period after the Undisturbed Share Price Date and prior to the Offer Announcement;

<u>Period after the Offer Announcement and up to the Latest Practicable Date</u>

(a) the Ordinary Share Offer Price represents a marginal discount of 2.3% to the VWAP of the Ordinary Shares for the period after the Offer Announcement and up to the Latest Practicable Date;

(b) the Ordinary Share Offer Price represents a discount of 3.3% to the closing price of the Ordinary Shares as at the Latest Practicable Date; and

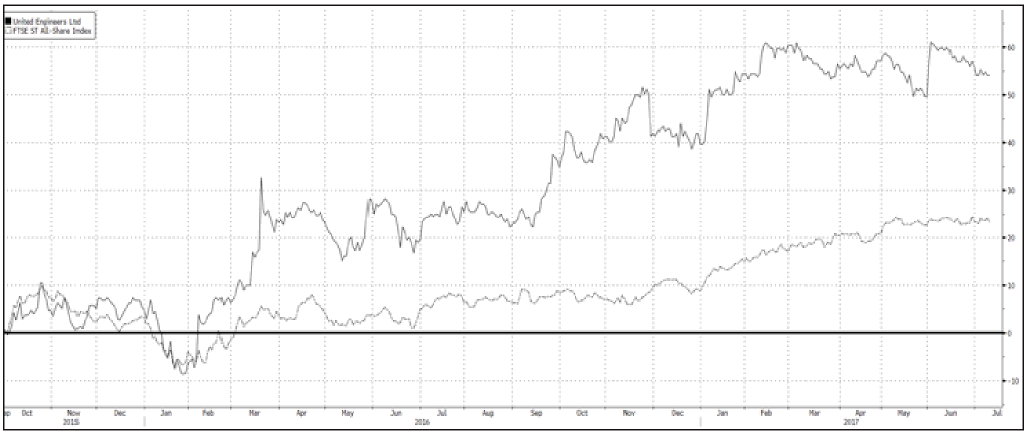
(c) the average daily trading volume of the Ordinary Shares as a percentage of the free float was approximately 1.50% for the period after the Offer Announcement and up to the Latest Practicable Date.

We note that the closing prices of the Ordinary Shares mostly traded above the Ordinary Share Offer Price after the Undisturbed Share Price Date. Based on the above observations, it would appear that the trading activity and the closing price of the Ordinary Shares is supported by the OCBC and GEH Joint Announcement. However, we note that the closing price of the Ordinary Shares mostly traded below the Ordinary Share Offer Price for the 12 months prior to the Undisturbed Share Price Date. Shareholders should note that there is no assurance that the closing price of the Ordinary Shares would remain at the current level prevailing as at the Latest Practicable Date after the close of the Offers. Shareholders should note that the past trading performance of the Ordinary Shares should not in any way be relied upon as an indication or a guarantee of its future trading performance.

6.1.2 <u>Relative performance of the Ordinary Shares versus the market index</u>

<u>For the period commencing 12 months prior to and including the Undisturbed Share Price Date, and ending on the last Market Day which the Ordinary Shares were traded prior to the Offer Announcement</u>

The chart below sets out the relative returns (daily basis) of the Ordinary Shares in relation to the relative returns (daily basis) of the FTSE ST All Share Index[5] (the "**FSTAS Index**") for the period commencing 12 months prior to and including the Undisturbed Share Price Date, and ending on the last Market Day which the Ordinary Shares were traded prior to the Offer Announcement:



Source: Bloomberg L.P.

We observed that the Ordinary Shares generally traded in tandem with the FSTAS Index in relative terms from September 2015 to February 2016, and then started to outperform the FSTAS Index for the period between early February 2016 and early July 2017.

5 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.

For the period after the Undisturbed Share Price Date and ending on the Latest Practicable Date

We have also reviewed the relative performance of the Ordinary Shares against the closing prices of the FSTAS Index on (a) the Market Day after the Undisturbed Share Price Date, being 27 September 2016, and (b) the Latest Practicable Date as follows:

	As at 27 September 2016 (S$)	**As at the Latest Practicable Date**	**% change**
Company	2.52	2.69	6.7
FSTAS Index	702.84	796.13	13.3

Source: Bloomberg L.P.

Based on the following, we note the following:

We note that the closing price of the Ordinary Shares had appreciated by 6.7% as compared to an appreciation of 13.3% in the FSTAS Index over the aforesaid period.

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

6.2 NAV and NTA

Book NAV and NTA of the Group

Based on the latest unaudited financial statements of the Group as at 30 June 2017, the unaudited NAV of the Group amounted to S$1,858.4 million (or S$3.02 per Ordinary Share based on 615,796,148 issued Ordinary Shares (excluding the total number of issued Ordinary Shares held by WBL) as at 30 June 2017). Accordingly, the Ordinary Share Offer Price represents a discount of approximately 13.9% to the unaudited NAV per Share of S$3.02 as at 30 June 2017.

Excluding intangible assets comprising mainly customer relationships, development costs and technical know-how which were acquired as part of business combinations relating to the liquefied petroleum gas business of WBL which amounted to an aggregate of S$4.7 million as at 30 June 2017, the unaudited NTA of the Group would amount to S$1,853.7 million (or S$3.01 per Ordinary Share based on 615,796,148 issued Ordinary Shares (excluding the total number of issued Ordinary Shares held by WBL) as at 30 June 2017). Accordingly, the Ordinary Share Offer Price represents a discount of approximately 13.6% to the unaudited NTA per Share of S$3.01 as at 30 June 2017.

As mentioned in paragraph 4 of the Circular, the Company is primarily a real estate company with property businesses mainly in Singapore and the PRC. Accordingly, 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$2,546.6 million, representing approximately 74.6% of the total assets as at 30 June 2017. For the assessment of the revalued NAV of the Group, the Company had commissioned Independent Valuers to conduct an independent valuation on its significant Investment Properties (the "**Appraised Investment Properties**") and 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 June 2017:

Appraised Properties	Independent Valuer	Market value as at 30 June 2017 (million)
Appraised Investment Properties		
Park Avenue Residences	Edmund Tie & Company (SEA) Pte Ltd	S$32.5
Rochester Mall & Park Avenue Rochester Hotel (Mixed-use development at one-north)	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	S$296.0
UE BizHub Tower (79 Anson Road Singapore 079906)	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	S$431.0
UE BizHub West (450 & 452 Alexandra Road Singapore 119960/1)	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	S$406.0
UE Square	Edmund Tie & Company (SEA) Pte Ltd	S$722.4
Appraised Properties held for Sale		
Chengdu Orchard Villa	Yinxin Appraisal Co., Ltd	RMB729.7
Shenyang Orchard Summer Palace	Yinxin Appraisal Co., Ltd	RMB2,162.0

The bases for the independent valuation of the Appraised Properties, as set out in the Summary Valuation Letters, 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 S$50.0 million.

Other Investment Properties and Properties held for Sale

Save for the Appraised Properties, the Management has confirmed that the other properties classified under the Investment Properties and/or Properties held for Sale, representing approximately 2.6% of the Group's total assets as at 30 June 2017, are individually immaterial relative to the total assets. Accordingly, no valuation was obtained for these properties. However, we understand that the Company had, where relevant, obtained valuations for purposes of its FY2016 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 FY2016 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 properties as at 30 June 2017.

Property, plant and equipment

The aggregate book value of the property, plant and equipment of the Group as at 30 June 2017 (comprising land and buildings, capital work-in-progress, plant and machinery and motor vehicles and other assets) amounted to S$159.3 million, representing 4.7% 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 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 The Seletar Mall which is held under The Seletar Mall Pte Ltd (30.0%) as at the Latest Practicable Date, there are no other material assets held by its joint ventures and associates. As Singapore Press Holdings ("**SPH**") owns the balance 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 2016. Based on the SPH annual report, we understand that the fair value of The Seletar Mall was S$495 million for the financial year ended 31 August 2015 and 2016. The Management has confirmed that, based on the fair value of The Seletar Mall of S$495 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 June 2017. Accordingly, no adjustments have been made to the NTA of the Group in this letter.

Other investments

The other investments, which amounted to an aggregate of approximately S$29.1 million as at 30 June 2017, comprised quoted securities and unquoted securities. Based on the closing prices of the quoted securities as at the Latest Practicable Date, the market value of these securities amounted to approximately S$27.6 million, representing a revaluation surplus of S$1.3 million *vis-à-vis* the fair value as at 30 June 2017.

Share Options

As at the Latest Practicable Date, there are 165,721 outstanding Share Options pursuant to the Scheme. As set out in section 3.1.4 of this letter, the Offeror will not make an offer to acquire the Share Options but will nonetheless, extend the Ordinary Share Offer to all new Ordinary Shares unconditionally issued prior to the Ordinary Share Offer Closing Date pursuant to the valid exercise of the outstanding Share Options. In view that the conversion of the Share Options to new Ordinary Shares will not have a material impact to the NAV and NTA of the Group, no adjustments have been made to the NAV and NTA of the Group in this letter.

Revalued NTA of the Group

Taking into account the above, we made the following adjustments to the NTA of the Group (the "**Revalued NTA**"):

	S$' million
Unaudited NTA of the Group as at 30 June 2017	1,853.7
Add: revaluation surplus of the Appraised Properties held for Sale (net of potential tax liabilities)[(1)] (the "**Revaluation Surplus**")	13.7
Add: revaluation surplus of quoted securities	1.3
Revalued NTA of the Group as at 30 June 2017	**1,868.7**
Revalued NTA per Share as at 30 June 2017 (S$)	**3.03**

Note:

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

Based on the above, the Ordinary Share Offer Price is at a discount of approximately 14.2% to the Revalued NTA of the Group as at 30 June 2017.

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

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

(a) except for the Appraised Properties, 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 as at the Latest Practicable Date for which no valuation has been obtained *vis-à-vis* their respective net book values recorded in the unaudited balance sheet of the Group as at 30 June 2017;

(b) they are not aware of any circumstances which may cause the unaudited NAV and/or NTA of the Group as at the Latest Practicable Date to be materially different from that recorded in the unaudited balance sheet of the Group as at 30 June 2017;

(c) there have been no material disposals or acquisitions of assets by the Group since 30 June 2017 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 impact on the unaudited NAV and/or NTA of the Group as at 30 June 2017;

(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 adverse material impact on the financial position of the Group as at 30 June 2017; and

(f) there are no other intangible assets as at the Latest Practicable Date which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards, and which have not been disclosed that would have a material impact on the unaudited NAV and/or NTA of the Group as at 30 June 2017.

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 segments), (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 130.8%[7] of the net profits after tax of the Group in FY2016 and approximately 91.0% of the net book value of the Group as at 30 June 2017. Nonetheless, as the Group has four other distinct and diverse 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 Group rather than a single estimated value as this will provide a more objective measure of the value of the 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	1,293.3	1,707.0	RNTA (as defined below) of the Property division (as adjusted for revaluation surplus, net potential tax liabilities of the Appraised Properties and the revaluation surplus of the quoted securities) and relative valuation based on comparable companies
Manufacturing	39.5	103.6	Relative valuation based on comparable companies

[7] The Manufacturing and Distribution divisions accounted for approximately 16.2% and 17.8% of the net profits after tax of the Group in FY2016 respectively. The Engineering and Corporate Services & Others divisions were loss-making in FY2016.

Summary of sum-of-the-parts valuation	Lower valuation (S$' million)	Higher valuation (S$' million)	Valuation methodology
Distribution	41.5	48.1	Relative valuation based on comparable companies
Engineering	31.2	31.2	Net tangible book value
Corporate Services & Others	96.6	96.6	Net tangible book value
Sum-of-the-parts valuation of the Group	**1,502.1**	**1,986.5**	
Sum-of-the-parts valuation of each Ordinary Share (S$)(1)	**2.36**	**3.12**	

Note:

(1) Based on 637,508,148 issued Ordinary Shares as at the Latest Practicable Date.

We note that the Ordinary Share Offer Price falls within the range of the estimated sum-of-the-parts valuation of each 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, including but not limited to the ability of investors to achieve a more effective diversification by purchasing 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.

The above sum-of-the-parts valuation range includes the NTA of the respective business divisions (and the revalued NTA 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 June 2017. The analysis thus assumes, *inter alia*, the existence of ready and committed buyer(s) for each asset at the carrying value as at 30 June 2017 (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 Revalued NTA analysis.

For the relative statistics 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 purposes 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 estimate 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, Shareholders should note that it would not be appropriate to solely rely on the sum-of-the-parts valuation in assessing the Ordinary Share Offer Price in view of its various drawbacks and limitations. Accordingly, Shareholders should also consider 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 latest full-year net earnings per share (as adjusted for any corporate activities which were undertaken after the latest financial year that may affect the PER, where relevant).
Price-to-book 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

Valuation parameter	Description
	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 latest full-year 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 June 2017 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 centers). The Property division's current development projects are primarily in the PRC, 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 (as defined in section 6.3.1.1 of this letter) of approximately S$1,707.0 million as at 30 June 2017; and

(b) based on the mean and median of Price-to-NTA of the Property Comparable Companies (as defined in section 6.3.1.2 of this letter), the implied valuation of the Property division range from approximately S$1,120.8 million to S$1,293.3 million.

Taking into consideration the above, we have determined that a reasonable implied valuation range of the Property division to be between approximately S$1,293.3 million and S$1,707.0 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$1,692.0 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 unaudited NTA of the Property division as at 30 June 2017:

	S$' million
Unaudited NTA of the Property division as at 30 June 2017	1,692.0
Add: Revaluation Surplus	13.7
Add: Revaluation surplus of quoted securities[(1)]	1.3
Revalued NTA of the Property division as at 30 June 2017 (the "**RNTA**")	**1,707.0**

Note:

(1) The quoted securities are held under the Property division.

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 engaging in the property development and/or the property rental & hospitality business activities (the "**Property Comparable Companies**"). For a more meaningful comparison, we have only considered such 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)**	**Historical PER (times)**	**Historical price-to-NTA ratio (times)**
GuocoLand Limited	2,289.8	3.59[(1)]	0.66[(1)]
Wheelock Properties (Singapore) Limited	2,159.8	37.02	0.71
OUE Limited[(2)]	1,758.5	12.19	0.45

Company	Market capitalisation as at the Latest Practicable Date (S$ million)	Historical PER (times)	Historical price-to-NTA ratio (times)
Wing Tai Holdings Limited[(3)]	1,632.6	231.68	0.53
Oxley Holdings Limited	1,579.8	7.71	1.70
Ho Bee Land Limited	1,544.5	7.13	0.52
Perennial Real Estate Holdings Limited	1,482.0	42.14	0.57
Fragrance Group Limited	1,121.0	149.40	1.06
GSH Corporation Limited	1,067.6	n.m.[(4)]	2.57
Hotel Grand Central Limited	914.7	16.61	0.67
First Sponsor Group Limited	802.1	7.09	0.78
High		**231.68**	**2.57**
Mean		**16.69**[(5)]	**0.76**[(6)]
Median		**9.95**[(5)]	**0.66**[(6)]
Low		**3.59**	**0.45**
Implied valuation of the Property division based on mean valuation ratio (S$' million)[(7)]		**597.63**	**1,293.36**
Implied valuation of the Property division based on median valuation ratio (S$' million)[(7)]		**356.48**	**1,120.79**

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 31 March 2017, the trust held an aggregate of 73,604,933 (as at 30 June 2016: 73,604,933) shares in Guocoland Limited.

(2) On 16 February 2017, Standard Chartered Bank and Credit Suisse (Singapore) Limited (the "**Joint Financial Advisers**") announced, for and on behalf of OUE Limited, the mandatory unconditional cash offer to acquire all the issued and paid-up capital of International Healthway Corporation Limited. On 13 April 2017, the Joint Financial Advisors announced the close of the offer.

(3) On 23 May 2017, Maybank Investment Bank Berhad ("**MIB**"), on behalf of Wing Tai Holdings Limited and Wing Tai Investment & Development Pte Ltd (the "**Joint Offerors**"), notified the board of directors of Wing Tai Malaysia Berhad ("**WTM**") of the Joint Offerors' intention to undertake an unconditional take-over to acquire the remaining WTM shares not already owned by the Joint Offerors. On 8 August 2017, MIB, on behalf of the Joint Offerors, announced the close of the offer.

(4) n.m. denotes not meaningful as GSH Corporation Limited was loss-making for the financial year ended 31 December 2016.

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

(6) Being a statistical outlier, GSH Corporation Limited has been excluded from the computation of the mean and median historical price-to-NTA ratios.

(7) NTA attributable to the Property division, as provided by Management, amounted to approximately S$1,692.0 million as at 30 June 2017.

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

Based on the appropriate mean and median historical price-to-NTA ratios of the Property Comparable Companies, the implied valuation of the Property division ranges from approximately S$1,120.8 million to S$1,293.3 million.

6.3.2 Manufacturing division

The Group's Manufacturing division consists of services in precision engineering, specialising in aluminium die-casting and precision machining primarily for the automotive industry as well as the provision turnkey manufacturing solutions.

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	**Historical PER (times)**	**Historical EV/EBITDA ratio (times)**
Spindex Industries Limited(1)	12.73	5.21
Miyoshi Limited	25.52	6.34
Allied Technologies Limited	23.34	4.99
Santak Holdings Limited	n.m.(2)	7.90
AEI Corporation Limited	n.m.(2)	n.m.(2)
High	**25.52**	**7.90**
Mean	**20.53**	**6.11**
Median	**23.34**	**5.77**
Low	**12.73**	**4.99**
Implied valuation of the Manufacturing division based on mean valuation ratio (S$' million)(3)	**91.09**	**41.81**
Implied valuation of the Manufacturing division based on median valuation ratio (S$' million)(3)	**103.57**	**39.46**

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

Notes:

(1) On 9 February 2017, Hong Wei Holdings Ltd and Spindex Industries Limited jointly announced the proposed scheme of arrangement by Hong Wei Holdings Limited to acquire all the shares in Spindex Industries Limited. On 3 March 2017, DBS Bank Ltd. announced that the SIC had consented to the termination of the scheme and the implementation of the acquisition of the shares

by way of a mandatory general offer instead. On 26 April 2017, DBS Bank Ltd. announced the close of the offer.

(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 latest full-year earnings.

(3) Net profit after tax and EBITDA attributable to the Manufacturing division for FY2016, as provided by Management, amounted to approximately S$4.4 million and S$7.02 million respectively.

Based on the appropriate mean and median PER and EV/EBITDA ratios of the Manufacturing Comparable Companies, we have determined that a reasonable implied valuation range of the Manufacturing division to be between approximately S$39.5 million and S$103.6 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) Wealco Equipment specialises in the supply and servicing of tracked excavators manufactured by JC Bamford Excavators Ltd and water jets by CWF Hamilton & Co. Ltd for the construction and marine industries; and

(iii) Other sub-segments including the distribution of laundry and boiler equipment (through Polytek Engineering) and automotive parts (through Far East Motors).

(b) Liquefied petroleum gas ("**LPG**") distribution

WLPG distributes bottled and bulk LPG to commercial ventures, households and for industrial use in Singapore.

(c) Sand mining

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

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

(a) based on the mean and median of the historical EV/EBITDA ratios of the Distribution Comparable Companies (as defined below), the implied valuation of the Distribution division will range from approximately S$36.4 million to S$43.0 million; and

(b) the NTA attributed to Wealco of S$5.1[1] million as at 30 June 2017, as provided by the Management.

Note:

(1) Based on our discussion with Management, the NTA of Wealco as at 30 June 2017 is the appropriate reflective estimate of its value as at the Latest Practicable Date. 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 June 2017 which would have a material impact on the unaudited NAV and/or NTA of Wealco.

Taking into consideration of the above, we have determined a reasonable implied valuation range of the Distribution division to be between approximately S$41.5 million and S$48.1 million.

As provided by Management, we understand that the businesses of Pacific Silica Pty Ltd (sand mining), Welmate, Wealco and WLPG represented approximately 106.0%[8] of the net profits after tax for FY2016 and 93.4% of the net book value as at 30 June 2017, 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 principally engaged in (a) the mining of silica sand, (b) the distribution of construction materials, and (c) the distribution of LPG (the "**Distribution Comparable Companies**"). We have, in consultation with the Management selected the following Distribution Comparable Companies which are listed and traded on the SGX-ST (the NASDAQ Stock Market ("**NASDAQ**") and the New York Stock Exchange ("**NYSE**") for Distribution Comparable Companies engaged in the silica sand mining) to give an indication of the current market valuation of these companies as at the Latest Practicable Date. 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	**Historical PER (times)**	**Historical EV/EBITDA ratio (times)**
U.S. Silica Holdings, Inc.	n.m.(1)	119.81
Hi-Crush Partners LP	n.m.(1)	n.m.(1)
Fairmount Santrol Holdings Inc	n.m.(1)	n.m.(1)
Smart Sand, Inc.	12.16	4.24
Emerge Energy Services LP	n.m.(1)	n.m.(1)
Hafary Holdings Limited	8.40	12.84
Union Gas Holdings Limited(2)	6.81	5.49
Intraco Limited	39.59	8.53
High	**39.59**	**119.81**
Mean	**16.74**	**7.78(3)**
Median	**10.28**	**7.01(3)**
Low	**6.81**	**4.24**
Implied valuation of the Distribution division based on mean valuation ratio (S$' million)(4)	**62.08**	**43.09**
Implied valuation of the Distribution division based on median valuation ratio (S$' million)(4)	**38.13**	**36.44**

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

8 The other sub-segments under the Distribution division were loss-making in FY2016.

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 full-year earnings.

(2) Based on the unaudited pro forma combined statements of comprehensive income for FY2016 and the unaudited pro forma combined statement of financial position as at 31 December 2016.

(3) Being a statistical outlier, U.S. Silica Holdings, Inc. has been excluded from the computation of the mean and median historical EV/EBITDA ratios.

(4) Net profit after tax and EBITDA attributable to the Distribution division (excluding the contributions of Wealco) for FY2016, as provided by Management, amounted to approximately S$3.7 million and S$8.7 million respectively.

We note that the Distribution Comparable Companies generally recorded losses in their latest financial year. In addition, 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 mean and median EV/EBITDA ratios only.

Based on the appropriate mean and median EV/EBITDA ratios of the Distribution Comparable Companies, we have determined that a reasonable implied valuation range of the Distribution division to be between approximately S$36.4 million and S$43.0 million.

6.3.4 Engineering division

Through the O'Connor's group of companies, the Engineering division is a provider of applications and solutions for the communications, broadcasting, multimedia, info-communications and the security and surveillance industries.

Based on the information provided by the Management, we note that the Engineering division recorded losses and negative EBITDA for FY2015 and FY2016 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$31.2 million as at 30 June 2017, 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 June 2017 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 comprise a number of dissimilar businesses (including the growing of agricultural seedlings) and other assets and liabilities (including WBL's shareholding interest of 21,712,000 Ordinary Shares in the Company and corporate expenses) which cannot be directly attributed to any of the four distinct businesses of the Group.

We have considered the following in arriving at the implied valuation of the Corporate Services & Others division:

(a) Based on the information provided by Management, we note that the Corporate Services & Others division recorded losses and negative EBITDA for FY2015 and FY2016 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 (excluding WBL's shareholding interest in the Company) of approximately S$57.1 million as at 30 June 2017, as provided by the Management, to the Corporate Services & Others division (excluding the WBL's shareholding interest in the Company); and

(b) In assessing the valuation of the WBL's shareholding interest in the Company, we have taken into consideration the market valuation of the Ordinary Shares traded on the SGX-ST. Based on the closing price of the Ordinary Shares of S$2.69 on the Latest Practicable Date, the valuation of the WBL's shareholding interest in the Company amounted to S$58.4 million as at the Latest Practicable Date. Based on the Company's effective shareholding interest in WBL, the valuation of the WBL's shareholding interest in the Company attributable to the Group amounted to S$39.5 million.

The Directors have confirmed that, to the best of their knowledge and belief, they are not aware of any material differences between the realisable value of the assets as at the Latest Practicable Date and their respective book values as at 30 June 2017 which would have a material impact on the unaudited NAV and/or NTA of the Corporate Services & Others division.

Taking into consideration of the above, we have ascribed the implied valuation of the Corporate Services & Others division to be S$96.6 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 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 Undisturbed Share Price 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**"). We have used the Undisturbed Share Price Date as the benchmark date as the Undisturbed Share Price Date was the date of the first announcement made by OCBC and GEH that there were ongoing discussions on the potential strategic transaction in relation to their combined stakes in the Company and WBL. 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 revalued NTA 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	Type of transaction	Date of offer announcement	Offer price per share	Premium/(discount) of offer price over/(to) last transacted price prior to announcement of offer (%)	Offer price-to-NTA ratio (times)
United Envirotech Ltd (now known as Citic Envirotech Ltd)	VGO	12 November 2014	S$1.650	12.6[1]	6.47
CH Offshore Ltd.	VGO	11 December 2014	S$0.550[2]	18.3	0.98[3]
Hafary Holdings Limited	VGO	30 December 2014	S$0.240	9.1	1.07[4]
LCD Global Investments Ltd.(now known as AF Global Limited)	VGO	12 January 2015	S$0.330	10.0	1.22
Xyec Holdings Co., Ltd	VGO	30 January 2015	S$0.300	20.0	1.79
IPC Corporation Ltd	MGO	1 April 2015	S$0.170	2.4	0.68[3]
Jasper Investments Limited	MGO	18 September 2015	S$0.0004	(93.3)	n.m.[5]
Novo Group Ltd.(now known as Yorkshine Holdings Limited)	MGO	24 September 2015	HK$3.755	161.5[6]	5.16[3][6]
Jacks International Limited(now known as Camsing Healthcare Limited)	MGO	6 October 2015	S$0.800	90.5	1.90
Starland Holdings Limited	MGO	14 October 2015	S$0.236	25.5	0.47[3]
Abundance International Limited	MGO	24 March 2016	S$0.050	72.4	1.34
Halcyon Agri Corporation Limited	MGO	28 March 2016	S$0.750	24.0[7]	n.m.[8]
British and Malayan Trustees Limited	MGO	13 May 2016	S$2.360	(61.9)	1.05[3]
Ellipsiz Ltd	MGO	7 July 2016	S$0.380	2.7	0.73
			High	**161.5**	**6.47**
			Mean	**10.2[9]**	**1.12[10]**
			Median	**12.6[9]**	**1.06[10]**
			Low	**(93.3)**	**0.47**

Company	Type of transaction	Date of offer announcement	Offer price per share	Premium/(discount) of offer price over/(to) last transacted price prior to announcement of offer (%)	Offer price-to-NTA ratio (times)
Company	**MGO**	**26 September 2016**	**S$2.60**	**7.9**[11]	**0.86**[12]
		13 July 2017		**(4.1)**[13]	

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

Notes:

(1) On 2 July 2014, United Envirotech Ltd ("**United Envirotech**") made a holding announcement that it had been approached to explore a potential acquisition of shares in United Envirotech. On 12 November 2014, Rothschild (Singapore) Limited announced, for and on behalf of CKM (Cayman) Company Limited, on the voluntary conditional offer to acquire all the issued paid-up ordinary shares in the capital of United Envirotech. The market premium in the table above was computed based on the offer price of S$1.650 and the last transacted share price of S$1.465 on 2 July 2014 prior to the holding announcement made by United Envirotech.

(2) Based on the revised offer price of S$0.550 as disclosed in the revised announcement on 9 February 2015.

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

(4) Based on the revalued NTA per share as at 30 September 2014 on a development basis, as extracted from the letter of the independent financial adviser of Hafary Holdings Limited for the offer.

(5) n.m. denotes not meaningful as Jasper Investments Limited was in net liability position as at 30 June 2015.

(6) Based on the illustrative exchange rate of S$1:HK$5.51760 and US$1:HK$7.76 as extracted from the letter of the independent financial adviser of Novo Group Ltd for the offer.

(7) On 9 September 2015, the SGX-ST queried Halycon Agri Corporation Limited ("**HAC**") regarding the trading activities in the shares of HAC and HAC responded on 9 September 2015 that it was in confidential discussions with certain parties regarding a potential strategic transaction. On 28 March 2016, Australia and New Zealand Banking Group Limited, Singapore Branch announced, for and on behalf of Sinochem International (Overseas) Pte. Ltd., on the mandatory conditional cash offer for all the issued and paid-up ordinary shares in the capital of HAC. The market premium in the table above was computed based on the offer price of S$0.750 and the last transacted share price of S$0.605 on 8 September 2015 prior to the announcement of HAC's response to SGX-ST's query regarding trading activity.

(8) n.m. denotes not meaningful as HAC was in a net tangible liability position as at 31 March 2016.

(9) Being a statistical outlier, Novo Group Ltd. has been excluded from the computation of the mean and median premia/(discount) over/(to) the last transacted price prior to the announcement of the offer.

(10) Being statistical outliers, United Envirotech Ltd and Novo Group Ltd. have been excluded from the computation of the mean and median offer price-to-NTA ratios.

(11) Based on the last transacted price of S$2.41 on 26 September 2016, being the Undisturbed Share Price Date.

(12) Based on the unaudited NTA per Ordinary Share of S$3.01 as at 30 June 2017 and 615,796,148 Ordinary Shares (excluding the total number of issued Ordinary Shares held by WBL).

(13) Based on the last transacted price of S$2.710 on 11 July 2017, being the last market day prior to the trading halt of the Ordinary Shares on 12 July 2017.

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

(a) the premium of the Ordinary Share Offer Price over the last transacted price of the Ordinary Shares on the Undisturbed Share Price Date of 7.9% is:

(i) within the range of the Non-Privatisation Take-over Transactions of between a significant discount of 93.3% and a significant premium of 161.5%; and

(ii) below the corresponding mean and median premia of 10.2% and 12.6% of the Non-Privatisation Take-over Transactions respectively;

(b) the discount of the Ordinary Share Offer Price to the last transacted price of the Ordinary Shares prior to the Offer Announcement of 4.1% is:

(i) within the range of the Non-Privatisation Take-over Transactions of between a significant discount of 93.3% and a significant premium of 161.5%; and

(ii) below the corresponding mean and median premia of 10.2% and 12.6% of the Non-Privatisation Take-over Transactions respectively;

(c) the Ordinary Share Offer Price-to-NTA ratio as implied by the Ordinary Share Offer Price of 0.86 times is:

(i) within the range of price-to-NTA ratios of the Non-Privatisation Take-over Transactions of between 0.47 times and 6.47 times; and

(ii) below the corresponding mean and median offer price-to-NTA ratios of the Non-Privatisation Take-over Transactions of 1.12 times and 1.06 times respectively.

<u>Assessment of the Preference Share Offer</u>

6.5 Share Price Performance and Trading Liquidity of the Preference Shares

A table of the closing prices and trading volume of the Preference Shares during the period commencing 5 years prior to and including the Undisturbed Share Price 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 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 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 5-year period prior to and including the Undisturbed Share Price Date and up to the Latest Practicable Date, the closing price of the Preference Shares ranged between a low of S$1.40 and a high of S$2.00. Accordingly, the Preference Share Offer Price represents a significant premium of 30.0% and 85.7% over the highest closing price of the Preference Shares and the lowest closing price of the Preference Shares, respectively. Taking into consideration the lack of liquidity of the Preference Shares, the Preference Share Offer may represent an opportunity for the Preference Shareholders to realise their investments in the Preference Shares at a significant premium of 36.8% over the closing price of the Preference Shares of S$1.90 on 17 March 2014, being the last Market Day on which the Preference Shares were traded prior to the Undisturbed Share Price Date.

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

6.6 Comparison with selected preference shares listed on the SGX-ST

Solely for illustration purposes, we have referred to selected companies listed on the SGX-ST (the "**Preference Shares Comparable Companies**") which issued preference shares listed on the SGX-ST. Shareholders should note that the terms of the preference shares issued by the respective Preference Shares Comparable Companies varies, and may not be identical to the terms of the Company's Preference Shares. We wish to highlight that the Preference Shares Comparable Companies set out below are by no means exhaustive. As such, any comparison made herein merely serves as an illustrative guide to the Shareholders and is strictly limited in scope.

The following table sets out the terms of the Preference Shares Comparable Companies:

Company	Last transacted Price (S$)	Cumulative / Non-cumulative	Dividend yield (%)	Required rate of return of an investor(1) (%)
Hyflux Ltd	99.77	Cumulative	8.0(2)	8.0
OCBC Capital Corporation (2008)	104.90	Non-cumulative	3.3(3)	3.2
DBS Bank Ltd	107.95	Non-cumulative	4.7	4.4
		High		**8.0**
		Mean		**5.2**
		Median		**4.4**
		Low		**3.2**

Source: Bloomberg L.P. and annual reports of the respective Preference Shares Comparables Companies

Notes:

(1) In our computation of the required rate of return, we have assumed that the dividend payments are fixed, cumulative and perpetual, and in accordance with the dividend discount model formula commonly used for the valuation of a plain vanilla preference share:

V = D / R

where:

V = Last transacted price as at the Latest Practicable Date

D = Fixed yearly dividend payment

R = Required rate of return for an investor.

(2) The perpetual preference shares carry a dividend rate of 6.0% per annum of their liquidation preference. If the perpetual preference shares are not redeemed on 25 April 2018, dividends will accrue at the rate of 8.0% per annum of their liquidation preference on and from 25 April 2018. For the purpose of the computation of the required rate of return, we have assumed the dividend yield to be 8.0% per annum.

(3) The preference shares carry a dividend rate of 5.1% per annum up to September 2018, and thereafter on 20 March, 20 June, 20 September and 20 December each year at a floating rate per annum equal to the 3-month Singapore swap offer rate ("**3MSOR**") plus 2.5%. For the purpose of the computation of the required rate of return, we have assumed the dividend yield to be 3.3% based on the 3MSOR as at the Latest Practicable Date plus 2.5%.

Based on the mean and median of the required rate of return of the preference shares of the Preference Shares Comparable Companies and the Preference Shares' dividend yield of 7.5%, the implied valuation of the Preference Shares would be between S1.44 and S$1.70. Accordingly, the Preference Share Offer Price of S$2.60 is above the aforementioned implied valuation range.

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 financial information on the Group for FY2014, FY2015, FY2016, 6M2016 and 6M2017 respectively is set out as follows:

Consolidated Statements of Comprehensive Income

	---------------- Audited ------------------			------- Unaudited ------	
(S$'000)	**FY2014**	**FY2015[(2)]**	**FY2016[(2)]**	**6M2016**	**6M2017**
Revenue	3,209,321[(1)]	851,190	479,701	256,462	223,281
Gross profit	414,590[(1)]	219,145	193,748	97,805	91,954
Profit before tax from continuing operations	75,754	63,446	29,513	22,080	56,131
Profit attributable to owners of the Company - continuing operations, net of tax	46,036	71,612	27,381	20,712	53,588
Profit/(loss) attributable to owners of the Company - discontinued operations, net of tax	77,547[(3)]	30,598[(4)]	113,200[(4)]	(10,902)[(4)]	-

Notes:

(1) Includes the results of automotive business and MFS Technology (S) Pte Ltd ("**MFSS**") which was divested towards the end of 2014.

(2) The figures have been re-presented to exclude the discontinued business in relation to the technology and the environmental engineering businesses.

(3) Refers to the discontinued businesses in relation to UE E&C Ltd. which had ceased to be a subsidiary of the Company in FY2014.

(4) Refers to the technology and the environmental engineering businesses.

Statements of Financial Position

	---------- Audited ----------			Unaudited as at
	As at 31 December			30 June
(S$'000)	**2014**	**2015**	**2016**	**2017**
Current assets	2,335,287	1,964,229	1,548,878	1,122,997
Current liabilities	953,623	1,094,865	563,933	619,672
Working capital	1,381,664	869,364	984,945	503,325
Non-current assets	2,565,127	2,515,364	2,256,359	2,292,098
Non-current liabilities	1,566,597	997,261	1,046,412	633,967
Equity attributable to owners of the Company	1,803,846	1,830,603	1,883,007	1,858,401

Consolidated Statements of Cash Flows

	---------- Audited ----------			-------- Unaudited -------	
(S$'000)	**FY2014**	**FY2015**	**FY2016**	**6M2016**	**6M2017**
Net cash flows from operating activities	286,153	272,452	275,763	216,717	135,499
Net cash flows from / (used in) investing activities	347,425	52,753	255,408	43,409	(8,562)
Net cash flows used in financing activities	(986,103)	(381,802)	(373,195)	(262,616)	(422,668)
Net increase/(decrease) in cash and cash equivalents	(352,525)	(56,597)	157,976	(2,490)	(295,731)
Cash and cash equivalents at end of financial year/period	537,818	481,579	623,976	462,388	327,043

Source: Annual reports of the Company for FY2015 and FY2016 respectively and announcement of the Group's unaudited financial statements for 6M2017

We note the following:

(a) the Group's revenue had decreased from S$3,209.3 million in FY2014 to S$479.7 million in FY2016. The Group's revenue for FY2015 had decreased by 73.5% *vis-à-vis* FY2014 mainly due to (a) the absence of revenue contribution from the completed *Austville Residences* project which was recorded in 2014, (b) the absence of contributions from the divested automotive and MFSS businesses, and (c) the exclusion of the discontinued technology and the environmental engineering businesses. Taking into account the revenue from the technology and the environmental engineering businesses in FY2015, the Group's revenue for FY2015 *vis-à-vis* FY2014 would have decreased by 42.1% due to (a) the absence of revenue contribution from the completed *Austville Residences* project which was recorded in 2014, and (b) the absence of contributions from the divested automotive and MFSS businesses, which was partially offset by higher revenue contribution from Multi-Fineline Electronix, Inc; and

    the Group's revenue for FY2016 and 6M2017 *vis-à-vis* FY2015 and 6M2016 decreased by 43.6% and 12.9% respectively, mainly due to lower revenue recognised from the property development business following the completion of *Eight Riversuites*;

(b) the profit attributable to owners of the Company (continuing operations) had increased from S$46.0 million in FY2014 to S$71.6 million in FY2015, and had decreased from S$71.6 million in FY2015 to S$27.4 million in FY2016. Taking into account the profit from the discontinued businesses in relation to the technology and the environmental engineering businesses, the profit attributable to owners of the Company would have had increased from S$46.0 million in FY2014 to S$102.2 million in FY2015 mainly due to (i) an increase in other income as a result of the disposal of a manufacturing facility in China and available-for-sale assets in Malaysia, and higher foreign exchange gains and net disposal gains from the sale of subsidiaries, associates and joint ventures, (ii) the recognition of share of profit from associates and joint ventures mainly due to the positive contribution from a joint venture in Malaysia arising from the sale of a property in 2015, (iii) a decrease in the distribution costs as a result of the absence of expenses from the divested automotive and MFSS businesses, and (iv) a decrease in other expenses mainly due to lower write-down to net realisable value in relation to certain development projects, impairment charges on intangible assets and absence of provision for foreseeable losses in relation to certain overseas development project;

    the profit attributable to owners of the Company (continuing operations) decreased from S$71.6 million in FY2015 to S$27.4 million in FY2016 mainly arising from a higher selling and marketing expenses for property development business in China, an increase in other expenses mainly due to revaluation deficit on certain investment properties and higher impairment loss in relation to certain development projects as well as a decrease in revenue and share of profit from associates and joint ventures; and

    the profit attributable to owners of the Company increased from S$20.7 million in 6M2016 to S$53.6 million in 6M2017 mainly due to an increase in other income in relation to revaluation gains from the Group's Investment Properties;

(c) the Group had working capital ranging from S$503.3 million to S$1.4 billion as at 31 December 2014, 31 December 2015, 31 December 2016, 30 June 2016 and 30 June 2017. The Group recorded working capital of S$503.3 million as at 30 June 2017 as compared to S$984.9 million as at 31 December 2016 mainly due to a decrease in trade and other receivables and bank balances and deposits;

(d) the shareholders' equity amounted to S$1,858.4 million as at 30 June 2017;

(e) the Group had recorded net cashflows from operating activities ranging between S$272.5 million and S$286.2 million for FY2014, FY2015 and FY2016 as well as net cashflows from operating activities amounting to S$216.7 million and S$135.5 million for 6M2016 and 6M2017 respectively; and

(f) as at 30 June 2017, the Group's cash and cash equivalents amounted to S$327.0 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 6-month unaudited financial results announcement on 11 August 2017:

"Global economic and geopolitical uncertainties may continue to weigh on the sentiment of the property market in Singapore amidst early signs of an inflexion in the office and residential markets. Hence, the Group is likely to face some downward pressure on rental income in Singapore. The Group's China Property division continues to operate in challenging conditions against the backdrop of slower economic growth and patchy recovery in the property market in Shenyang, Liaoning Province. Nonetheless, Chengdu Orchard Villa Phase 4 development which is almost fully sold will contribute to the Group's performance over the next 12 months."

6.7.2 Rationale for the disposal of OCBC and GEH's interests in the Company

On 13 July 2017, OCBC and GEH had, on behalf of several of its wholly-owned subsidiaries, jointly announced (the "**Disposal Announcement**") that the UEL Vendors had, *inter alia*, entered into the UEL SPA to dispose of their aggregate shareholding interests which represent approximately 33.4% and 70.2% of the issued Ordinary Shares and issued Preference Shares, respectively, to the Offeror (the "**Disposal**"). The rationale for the Disposal as set out in the Disposal Announcement has been reproduced in italics below:

"*OCBC Bank has held its stakes in UEL and WBL as long-term non-core financial investments for many years. The disposal is in line with OCBC Bank's strategy of divesting its non-core assets at the opportune time and re-investing the proceeds in its core financial businesses.*

*GEH and its subsidiaries ("**GEH Group**") consider value accretive opportunities to enhance financial returns from investments. The divestment of the GEH Subsidiaries' stakes in UEL and WBL would allow the GEH Group to enhance financial returns from these long-term investments in UEL and WBL, for the interest of its policyholders and shareholders.*

The Vendors appointed Credit Suisse (Singapore) Limited as their exclusive financial adviser to conduct a strategic review and comprehensive formal sale process in relation to their combined stakes in UEL and WBL. As part of the sale process, the Vendors received proposals from a wide universe of potentially suitable and interested investors.

The transactions disclosed in this announcement are a result of the abovementioned sale process. The offer prices by the Purchaser were the highest received from the bidders for both the UEL Sale Shares and the WBL Sale Shares after adjusting for dividends paid by UEL in 2017."

We further note from the Disposal Announcement that the consideration for the Ordinary Shares and the Preference Shares from the UEL Vendors was arrived at on a willing-buyer and willing-seller basis taking into account, among other things, the net asset value and share price of the Ordinary Shares and the Preference Shares. As aforementioned, we also note that the offer prices offered by the Offeror were the highest received from the bidders for the Ordinary Shares and Preference Shares held by the UEL Vendors, after adjusting for dividends paid by the Company in 2017.

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

As set out in paragraphs 2.1 and 3.1 of the Circular, the Offeror does not intend to increase 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 Offer, including the 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$)	FY2014	FY2015	FY2016
Final dividend per Share	0.05	0.05	0.05
Special dividend per Share	0.05	0.03	0.07
Total Dividend per Share	**0.10**	**0.08**	**0.12**
Share price on final cum-dividend date(1)	2.73	2.30	2.90
Final dividend yield (%)	**1.83%**	**2.17%**	**1.72%**
Total dividend yield (%)	**3.66%**	**3.48%**	**4.14%**

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

Notes:

(1) The closing prices of the Company as at the cum final 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 6-months period ended 30 June 2017 that although the Directors do not recommend the payment of an interim dividend for the Ordinary Shares and the Preference Shares, the Directors will consider the payment of a year-end final dividend for both the Ordinary Shares and the Preference Shares as in past years.

In addition, we note that Company had been paying special dividends to the Ordinary Shareholders for the past 3 financial years. However, there is no assurance that the Company will continue to pay the special dividends in the future or maintain the level of ordinary and/or special dividends paid in the past financial years after the completion of the 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 Ordinary Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued 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 Ordinary Shares (excluding treasury shares), thus causing the percentage of the total number of issued Ordinary Shares (excluding treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offers. In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of issued 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 Ordinary and 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 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 acquires not less than 90% of the total number of the issued Ordinary Shares and/or Preference Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the Offer Announcement Date and which, for the avoidance of doubt, excludes any Ordinary Shares held by the Company as treasury shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Ordinary Shares and/or the 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 Ordinary Shares and/or the Preference Shares which, together with the Ordinary Shares and/or the Preference Shares (as the case may be) held by it, its related corporations and their respective nominees, comprise 90% or more of all the Ordinary Shares and/or the 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 Ordinary Shares and/or 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**.

Intentions of the Offeror

As set out in 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 Offers, the Offeror reserves the right to re-evaluate its position, including its right of compulsory acquisition (if applicable) as described in paragraph 10 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.

6.7.6 Minimum acceptance condition

We note that the Offeror and parties acting in concert with the Offeror own an aggregate shareholding interests of 213,205,539 Ordinary Shares, representing 33.4% of the issued Ordinary Shares. As disclosed in section 3.1.5 of this letter, the Ordinary Share Offer is subject to satisfying the Minimum Acceptance Condition. Shareholders should note that the Offeror is not obliged to extend the Ordinary Share Offer if the Minimum Acceptance Condition is not fulfilled by the Ordinary Share Offer Closing Date.

6.7.7 Offeror offers potential synergistic value

As set out in paragraph 4 of the Circular, Yanlord and Perennial, who are both sponsors of the Offeror, are also real estate companies which own and manage sizeable portfolios primarily in Singapore and the PRC. The Offeror is prepared to take a patient and long term investment outlook on the Acquisition, and hopes that the Company's performance will improve in the long run. There may be synergistic value between Yanlord and Perennial's business operations with those of the Group, which may be beneficial to the Group's operations in the long run. Nonetheless, there is no assurance that any synergistic benefits may materialise.

We also note that the Offeror currently intends for the Company to continue its existing business activities and has no plans to (a) introduce any major changes to the business of the Group, (b) re-deploy the fixed assets of the Company and any of its subsidiaries (the "**Group Company**"), (c) affect the operations of any Group Company or (d) discontinue the employment of the existing employees of any Group Company, in each case, other than in the ordinary and usual course of business. The Offeror may request the board of directors of the Company at any time and from time to time, to consider any options or opportunities in relation to any Group Company which may present themselves and which it may regard to be in the best interest of such Group Company and conduct a review of the Group's business strategy to identify potential areas in which the Company can improve returns of its projects and achieve optimal value for Shareholders in the long term. In particular, the Offeror may request the Directors to undertake an assessment of (a) the Group's capital structure and needs, and (b) the human resource requirements of the Group, taking into account the future plans of the Directors for the Group but ensuring continuity of its existing operations and the objectives of retaining and attracting competent personnel to further enhance the management and operations of the Group.

6.7.8 Absence of alternative take-over offers from third parties

On 4 August 2017, Oxley Holdings Limited ("**Oxley**") announced that, it had through open-market purchases acquired an aggregate of 45,321,200 Ordinary Shares, representing approximately 7.11% of the issued Ordinary Shares. In the same announcement, it was mentioned that the acquisition of the Ordinary Shares was undertaken as part of Oxley's investment in income generating assets which was in line with its investment objectives, and that Oxley will not be making a competing offer for the Company. We also note that as at the Latest Practicable Date, Oxley had further acquired 11,900,100 Ordinary Shares and accordingly owns an aggregate of 57,221,300 Ordinary Shares, representing approximately 8.98% of the issued Ordinary Shares.

The Directors have confirmed that as at the Latest Practicable Date, apart from the Offers, they are not aware of any alternative take-over offer for the 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 Offers, we have taken into account, and reviewed the following key considerations, which we consider to be pertinent in our assessment of the Offers:

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

(b) Book NAV and NTA 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 Preference Shares;

(f) Comparison with selected preference shares listed on the SGX-ST; and

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

We wish to highlight that the break-up value theoretically implied in our sum-of-the-parts valuation analysis is based on several assumptions. Shareholders should note that a discount may be applied to the sum-of-the-parts valuation of a conglomerate such as the Group for various reasons, including but not limited to the ability of investors to achieve a more effective diversification by purchasing 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, from a financial point of view, we are of the opinion that, on balance, the financial terms of the Offers are **fair and reasonable**. Accordingly, we advise the Independent Directors to recommend that Shareholders accept the Offers, unless Shareholders can obtain a price higher than the Ordinary Share Offer Price and/or the 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. The Independent Directors may also wish to highlight to the Shareholders who accept the Ordinary Share Offer that there is no certainty that the Ordinary Share Offer will become or be capable of being declared unconditional as to acceptances.

Our opinion and advice are addressed to the Independent Directors for their benefit and for the purposes of their consideration of the Offers. The recommendation to be made by them to the Shareholders in respect of the 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 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	Lau Sze Mei
Executive Director	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 (S$ 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. .	1.935	2,289.8	30 June	606.7
Wheelock Properties (Singapore) Limited (SGX-ST)	Wheelock Properties Singapore Ltd and its subsidiaries own, develop, and manage properties such as condominiums and apartment buildings.	1.805	2,159.8	31 December	58.3
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 and residential sectors.	1.950	1,758.5	31 December	144.4
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.	2.110	1,632.6	30 June	7.1
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.	0.540	1,579.8	30 June	206.0

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)
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.	2.320	1,544.5	31 December	216.8
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 has presence in China, Singapore, Malaysia, and Ghana.	0.890	1,482.0	31 December	35.1
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.	0.167	1,121.0	31 December	7.5
GSH Corporation Limited (SGX-ST)	GSH Corporation Limited operates in the business of property development in Asia. The Company focuses on projects in Malaysia and Singapore.	0.545	1,067.6	31 December	(3.6)
Hotel Grand Central Limited (SGX-ST)	Hotel Grand Central Limited owns, operates, and manages hotels. The Company also collects rent, develops properties, and provides marketing and support services.	1.325	914.7	31 December	52.9

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)
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.	1.360	802.1	31 December	113.1

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.	1.115	128.6	30 June	10.1
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.	0.065	32.1	31 August	1.2
Allied Technologies Limited (SGX-ST)	Allied Technologies Limited manufactures precision stamped metal parts for computer and computer peripherals industries. The Company also provides integrated manufacturing services ranging from design and product development, prototyping, tool and die fabrication, production and mechanical sub-assembly services. Allied produces and assembles LCD monitors and other electronics.	0.047	31.7	31 December	1.4
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	0.165	17.8	30 June	(1.5)

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)
	components such as heat sinks, printed circuit boards, connectors, LCD modules and solenoids.				
AEI Corporation Ltd (SGX-ST)	AEI Corp Ltd. manufactures aluminum extrusion sections for electronics and precision engineering, and construction and infrastructure building industries. The Company also manufactures, imports, exports metal materials and other related products.	0.775	21.0	31 December	(2.4)

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. is a producer of industrial silica and sand proppants. The Company produces a variety of industrial minerals including sand proppants, whole grain silica, ground silica, fine ground silica, calcined kaolin clay, and aplite clay. U.S. Silica offers its products to the oil and gas, glass, chemical, and building products industries.	USD 25.46	USD 2,067.7	31 December	(USD 41.1)
Hi-Crush Partners LP (NYSE)	Hi-Crush Partners LP is a domestic producer of premium monocrystalline sand, a specialized mineral that is used as a "proppant" to enhance the recovery rates of hydrocarbons from oil and natural gas wells. The Company owns, operates, and develops sand reserves in Wisconsin and limited portions of the upper Midwest region of the United States.	USD 8.15	USD 741.9	31 December	(USD 81.0)
Fairmount Santrol Holdings Inc (NYSE)	Fairmount Santrol Holdings Inc. operates as a holding company. The Company, through its subsidiaries, produces sand and sand-based products used by oil and gas exploration and production companies. Fairmount Santrol Holdings serves customers worldwide.	USD 2.78	USD 622.9	31 December	(USD 140.2)
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 5.19	USD 209.5	31 December	USD 10.4

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)
Emerge Energy Services LP (NYSE)	Emerge Energy Services LP owns, operates, acquires and develops a diversified portfolio of energy service assets. The Company's operations are organized into two service oriented business segments, sand and fuel processing and distribution.	USD 6.27	USD 189.0	31 December	(USD 113.2)
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 0.160	SGD 68.9	31 December	SGD 8.2
Union Gas Holdings Limited (SGX-ST)	Union Gas Holdings Limited operates as a holding company. The Company, through its subsidiaries, supplies liquefied petroleum, compressed natural, and natural gas, as well as diesel. Union Gas Holdings markets its products in Singapore.	SGD 0.245	SGD 49.0	31 December	SGD 6.1
Intraco Limited (SGX-ST)	Intraco Limited operates as an investment management company. The company invests in portfolio projects, as well as offers financial planning, development, and investment management services. Intraco serves customers worldwide.	SGD 0.300	SGD 31.1	31 December	SGD 0.8

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

Note:

(1) This refers to 11 August 2017 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 10 August 2017 (Singapore time).

APPENDIX 2

GENERAL INFORMATION

1. DIRECTORS

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

Name	Address	Designation
Tan Ngiap Joo	14 Jalan Ilmu Capitol Park Singapore 299207	Chairman, Independent and Non-Executive Director
Norman Ip Ka Cheung	1 Pickering Street #16-01 Great Eastern Centre Singapore 048659	Group Managing Director, Non-Independent and Executive Director
Koh Beng Seng	11 Evelyn Road #11-01 Setia Residences Singapore 309304	Independent and Non-Executive Director
Koh Poh Tiong	66 Hua Guan Avenue Singapore 589162	Independent and Non-Executive Director
Lee Lap Wah, George	88 Jalan Eunos Singapore 419524	Non-Independent and Non-Executive Director
Michael Lim Chun Leng	64 Belmont Road Singapore 269897	Independent and Non-Executive Director
David Wong Cheong Fook	14 Joan Road Caldecott Hill Estate Singapore 298892	Independent and Non-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 development, hospitality, engineering, distribution and manufacturing.

4. SHARE CAPITAL

4.1 **Issued Capital.** As at the Latest Practicable Date, the issued and paid-up share capital of the Company comprises S$828,373,398.23 divided into 637,508,148 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, save for the 55,686 Ordinary Shares issued pursuant to the valid exercise of Share Options, no new Ordinary Shares have been issued by the Company since 31 December 2016, 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, except for the Subsidiary Holdings.

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 2016, 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. For ease of reference, selected texts of the Constitution relating to the same have been extracted and reproduced in **Appendix 8** to this Circular.

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

As at the Latest Practicable Date, there are 165,721 outstanding Share Options granted by the Company under the Scheme, details of which are set out below.

Date of Grant	Expiry Date	Number of Share Options Outstanding	Exercise Price
6 December 2007	5 December 2017	153,470	S$3.31
20 May 2009	19 May 2019	12,251	S$1.36

5. DISCLOSURE OF INTERESTS

5.1 **Interests of Company in 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 Offeror Securities by Company.** As at the Latest Practicable Date, neither the Company nor its subsidiaries has dealt in the Offeror Securities during the period commencing six months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

5.3 **Interests of Directors in Offeror Securities.** As at the Latest Practicable Date, none of the Directors has any direct or indirect interests in the Offeror Securities.

5.4 **Dealings in Offeror Securities by Directors.** None of the Directors has dealt in the Offeror Securities during the period commencing six months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

5.5 **Interests of Directors in Company Securities.** Save as disclosed below, as at the Latest Practicable Date, none of the Directors has an interest, direct or indirect, in the Company Securities.

	Interest in Shares			
	Direct		Deemed	
Name	No. of Ordinary Shares	%(1)	No. of Ordinary Shares	%(1)
Tan Ngiap Joo	89,850	0.014	–	–
Michael Lim Chun Leng	144,776	0.023	–	–
David Wong Cheong Fook	10,000	0.002	–	–

Note:

(1) Based on the total number of issued Ordinary Shares of 637,508,148 as at the Latest Practicable Date.

5.6 **Dealings in Company Securities by Directors.** None of the Directors has dealt in the Company Securities during the period commencing six months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

5.7 **Interests of IFA in 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 Company Securities by 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 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, the following Directors who have direct interests in the Shares have informed the Company of their intentions in respect of the Offers, as follows:

(i) Tan Ngiap Joo has informed the Company that, in his capacity as a shareholder of the Company, he does not intend to accept the Ordinary Share Offer in respect of his shareholding of 89,850 Ordinary Shares as set out in **paragraph 5.5** above;

(ii) Michael Lim Chun Leng has informed the Company that, in his capacity as a shareholder of the Company, he does not intend to accept the Ordinary Share Offer in respect of his shareholding of 144,776 Ordinary Shares as set out in **paragraph 5.5** above; and

(iii) David Wong Cheong Fook 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 as set out in **paragraph 5.5** above.

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 months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

6.2 No Payment or Benefit to 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 other related corporation of 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 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 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

Set out below is certain financial information extracted from the annual reports of the Company for FY2014, FY2015 and FY2016 and from the 6M2017 Results respectively. The financial information for FY2014, FY2015 and FY2016 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 FY2014, FY2015 and FY2016 and the financial information for 6M2017 should be read in conjunction with the 6M2017 Results and the accompanying notes as set out in the financial statements.

The following is a summary of the dividend per Ordinary Share declared in respect of each of FY2014, FY2015 and FY2016. This information was extracted from the annual reports of the Company for FY2014, FY2015 and FY2016.

	Final Dividend cents per Ordinary Share	Special Dividend cents per Ordinary Share	Total Dividend cents per Ordinary Share
In respect of FY2014	5.0	5.0	10.0
In respect of FY2015	5.0	3.0	8.0
In respect of FY2016	5.0	7.0	12.0

The following is a summary of the dividend per Preference Share declared in respect of each of FY2014, FY2015 and FY2016. This information was extracted from the annual reports of the Company for FY2014, FY2015 and FY2016.

	Final Dividend cents per Preference Share	Special Dividend cents per Preference Share	Total Dividend cents per Preference Share
In respect of FY2014	7.5	–	7.5
In respect of FY2015	7.5	–	7.5
In respect of FY2016	7.5	–	7.5

No dividend was recommended in respect of the Ordinary Shares and the Preference Shares for 6M2017, as set out in the 6M2017 Results.

The audited consolidated financial statements of the Group for FY2014, FY2015 and FY2016 set out below have been extracted from the annual reports of the Company for FY2014, FY2015 and FY2016, and the 6M2017 Results set out below have been extracted from the announcement by the Company on 11 August 2017. These statements were not specifically prepared for inclusion in this Circular.

FINANCIAL INFORMATION OF THE GROUP

CONSOLIDATED INCOME STATEMENT FOR FY2014, FY2015, FY2016, 6M2017

	Audited FY2014[(1)] S$'000	Audited FY2015[(2)] S$'000	Audited FY2016[(2)] S$'000	Unaudited 6M2017 S$'000
<u>Continuing operations</u>				
Revenue	3,209,321	851,190	479,701	223,281
Cost of sales	(2,794,731)	(632,045)	(285,953)	(131,327)
Gross profit	**414,590**	**219,145**	**193,748**	**91,954**
Other items of income				
Interest income	3,183	1,821	2,587	1,621
Other income	19,380	29,038	25,864	47,064
Other items of expense				
Distribution costs	(98,610)	(25,593)	(29,650)	(14,750)
Administrative expenses	(172,618)	(107,565)	(100,664)	(49,136)
Finance costs	(41,965)	(36,042)	(35,744)	(11,688)
Other expenses	(47,921)	(21,757)	(29,518)	(11,166)
Share of (loss)/profit from equity-accounted associates and joint ventures	(285)	4,399	2,890	2,232
Profit before tax from continuing operations	75,754	63,446	29,513	56,131
Income tax expense	(35,267)	(512)	(8,773)	(7,493)
Profit before tax from continuing operations, net of tax	40,487	62,934	20,740	48,638
<u>Discontinued operations</u>				
Profit before tax from discontinued operations, net of tax	90,055	67,087	156,843	–
Profit net of tax	130,542	130,021	177,583	48,638
Profit/(loss) attributable to:				
Owners of the Company				
- Continuing operations, net of tax	46,036	71,612	27,381	53,588
- Discontinued operations, net of tax	77,547	30,598	113,200	–
	123,583	102,210	140,581	53,588
Non-controlling interests				
- Continuing operations, net of tax	(5,549)	(8,678)	(6,641)	(4,950)
- Discontinued operations, net of tax	12,508	36,489	43,643	–
	6,959	27,811	37,002	(4,950)
Earnings per stock unit – continuing operations attributable to owners of the Company (cents)				
Basic	7.2	11.2	4.3	8.4
Diluted	7.2	11.2	4.3	8.4
Earnings per stock unit (cents)				
Basic	19.4	16.0	22.0	8.4
Diluted	19.4	16.0	22.0	8.4

Notes:

(1) Income statement on continuing operations basis, as presented in 2014 Annual Report.

(2) Income statement on continuing operations basis, as presented in 2016 Annual Report.

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 AND 30 JUNE 2017

	Audited As at 31 December 2016 S$'000	Unaudited As at 30 June 2017 S$'000
ASSETS		
Non-current assets		
Property, plant and equipment	162,909	159,268
Investment properties	1,859,418	1,908,549
Intangible assets	4,704	4,735
Interests in associates	112,619	113,478
Interests in joint ventures	45,478	44,260
Deferred tax assets	46,162	32,730
Other investments	25,069	29,078
Total non-current assets	2,256,359	2,292,098
Current assets		
Inventories	31,146	29,141
Income tax receivables	352	342
Trade and other receivables	217,492	94,537
Gross amount due from customers for contract work	13,466	16,123
Prepayments	8,131	10,078
Properties held for sale	654,315	638,084
Bank balances and deposits	623,976	334,692
Total current assets	1,548,878	1,122,997
Total assets	3,805,237	3,415,095
EQUITY AND LIABILITIES		
Equity		
Share capital (1)	745,625	745,701
Retained earnings	1,167,482	1,147,109
Other reserves	(30,100)	(34,409)
Equity attributable to owners of the Company	1,883,007	1,858,401
Non-controlling interests	311,885	303,055
Total equity	2,194,892	2,161,456
Non-current liabilities		
Provisions	70,204	60,662
Deferred tax liabilities	75,188	54,044
Trade and other payables	4,300	1,849
Borrowings	896,720	517,412
Total non-current liabilities	1,046,412	633,967
Current liabilities		
Provisions	17,005	21,249
Income tax payable	31,679	41,025
Trade and other payables	218,839	221,436
Borrowings	294,728	333,107
Gross amount due to customers for contract work	1,682	2,855
	563,933	619,672
Total liabilities	1,610,345	1,253,639
Total equity and liabilities	3,805,237	3,415,095

Note:

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

8. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as disclosed in the 6M2017 Results and any other information on 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 2016, being the date of the last audited accounts of the Group laid before the Shareholders in general meeting.

9. MATERIAL CHANGES IN INFORMATION

Save as disclosed in this Circular and save for the information relating to 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 previously announced by or on behalf of the Company 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 FY2016 are reproduced in **Appendix 7** 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 7** to this Circular and the 6M2017 Results and the accompanying notes as set out in the financial statements.

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 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 had commissioned independent valuations of certain significant investment properties of the Group (the "**Appraised Investment Properties**") and properties of the Group held for sale (the "**Appraised Properties held for Sale**").

Extracts of the valuation reports from Colliers International Consultancy & Valuation (Singapore) Pte Ltd and Edmund Tie & Company (SEA) Pte Ltd dated 7 August 2017 and 10 August 2017 respectively in relation to the Appraised Investment Properties are set out in **paragraph 1** of **Appendix 9** to this Circular, and extracts of the valuation reports from Yinxin Appraisal Co., Ltd. dated 8 August 2017 in relation to the Appraised Properties held for Sale are set out in **paragraph 2** of **Appendix 9** to this Circular. Copies of the full 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 activity and are held 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 is approximately S$50 million. Such properties are classified by the Company as properties held for sale and the aforesaid tax liabilities will only crystallise in full if the Company disposes of all of the Appraised Properties held for Sale.

14. GENERAL

14.1 **Costs and Expenses.** All expenses and costs 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 6M2017 Results as set out in **Appendix 5** 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 6M2017 Results as set out in **Appendix 6** 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 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 and its valuation report and 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 and its valuation report and references thereto, in the form and context in which they appear in this Circular.

14.8 **Consent of Yinxin Appraisal Co., Ltd..** Yinxin 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 and its valuation report and references thereto, in the form and context in which they appear in this Circular.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at 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 rules of the Scheme;

(iii) the annual reports of the Company for FY2014, FY2015 and FY2016, which include the audited consolidated financial statements of the Group for FY2014, FY2015 and FY2016;

(iv) the 6M2017 Results as set out in **Appendix 4** to this Circular;

(v) the IFA Letter as set out in **Appendix 1** to this Circular;

(vi) the reports from the Auditor and the IFA in respect of the 6M2017 Results, as set out in **Appendices 5** and **6** to this Circular respectively;

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

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

APPENDIX 3

INFORMATION ON THE OFFEROR AND THE CONSORTIUM

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

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

Name	***Address***	***Designation***
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*
Mr. Pua Seck Guan	*8 Shenton Way #45-01 AXA Tower Singapore 068811*	*Director*
Ms. Belinda Gan Chui Chui	*8 Shenton Way #45-01 AXA Tower Singapore 068811*	*Director*
Mr. Kung Chun Lung	*Unit 3704-06, 37/F Tower One Lippo Centre, 89 Queensway, Hong Kong*	*Director*

2. PRINCIPAL ACTIVITY AND SHARE CAPITAL

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$100.00 comprising 100 ordinary shares.

3. REGISTERED OFFICE

The registered office of the Offeror is at 8 Shenton Way, #45-01 AXA Tower, Singapore 068811.

4. SUMMARY OF FINANCIAL INFORMATION

As the Offeror is an investment holding company which has not carried on any business since its incorporation except to enter into certain arrangements in connection with the Acquisition and the Offers, no audited or unaudited financial statements of the Offeror have been prepared since the date of its incorporation.

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

5. MATERIAL CHANGES IN FINANCIAL POSITION

Save as a result of the financing of the Acquisition, as at the Latest Practicable Date, there has been no known material change in the financial position of the Offeror since the date of its incorporation."

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 III – ADDITIONAL GENERAL INFORMATION

1. DISCLOSURE OF INTERESTS

*(a) As at the Latest Practicable Date, 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**").*

For the avoidance of doubt, none of the directors of the Offeror owns, controls or has agreed to acquire any UEL Securities.

As at the Latest Practicable Date, the interests in UEL Shares held by the Offeror and parties acting in concert with the Offeror are set out below:

	UEL Ordinary Shares		***UEL Preference Shares***	
Name	***No.***	***%(1) (2)***	***No.***	***%(3)***
Offeror	*213,116,206*	*33.43*	*614,050*	*70.18*
Other Concert Parties				
Lieutenant General (Ret) Ng Jui Ping(4)	*36,000*	*0.0056(5)*	–	–
Andy Lim(6)	*52,000*	*0.0082(5)*	–	–
Foo Mei Yen(7)	*1,333*	*0.0002(5)*	–	–
Total	***213,205,539***	***33.44***	***614,050***	***70.18***

Notes:

(1) Save as otherwise provided, percentage figures in this appendix are rounded to nearest two (2) decimal places

(2) Calculated based on 637,508,148 UEL Ordinary Shares (including the Subsidiary Holdings)

(3) Calculated based on 875,000 UEL Preference Shares

(4) Director of Yanlord who is presumed to be acting in concert with the Offeror in relation to the Offers under the Code

(5) Rounded off to nearest four (4) decimal places

(6) Spouse of a director of UOB, being the financial adviser to the Offeror, who is presumed to be acting in concert with the Offeror in relation to the Offers under the Code

(7) Cousin of a director of Perennial SPV who is presumed to be acting in concert with the Offeror in relation to the Offers under the Code

(b) Save as disclosed below, none of the Offeror or any party acting in concert with it has dealt for value in UEL Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

Name	***Date of Transaction***	***UEL Ordinary Shares***		***UEL Preference Shares***	
		No. Acquired	***Price per UEL Share (S$)***	***No. Acquired***	***Price per UEL Share (S$)***
Offeror	*13 July 2017*	*213,116,206*	*2.60*	*614,050*	*2.60"*

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 or reject the 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 Shares which may be an inducement to deal or refrain from dealing in the UEL Shares.

(e) Save for (i) the interest-free shareholder loans advanced by each of the Consortium Members to the Offeror for the purpose of funding the Acquisition and the Offers; (ii) the acquisition of the Second Tranche WBL Shares pursuant to the WBL SPA; (iii) the UEL Undertaking and (iv) the financing arrangements that have been entered into with financial institutions for the purpose of financing or refinancing the costs of the Acquisition and/or the Offers, as at the Latest Practicable Date, there is no agreement, arrangement or understanding between (A) the Offeror or any party acting in concert with it and (B) any of the current or recent directors of UEL or any of the current or recent Shareholders or any other person that has any connection with, or is dependent on or is conditional upon, the Offers or their outcome.

(f) 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 Offers will or may be transferred to any other person. Additionally, the Offeror reserves the right to transfer any of the UEL Shares for the purpose of granting security in favour of financial institutions which may extend credit facilities to it from time to time.

(g) 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 to any director of any corporation which is by virtue of Section 6 of the Companies Act deemed to be related to UEL, as compensation for loss of office or otherwise in connection with the Offers.

(h) The UEL Shares (i) acquired by the Offeror pursuant to the Acquisition and (ii) to be acquired by the Offeror pursuant to the Offers or otherwise during the period of the Offers, will be charged in favour of UOB (as security agent) as security for the financing arrangements for the Acquisition and the Offers. Save as disclosed in this paragraph (h), as at the Latest Practicable Date, none of the Offeror or any party acting in concert with it has (A) granted a security interest over any UEL Securities to another person, whether through a charge, pledge or otherwise, (B) borrowed from another person (excluding borrowed UEL Securities which have been on-lent or sold), or (C) lent any UEL Securities to another person."

APPENDIX 4

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR 6M2017

The 6M2017 Results set out below have been extracted from the announcement by the Company on 11 August 2017, and were not specifically prepared for inclusion in this Circular. The figures have not been audited.

UNITED ENGINEERS LIMITED
(Company Registration No. 191200018G)

Q2 2017 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

	Group					
	3 months ended			6 months ended		
	30/6/2017	30/6/2016[1]	Change	**30/6/2017**	30/6/2016[1]	Change
	$000	$000	(%)	**$000**	$000	(%)
Continuing operations						
Revenue	**121,914**	111,658	9	**223,281**	256,462	(13)
Cost of sales	**(74,686)**	(65,379)	14	**(131,327)**	(158,657)	(17)
Gross profit	**47,228**	46,279	2	**91,954**	97,805	(6)
Other items of income						
Interest income	**774**	273	184	**1,621**	695	133
Other income	**46,177**	5,346	764	**47,064**	6,443	630
Other items of expense						
Distribution costs	**(7,696)**	(7,607)	1	**(14,750)**	(14,741)	–
Administrative expenses	**(26,416)**	(24,155)	9	**(49,136)**	(49,044)	–
Finance costs	**(5,311)**	(9,019)	(41)	**(11,688)**	(19,092)	(39)
Other expenses	**(9,108)**	(1,388)	556	**(11,166)**	(2,925)	282
Operating profit	**45,648**	9,729	369	**53,899**	19,141	182
Share of profit from equity-accounted associates and joint ventures	**1,679**	1,303	29	**2,232**	2,939	(24)
Profit before tax from continuing operations	**47,327**	11,032	329	**56,131**	22,080	154
Income tax expense	**(5,865)**	(135)	NM	**(7,493)**	(1,603)	367
Profit from continuing operations, net of tax	**41,462**	10,897	280	**48,638**	20,477	138
Discontinued operations[2]						
Loss from discontinued operations, net of tax	**–**	(15,339)	NM	**–**	(25,498)	NM
Profit/(loss) net of tax	**41,462**	(4,442)	NM	**48,638**	(5,021)	NM
Profit/(loss) attributable to:						
Owners of the Company						
- Continuing operations, net of tax	**45,269**	11,243	303	**53,588**	20,712	159
- Discontinued operations, net of tax	**–**	(8,375)	NM	**–**	(10,902)	NM
	45,269	2,868	NM	**53,588**	9,810	446
Non-controlling interests						
- Continuing operations, net of tax	**(3,807)**	(346)	NM	**(4,950)**	(235)	NM
- Discontinued operations, net of tax	**–**	(6,964)	NM	**–**	(14,596)	NM
	(3,807)	(7,310)	(48)	**(4,950)**	(14,831)	(67)

NM: Not meaningful

(1) The comparative figures have been re-presented to report separately profit and loss items for continuing and discontinued operations.

(2) Discontinued operations relate to Multi-Fineline Electronix, Inc. and its subsidiaries and the Group's Environmental Engineering businesses.

1(a)(ii) Continuing operations - Other information

	Group			
	3 months ended		6 months ended	
	30/6/2017	30/6/2016	**30/6/2017**	30/6/2016
	$000	$000	**$000**	$000
Depreciation and amortisation	**(4,661)**	(4,512)	**(9,241)**	(9,100)
Foreign exchange gain/(loss)	**69**	(96)	**(601)**	(254)
Gain on disposal of available-for-sale financial assets	**–**	3,888	**–**	3,888
Inventories written-down	**(113)**	(120)	**(118)**	(336)
(Loss)/gain on disposal of property, plant and equipment	**(8)**	46	**(22)**	29
Over/(under) provision of prior years' tax	**47**	1,335	**(150)**	1,339
Properties held for sale written-down	**(8,902)**	–	**(8,902)**	–
Reversal of impairment loss/(impairment loss) on trade receivables	**513**	(35)	**100**	(74)
Surplus on revaluation of investment properties	**45,400**	–	**45,400**	–

1(a)(iii) Statement of comprehensive income

	Group			
	3 months ended		6 months ended	
	30/6/2017	30/6/2016	**30/6/2017**	30/6/2016
	$000	$000	**$000**	$000
Profit/(loss) net of tax for the period	**41,462**	(4,442)	**48,638**	(5,021)
Other comprehensive income				
Items that may be reclassified subsequently to income statement:				
Gains/(losses) on exchange differences on translation, net of tax	**2,623**	(25,489)	**(11,599)**	(68,297)
Gains/(losses) on remeasuring available-for-sale financial assets, net of tax	**2,821**	(297)	**4,009**	–
Share of other comprehensive income from equity-accounted associates, net of tax	**(785)**	(470)	**(433)**	(1,189)
Other comprehensive income for the period, net of tax	**4,659**	(26,256)	**(8,023)**	(69,486)
Total comprehensive income for the period	**46,121**	(30,698)	**40,615**	(74,507)
Attributable to:				
Owners of the Company	**49,226**	(12,315)	**49,239**	(28,651)
Non-controlling interests	**(3,105)**	(18,383)	**(8,624)**	(45,856)
	46,121	(30,698)	**40,615**	(74,507)

1(b)(i) Statements of financial position

	Group		Company	
	30/6/2017	31/12/2016	**30/6/2017**	31/12/2016
	$000	$000	**$000**	$000
ASSETS				
Non-current assets				
Property, plant and equipment	**159,268**	162,909	**22,502**	22,735
Investment properties	**1,908,549**	1,859,418	**722,403**	679,500
Intangible assets	**4,735**	4,704	**–**	–
Interests in subsidiaries	**–**	–	**956,531**	1,005,749
Interests in associates	**113,478**	112,619	**332**	337
Interests in joint ventures	**44,260**	45,478	**–**	–
Deferred tax assets	**32,730**	46,162	**–**	–
Other investments	**29,078**	25,069	**1,130**	1,130
Total non-current assets	**2,292,098**	2,256,359	**1,702,898**	1,709,451
Current assets				
Inventories	**29,141**	31,146	**–**	–
Income tax receivables	**342**	352	**–**	–
Trade and other receivables	**94,537**	217,492	**3,909**	4,259
Gross amount due from customers for contract work	**16,123**	13,466	**–**	–
Prepayments	**10,078**	8,131	**951**	1,538
Properties held for sale	**638,084**	654,315	**–**	–
Bank balances and deposits	**334,692**	623,976	**60,453**	420,959
Total current assets	**1,122,997**	1,548,878	**65,313**	426,756
Total assets	**3,415,095**	3,805,237	**1,768,211**	2,136,207
EQUITY AND LIABILITIES				
Equity				
Share capital	**745,701**[1]	745,625[1]	**808,014**	807,938
Retained earnings	**1,147,109**	1,167,482	**776,513**	802,687
Other reserves	**(34,409)**	(30,100)	**3,981**	3,981
Equity attributable to owners of the Company	**1,858,401**	1,883,007	**1,588,508**	1,614,606
Non-controlling interests	**303,055**	311,885	**–**	–
Total equity	**2,161,456**	2,194,892	**1,588,508**	1,614,606
Non-current liabilities				
Provisions	**60,662**	70,204	**–**	–
Deferred tax liabilities	**54,044**	75,188	**–**	–
Trade and other payables	**1,849**	4,300	**–**	–
Borrowings	**517,412**	896,720	**150,000**	150,000
Total non-current liabilities	**633,967**	1,046,412	**150,000**	150,000
Current liabilities				
Provisions	**21,249**	17,005	**–**	–
Income tax payable	**41,025**	31,679	**4,372**	4,303
Trade and other payables	**221,436**	218,839	**25,331**	117,275
Borrowings	**333,107**	294,728	**–**	250,023
Gross amount due to customers for contract work	**2,855**	1,682	**–**	–
Total current liabilities	**619,672**	563,933	**29,703**	371,601
Total liabilities	**1,253,639**	1,610,345	**179,703**	521,601
Total equity and liabilities	**3,415,095**	3,805,237	**1,768,211**	2,136,207

[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 30/6/2017		As at 31/12/2016	
$000	$000	$000	$000
Secured	Unsecured	Secured	Unsecured
314,697	18,410	32,057	262,671

(b) Amount repayable after one year

As at 30/6/2017		As at 31/12/2016	
$000	$000	$000	$000
Secured	Unsecured	Secured	Unsecured
367,412	150,000	746,720	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		**6 months ended**	
	30/6/2017	30/6/2016	**30/6/2017**	30/6/2016
	$000	$000	**$000**	$000
Cash flows from operating activities				
Profit before tax from continuing operations	**47,327**	11,032	**56,131**	22,080
Loss before tax from discontinued operations	**–**	(15,292)	**–**	(24,695)
Profit/(loss) before tax	**47,327**	(4,260)	**56,131**	(2,615)
Amortisation of intangible assets	**493**	516	**950**	1,121
Depreciation of property, plant and equipment	**4,168**	17,617	**8,291**	35,771
Dividend income from other investments	**(550)**	(487)	**(857)**	(663)
Finance costs	**5,311**	9,262	**11,688**	19,612
Gain on disposal of available-for-sale financial assets	**–**	(3,888)	**–**	(3,888)
Impairment loss on intangible assets	**–**	–	**73**	–
Interest income	**(774)**	(873)	**(1,621)**	(2,008)
Loss/(gain) on disposal of property, plant and equipment	**8**	(781)	**22**	(430)
Inventories written-down/(written-back)	**113**	(3,485)	**118**	(621)
Properties held for sale written-down	**8,902**	–	**8,902**	–
Property, plant and equipment written-off/ (written-back)	**53**	(26)	**55**	56
Share-based compensation expenses	**–**	1,247	**–**	2,701
Share of profit from equity-accounted associates and joint ventures	**(1,679)**	(1,431)	**(2,232)**	(3,721)
Surplus on revaluation of investment properties	**(45,400)**	–	**(45,400)**	–
Unrealised foreign exchange (gain)/loss	**(1,882)**	17,239	**3,017**	2,530
Operating cash flows before changes in working capital	**16,090**	30,650	**39,137**	47,845
Decrease/(increase) in properties held for sale	**3,850**	(27,371)	**(3,364)**	(35,293)
Proceeds from progress billings from properties held for sale	**14,434**	3,493	**24,338**	379,773
Decrease in trade and other payables and provisions	**(19,116)**	(15,241)	**(25,990)**	(86,528)
Decrease/(increase) in trade and other receivables	**820**	18,364	**120,369**	(87,307)
(Increase)/decrease in gross amount due from customers for contract work	**(2,932)**	(1,730)	**(2,658)**	5,956
Increase/(decrease) in gross amount due to customers for contract work	**646**	(10,933)	**1,173**	1,588
Decrease in inventories	**4,576**	19,909	**1,887**	25,457
Cash flows from operations	**18,368**	17,141	**154,892**	251,491
Income taxes paid	**(5,171)**	(3,619)	**(6,479)**	(17,090)
Interest paid	**(6,253)**	(6,524)	**(15,187)**	(19,776)
Interest received	**724**	813	**2,273**	2,092
Net cash flows from operating activities	**7,668**	7,811	**135,499**	216,717

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

	Group			
	3 months ended		**6 months ended**	
	30/6/2017	30/6/2016	**30/6/2017**	30/6/2016
	$000	$000	**$000**	$000
Cash flows from investing activities				
Acquisition of intangible assets	**(320)**	(230)	**(1,053)**	(369)
Acquisition of non-controlling interests	**–**	(220)	**–**	(2,903)
Change in restricted deposits	**–**	63,979	**–**	62,548
Dividends received from associates	**465**	–	**1,254**	–
Dividends received from joint ventures	**–**	150	**–**	150
Dividends received from other investments	**550**	487	**857**	663
Decrease in amounts due from associates and joint ventures	**47**	12,965	**147**	14,034
Acquisition of interests in an associate	**(331)**	–	**(331)**	–
Proceeds from disposal of other investments	**–**	4,011	**–**	4,011
Proceeds from disposal of property, plant and equipment	**60**	858	**70**	1,129
Purchase of property, plant and equipment	**(3,671)**	(25,067)	**(5,719)**	(35,021)
Subsequent expenditure on investment properties	**(3,754)**	(460)	**(3,787)**	(833)
Net cash flows (used in)/from investing activities	**(6,954)**	56,473	**(8,562)**	43,409
Cash flows from financing activities				
Decrease in trust receipts and bills payable	**(1,144)**	(2,280)	**(853)**	(1,508)
Cash distribution paid to non-controlling interests of subsidiaries	**–**	(12,586)	**(206)**	(12,586)
Dividends paid	**(73,961)**	(49,311)	**(73,961)**	(49,311)
Dividends paid to non-controlling interests of subsidiaries	**–**	(18,722)	**–**	(18,722)
(Decrease)/increase in short-term loans	**(3,321)**	16,271	**(9,021)**	(44,674)
Proceeds from issuance of shares upon exercise of share options	**–**	84	**76**	84
Proceeds from issuance of medium term notes	**–**	150,000	**–**	150,000
Proceeds from long-term loans	**185,756**	24,352	**185,756**	40,026
Repayment of medium term notes	**–**	–	**(246,773)**	–
Repayment of long-term loans	**(277,686)**	(162,069)	**(277,686)**	(325,925)
Net cash flows used in financing activities	**(170,356)**	(54,261)	**(422,668)**	(262,616)
Net (decrease)/increase in cash and cash equivalents	**(169,642)**	10,023	**(295,731)**	(2,490)
Cash and cash equivalents, beginning balance	**495,995**	454,912	**623,976**	481,579
Effect of exchange rate changes on cash and cash equivalents	**690**	(2,547)	**(1,202)**	(16,701)
Cash and cash equivalents, ending balance	**327,043**	462,388	**327,043**	462,388
Cash and cash equivalents comprise:				
Bank balances and deposits	**334,692**	181,032	**334,692**	181,032
Bank balances and deposits attributable to discontinued operations	**–**	285,638	**–**	285,638
Bank overdrafts	**(7,649)**	(4,282)	**(7,649)**	(4,282)
Cash and cash equivalents	**327,043**	462,388	**327,043**	462,388

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

GROUP

	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares	Retained earnings	Other reserves	Non-controlling interests
		Attributable to owners of the Company					
	$000	$000	$000	$000	$000	$000	$000
Opening balance at 1/1/2017	2,194,892	1,883,007	807,938	(62,313)	1,167,482	(30,100)	311,885
Profit/(loss) for the period	7,176	8,319	–	–	8,319	–	(1,143)
Losses on exchange differences on translation, net of tax	(14,222)	(9,846)	–	–	–	(9,846)	(4,376)
Gains on remeasuring available-for-sale financial assets, net of tax	1,188	1,188	–	–	–	1,188	–
Share of other comprehensive income from equity-accounted associate, net of tax	352	352	–	–	–	352	–
Other comprehensive income for the period	(12,682)	(8,306)	–	–	–	(8,306)	(4,376)
Total comprehensive income for the period	(5,506)	13	–	–	8,319	(8,306)	(5,519)
Contributions by and distributions to owners							
Ordinary shares issued on exercise of share options converted into ordinary stocks	76	76	76	–	–	–	–
Cash distribution paid to non-controlling interests of subsidiaries	(206)	–	–	–	–	–	(206)
	(130)	76	76	–	–	–	(206)
Changes in ownership interests in subsidiaries							
Employee share option scheme/ share appreciation rights:							
- value of employee services	21	21	–	–	–	21	–
Total changes in ownership interests in subsidiaries	21	21	–	–	–	21	–
Total transactions with owners in their capacity as owners	(109)	97	76	–	–	21	(206)
Closing balance at 31/3/2017	2,189,277	1,883,117	808,014	(62,313)	1,175,801	(38,385)	306,160

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**
Profit/(loss) for the period	41,462	45,269	–	–	45,269	–	(3,807)
Gains on exchange differences on translation, net of tax	2,623	1,921	–	–	–	1,921	702
Gains on remeasuring available-for-sale financial assets, net of tax	2,821	2,821	–	–	–	2,821	–
Share of other comprehensive income from equity-accounted associate, net of tax	(785)	(785)	–	–	–	(785)	–
Other comprehensive income for the period	4,659	3,957	–	–	–	3,957	702
Total comprehensive income for the period	46,121	49,226	–	–	45,269	3,957	(3,105)
Contributions by and distributions to owners							
Dividends paid	(73,961)	(73,961)	–	–	(73,961)	–	–
Total contributions by and distributions to owners	(73,961)	(73,961)	–	–	(73,961)	–	–
Changes in ownership interests in subsidiaries							
Employee share option scheme/share appreciation rights:							
- value of employee services	19	19	–	–	–	19	–
Total changes in ownership interests in subsidiaries	19	19	–	–	–	19	–
Total transactions with owners in their capacity as owners	(73,942)	(73,942)	–	–	(73,961)	19	–
Closing balance at 30/6/2017	2,161,456	1,858,401	808,014	(62,313)	1,147,109	(34,409)	303,055

1(d)(i) <u>Statements of changes in equity</u> *(continued)*

GROUP

	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares	Retained earnings	Other reserves	Non-controlling interests
		Attributable to owners of the Company					
	$000	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Opening balance at 1/1/2016	2,387,467	1,830,603	807,519	(62,313)	1,078,829	6,568	556,864
(Loss)/profit for the period	(579)	6,942	–	–	6,942	–	(7,521)
Losses on exchange differences on translation, net of tax	(42,808)	(22,856)	–	–	–	(22,856)	(19,952)
Gains on remeasuring available-for-sale financial assets, net of tax	297	297	–	–	–	297	–
Share of other comprehensive income from equity-accounted associate, net of tax	(719)	(719)	–	–	–	(719)	–
Other comprehensive income for the period	(43,230)	(23,278)	–	–	–	(23,278)	(19,952)
Total comprehensive income for the period	(43,809)	(16,336)	–	–	6,942	(23,278)	(27,473)
Contributions by and distributions to owners							
Cash distribution paid to non-controlling interests of subsidiaries	(12,586)	–	–	–	–	–	(12,586)
	(12,586)	–	–	–	–	–	(12,586)
Changes in ownership interests in subsidiaries							
Additional interests in subsidiaries	(2,683)	1,169	–	–	–	1,169	(3,852)
Dilution of interests in subsidiaries	(55)	(4,673)	–	–	–	(4,673)	4,618
Employee share option scheme/ share appreciation rights:							
- value of employee services	1,356	707	–	–	–	707	649
Total changes in ownership interests in subsidiaries	(1,382)	(2,797)	–	–	–	(2,797)	1,415
Total transactions with owners in their capacity as owners	(13,968)	(2,797)	–	–	–	(2,797)	(11,171)
Closing balance at 31/3/2016	2,329,690	1,811,470	807,519	(62,313)	1,085,771	(19,507)	518,220

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**
(Loss)/profit for the period	(4,442)	2,868	–	–	2,868	–	(7,310)
Losses on exchange differences on translation, net of tax	(25,489)	(14,416)	–	–	–	(14,416)	(11,073)
Losses on remeasuring available-for-sale financial assets, net of tax	(297)	(297)	–	–	–	(297)	–
Share of other comprehensive income from equity-accounted associate, net of tax	(470)	(470)	–	–	–	(470)	–
Other comprehensive income for the period	(26,256)	(15,183)	–	–	–	(15,183)	(11,073)
Total comprehensive income for the period	(30,698)	(12,315)	–	–	2,868	(15,183)	(18,383)
Contributions by and distributions to owners							
Ordinary shares issued on exercise of share options converted into ordinary stocks	84	84	84	–	–	–	–
Dividends paid	(49,311)	(49,311)	–	–	(49,311)	–	–
Dividend paid to non-controlling interests	(18,722)	–	–	–	–	–	(18,722)
Total contributions by and distributions to owners	(67,949)	(49,227)	84	–	(49,311)	–	(18,722)
Changes in ownership interests in subsidiaries							
Additional interests in subsidiaries	(220)	91	–	–	–	91	(311)
Dilution of interests in subsidiaries	(11)	(269)	–	–	–	(269)	258
Employee share option scheme/share appreciation rights:							
- value of employee services	1,256	699	–	–	–	699	557
Total changes in ownership interests in subsidiaries	1,025	521	–	–	–	521	504
Total transactions with owners in their capacity as owners	(66,924)	(48,706)	84	–	(49,311)	521	(18,218)
Closing balance at 30/6/2016	2,232,068	1,750,449	807,603	(62,313)	1,039,328	(34,169)	481,619

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 1/1/2017	1,614,606	807,938	802,687	3,981
Profit for the period	3,777	–	3,777	–
Total comprehensive income for the period	3,777	–	3,777	–
Contributions by and distributions to owners				
Ordinary shares issued on exercise of share options converted into ordinary stocks	76	76	–	–
Total transactions with owners in their capacity as owners	76	76	–	–
Closing balance at 31/3/2017	1,618,459	808,014	806,464	3,981
Profit for the period	46,616	–	46,616	–
Total comprehensive income for the period	46,616	–	46,616	–
Contributions by and distributions to owners				
Dividends paid	(76,567)	–	(76,567)	–
Total transactions with owners in their capacity as owners	(76,567)	–	(76,567)	–
Closing balance at 30/6/2017	1,588,508	808,014	776,513	3,981
Opening balance at 1/1/2016	1,596,542	807,519	785,094	3,929
Profit for the period	6,357	–	6,357	–
Total comprehensive income for the period	6,357	–	6,357	–
Closing balance at 31/3/2016	1,602,899	807,519	791,451	3,929
Profit for the period	7,017	–	7,017	–
Total comprehensive income for the period	7,017	–	7,017	–
Contributions by and distributions to owners				
Ordinary shares issued on exercise of share options converted into ordinary stocks	84	84	–	–
Dividends paid	(51,048)	–	(51,048)	–
Total transactions with owners in their capacity as owners	(50,964)	84	(51,048)	–
Closing balance at 30/6/2016	1,558,952	807,603	747,420	3,929

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

During Q2 2017, there was no ordinary stock unit issued arising from the exercising of the options under the United Engineers Share Option Scheme 2000 (Scheme 2000).

During the first 6 months of 2017, the Company issued 55,686 ordinary stock units arising from the exercising of the options under Scheme 2000.

As at 30 June 2017, there were 165,721 (30 June 2016: 595,564) unexercised options for ordinary shares under Scheme 2000.

Share capital	**30/6/2017**	**30/6/2016**
Number of issued stock units	637,508,148	637,276,493
Number of issued stock units (excluding subsidiary holdings)	615,796,148	615,564,493
Number of subsidiary holdings	21,712,000	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	3.41%	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 June 2017, the Company's issued and paid-up ordinary share capital excluding treasury shares was 637,508,148 ordinary stock units (31 December 2016: 637,452,462).

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.

There were no sales, transfers, cancellation and/or use of 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 6 months ended 30 June 2017 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 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 2nd quarter ended 30 June 2017, 2nd quarter ended 30 June 2016 and the 6 months ended 30 June 2016 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 August 2017 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

Other than as mentioned in Paragraph 5 regarding the adoption of amendments to Financial Reporting Standards (FRS), 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 2016.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and effect of, the change.

The Group adopted the amendments to the FRS that are effective for annual financial periods beginning on or after 1 January 2017.

Amendments to FRS 7 Disclosure Initiative

The adoption of the above amendments to the FRS did not result in any substantial change to the Group's accounting policies or any significant impact on the financial statements.

6 Earnings per stock unit (cents)

	3 months ended		**6 months ended**	
	30/6/2017	30/6/2016	**30/6/2017**	30/6/2016
(a) Basic*:	**7.1**	0.4	**8.4**	1.5
(b) Diluted**:	**7.1**	0.4	**8.4**	1.5
Continuing operations				
(a) Basic*:	**7.1**	1.8	**8.4**	3.2
(b) Diluted**:	**7.1**	1.8	**8.4**	3.2
(c) Weighted average number of stock units used in the computation of basic earnings per stock unit	**637,508,148**	637,276,493	**637,508,148**	637,252,548
(d) Weighted average number of stock units used in the computation of diluted earnings per stock unit	**637,514,461**	637,309,844	**637,514,415**	637,294,887

* 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**	
	30/6/2017	31/12/2016	**30/6/2017**	31/12/2016
Net asset per ordinary stock unit based on the total number of issued shares	**$3.02**[(1)]	$3.06[(1)]	**$2.49**	$2.53

(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

Q2 2017 compared with Q2 2016

Revenue increased 9% to $121.9 million in Q2 2017 from $111.7 million in Q2 2016. This was mainly due to higher revenue from sales of property units in China. As a result, gross profit increased 2% to $47.2 million in Q2 2017.

Interest income increased to $0.8 million in Q2 2017 from $0.3 million in Q2 2016 mainly due to higher interest income from fixed deposits.

Other income increased to $46.2 million in Q2 2017 from $5.3 million in Q2 2016 mainly due to revaluation gains of $45.4 million from the Group's investment properties, which was partially offset by the absence of a gain of $3.9 million recorded in Q2 2016 in relation to the disposal of an available-for-sale financial asset.

Finance costs decreased 41% to $5.3 million in Q2 2017 from $9.0 million in Q2 2016 mainly due to lower borrowings.

Other expenses increased to $9.1 million in Q2 2017 from $1.4 million in Q2 2016 mainly due to impairment loss in relation to *Shenyang Orchard Summer Palace* project.

Share of profit from equity-accounted associates and joint ventures increased 29% to $1.7 million in Q2 2017 from $1.3 million in Q2 2016. The higher share of profit in Q2 2017 was mainly due to higher contribution from the overseas associates.

Income tax expense increased to $5.9 million in Q2 2017 from $0.1 million in Q2 2016. The higher income tax expense in Q2 2017 was mainly due to higher losses incurred by certain overseas subsidiaries which were not available for group relief. The lower income tax expense in Q2 2016 was mainly due to the write-back of over provision of prior years' income tax.

6 months 2017 (6M 2017) compared with 6 months 2016 (6M 2016)

Revenue decreased 13% to $223.3 million in 6M 2017 from $256.5 million in 6M 2016 mainly due to lower revenue from property development following the completion of *Eight Riversuites* in 2016. As a result, gross profit decreased 6% to $92.0 million in 6M 2017.

Interest income increased to $1.6 million in 6M 2017 from $0.7 million in 6M 2016 mainly due to higher interest income from fixed deposits.

Other income increased to $47.1 million in 6M 2017 from $6.4 million in 6M 2016 mainly due to revaluation gains of $45.4 million from the Group's investment properties, which was partially offset by the absence of a gain of $3.9 million recorded in 6M 2016 in relation to the disposal of an available-for-sale financial asset.

Finance costs decreased 39% to $11.7 million in 6M 2017 from $19.1 million in 6M 2016 mainly due to lower borrowings.

Other expenses increased to $11.2 million in 6M 2017 from $2.9 million in 6M 2016 mainly due to impairment loss in relation to *Shenyang Orchard Summer Palace* project.

Share of profit from equity-accounted associates and joint ventures decreased 24% to $2.2 million in 6M 2017 from $2.9 million in 6M 2016 mainly due to lower contribution from the overseas associates and joint ventures.

Income tax expense increased to $7.5 million in 6M 2017 from $1.6 million in 6M 2016. The higher income tax expense in 6M 2017 was mainly due to higher losses incurred by certain overseas subsidiaries which were not available for group relief. The lower income tax expense in 6M 2016 was mainly due to the write-back of over provision of prior years' income tax.

The Group's attributable profit on continuing operations increased to $45.3 million in Q2 2017 from $11.2 million in Q2 2016. For 6M 2017, attributable profit on continuing operations increased to $53.6 million in 6M 2017 from $20.7 million in 6M 2016.

Financial position review

- Current trade and other receivables decreased by $123 million mainly due to the collection of balance receivables from *Eight Riversuites* project upon obtaining the Certificate of Statutory Completion.

- Total borrowings decreased by $341 million mainly due to:

  - the repayment of the $250 million 4.2% p.a. fixed rate notes previously issued pursuant to the $500 million Multicurrency Medium Term Note Programme; and
  - the partial repayment of bank loan by a subsidiary.

Cash flow review

As at 30 June 2017, the Group had cash and cash equivalents of $327 million. In 6M 2017, the Group received approximately $116 million mainly from the collection of remaining receivables upon obtaining the Certificate of Statutory Completion for *Eight Riversuites* project. Separately, the Group utilised $74 million for dividend payments and $533 million for the repayment of external borrowings. Apart from the above, the Group's components of cash flow and changes in these components from 31 December 2016 to 30 June 2017 were mainly due to the Group's other ongoing operations.

Operation review

Property Rental & Hospitality

Revenue decreased 2% to $32.8 million in Q2 2017 from $33.3 million in Q2 2016 and 2% to $65.6 million in 6M 2017 from $67.2 million in 6M 2016. Operating profit before interest increased 176% to $59.6 million in Q2 2017 from $21.6 million in Q2 2016 and increased 93% to $76.8 million in 6M 2017 from $39.7 million in 6M 2016 mainly due to revaluation gains from the Group's investment properties. The higher operating profit was partially offset by lower contribution from *UE Bizhub Tower* and *UE Bizhub West* as well as the absence of a gain of $3.9 million recorded in Q2 2016 in relation to the disposal of an available-for-sale financial asset.

Property Development

Revenue increased 145% to $18.6 million in Q2 2017 from $7.6 million in Q2 2016 mainly due to higher revenue from the China's operations. Revenue decreased 48% to $26.8 million in 6M 2017 from $51.3 million in 6M 2016 mainly due to lower revenue recognition from the property sales at *Eight Riversuites*. Operating loss before interest increased 200% to $10.8 million in Q2 2017 from $3.6 million in Q2 2016 and 245% to $13.8 million in 6M 2017 from $4.0 million in 6M 2016 mainly due to impairment loss on *Shenyang Orchard Summer Palace* project and lower profit contribution from *Eight Riversuites*.

Engineering & Distribution

Revenue increased 4% to $35.0 million in Q2 2017 from $33.5 million in Q2 2016 mainly due to higher revenue from the system integration business in Malaysia which was in turn, partially offset by lower distribution revenue. Despite higher revenue from the Engineering division, revenue for 6M 2017 decreased 2% to $62.8 million from $64.0 million in 6M 2016 mainly due to reduction in distribution revenue. Operating profit before interest decreased 44% to $1.4 million in Q2 2017 from $2.5 million in Q2 2016 and 53% to $2.2 million in 6M 2017 from $4.7 million in 6M 2016 mainly due to lower profit contribution from the Distribution division.

Manufacturing

Revenue decreased 5% to $20.9 million in Q2 2017 from $22.1 million in Q2 2016 and 5% to $42.2 million in 6M 2017 from $44.5 million in 6M 2016. Operating profit before interest decreased 26% to $1.4 million in Q2 2017 from $1.9 million in Q2 2016 and 41% to $2.2 million in 6M 2017 from $3.7 million in 6M 2016 mainly due to lower revenue and foreign exchange loss.

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 Q2 2017 results are in line with the statement made in paragraph 10 of the Company's Q1 2017 results announcement on 12 May 2017.

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.

Global economic and geopolitical uncertainties may continue to weigh on the sentiment of the property market in Singapore amidst early signs of an inflexion in the office and residential markets. Hence, the Group is likely to face some downward pressure on rental income in Singapore. The Group's China Property division continues to operate in challenging conditions against the backdrop of slower economic growth and patchy recovery in the property market in Shenyang, Liaoning Province. Nonetheless, Chengdu Orchard Villa Phase 4 development which is almost fully sold will contribute to the Group's performance over the next 12 months.

Subsequent event

On 13 July 2017, United Overseas Bank Limited ("UOB"), for and on behalf of Yanlord Perennial Investment (Singapore) Pte. Ltd. (the "Offeror") announced that:

(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) the mandatory unconditional cash offer to be made by the Offeror pursuant to the chain principle 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 $2.07 per ordinary share.

On 1 August 2017, UOB, for and on behalf of the Offeror, issued the formal document in relation to the UEL Ordinary Share Offer and the UEL Preference Share Offer.

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

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.

13 <u>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.</u>

The Company has obtained a general mandate from shareholders for interested person transactions (IPTs) at the Annual General Meeting held on 25 April 2017. There was no IPT with amount exceeding $100,000 for the period ended 30 June 2017.

14 <u>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).</u>

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
Tan Swee Hong
Secretary
11 August 2017

Confirmation by the Board

We, Tan Ngiap Joo and Norman Ip Ka Cheung, 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 Q2 2017 and 6M 2017 financial results to be false or misleading in any material aspect.

On behalf of the Board,

………………………………………………	………………………………………………
TAN NGIAP JOO	NORMAN IP KA CHEUNG
Chairman	Group Managing Director

Responsibility Statement

The directors of the Company (including those who 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 and the Offer Document), 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 5

REPORT FROM THE AUDITOR IN RESPECT OF THE 6M2017 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 six months ended 30 June 2017

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 June 2017 and the related interim condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-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 FRS 34 *Interim Financial Reporting* (FRS 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 FRS 34.

Ernst & Young LLP
Public Accountants and Chartered Accountants
Singapore

11 August 2017

APPENDIX 6

REPORT FROM THE IFA IN RESPECT OF THE 6M2017 RESULTS

SAC CAPITAL

SAC Capital Private Limited
1 Robinson Road #21-02 AIA Tower Singapore 048542
Tel: (65) 6221 5590 Fax: (65) 6221 5597
Business Registration No.: 200401542N

11 August 2017

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 UNITED OVERSEAS BANK LIMITED, FOR AND ON BEHALF OF YANLORD PERENNIAL INVESTMENT (SINGAPORE) PTE. LTD. (THE "OFFEROR"), FOR THE ORDINARY OFFER SHARES AND THE MANDATORY UNCONDITIONAL CASH OFFER BY UNITED OVERSEAS BANK LIMITED, FOR AND ON BEHALF OF THE OFFEROR, FOR THE PREFERENCE OFFER SHARES (COLLECTIVELY, THE "OFFERS")

On 13 July 2017, United Overseas Bank Limited 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 unit in the capital of United Engineers Limited (the "**Company**") (the "**Ordinary Shares**"), other than those 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 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 statement of the Company and its subsidiaries (collectively, the "**Group**") for the 6 months ended 30 June 2017 (the "**6M2017 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 August 2017 prepared by Ernst & Young LLP, the auditors of the Company, to the board of directors of the Company (the "**Directors**") on the 6M2017 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 6M2017 Results.

Based on the above, we are of the opinion that the 6M2017 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	Lau Sze Mei
Executive Director	Senior Manager

Integrity Trust Confidence Progressive

APPENDIX 7

SIGNIFICANT ACCOUNTING POLICIES OF THE GROUP FOR FY2016

The significant accounting policies of the Group have been extracted from the Company's annual report for FY2016 and are set out below:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on SGX-ST will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

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

	Effective date (Annual periods beginning on or after)
Amendments to FRS 7 Disclosure Initiative	1 January 2017
FRS 109 Financial Instruments	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116 Leases	1 January 2019

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below.

<u>FRS 115 Revenue from Contracts with Customers</u>
FRS 115 establishes a five-step model to account for revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standards will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Standards issued but not yet effective *(continued)*

FRS 115 Revenue from Contracts with Customers *(continued)*
During 2016, the Group performed a preliminary assessment of FRS 115 which is subject to changes arising from a more detailed on-going analysis. Based on the preliminary assessment, the Group expects the following area that is likely to be affected:

Variable consideration
Some contracts with customers provide trade discounts or volume rebates. Currently, the Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates. Such provisions give rise to variable consideration under FRS 115, and will be required to be estimated at contract inception. FRS 115 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The Group continues to assess individual contracts to determine the estimated variable consideration and related constraints. The Group expects that application of such constraints may result in some revenue being deferred but does not expect the impact to be material to the Group.

The Group plans to adopt the new standard on the required effective date.

FRS 109 Financial Instruments
FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

For equity securities, the Group will continue to measure its currently available-for-sale equity securities at fair value through other comprehensive income. The Group does not expect any significant impact arising from the change.

The Group expects to apply the simplified approach and record lifetime expected losses on trade receivables and will peform a more detailed assessment and analysis to determine the extent of impact of the new standard.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group does not expect a significant change to the classification and measurement basis arising from adopting the new classification and measurement model under FRS 109.

FRS 116 Leases
FRS 116 requires lessees to recognise most leases on statements of financial position to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Basis of consolidation and business combinations *(continued)*

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 in accordance with FRS 39 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. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.12(a). 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.

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 recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific revenue criteria must also be met before revenue is recognised:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Revenue recognition *(continued)*

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

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.

Contract revenue
Revenue from construction contracts is recognised on the percentage of completion method. Further details can be found in Note 2.18.

Rendering of services
Revenue from services rendered is recognised upon services performed.

Sale of development property held for sale
A development property held for sale is regarded as sold when the significant risks and rewards have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

Where development property is under construction and agreement has been reached to sell such property when construction is complete, the directors consider whether the contract comprises:
- A contract to construct a property; or
- A contract for the sale of completed property.

a) Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

b) Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer (i.e. revenue is recognised using the completion of construction method).

   i) If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the buyer, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses.

   ii) In Singapore context, INT FRS 115 includes an accompanying note on application of INT FRS 115 in Singapore which requires the percentage of completion method of revenue recognition to be applied to sale of private residential properties in Singapore prior to completion of the properties that are regulated under the Singapore Housing Developers (Control and Licensing) Act (Chapter 130) and uses the standard form of sale and purchase agreements (SPAs) prescribed in the Housing Developers Rules.

In the above situations (i) and (ii), the percentage of work completed is measured based on the costs incurred up until the end of the reporting periods as a proportion of total costs expected to be incurred.

Service concession arrangement
Revenue relating to construction services under a service concession arrangement is recognised based on the stage of completion of the work performed, consistent with the Group's accounting policy on recognising revenue on construction contracts (refer to Note 2.18). Operation or service revenue is recognised in the period in which the services are provided by the Group. When the Group provides more than one service in a service concession arrangement, the consideration received is allocated by reference to the relative fair values of the services delivered.

Revenues from services rendered in respect of water and medical waste treatment concession arrangements are recognised by reference to the unit price and quantity of water and medical waste treated respectively. Unit price is stated in each contract. Quantity of water and medical waste treated is measured according to the contract. Any losses are provided for as and when they become known.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Revenue recognition *(continued)*

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

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.

Equity compensation benefits
The Company also operates 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 are exercised, the proceeds received net of any transaction costs are 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 date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 Foreign currencies *(continued)*

(a) *Transactions and balances* (continued)
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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Income taxes *(continued)*

Deferred tax (continued)
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be 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.

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 2.25. 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.

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 FRS 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.

2.12 Intangibles

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

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

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12 Intangibles *(continued)*

a) *Goodwill (continued)*
Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.8.

Goodwill and fair value adjustments which arose on acquisitions of foreign operations before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the rates prevailing at the date of acquisition.

b) *Other intangible assets*
Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, they are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over their estimated useful lives. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are tested for impairment annually. Such intangible assets are not amortised.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

(i) *Concession rights*
The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure whether acquired or self-constructed by the Group. Intangible assets received as consideration for providing construction services in a service concession arrangement are measured at fair value upon initial recognition, estimated by reference to the fair value of the construction services provided. When the Group receives an intangible asset and a financial asset as consideration for providing construction services in a service concession arrangement, the Group estimates the fair value of intangible assets as the difference between the fair value of the construction services provided and the fair value of the financial asset received.

The estimated useful life of an intangible asset in a service concession arrangement is the period when it is available for use to the end of the concession period.

(ii) *Distributorship and dealership rights*
The distributorship and dealership rights acquired in business combinations are carried at fair values at the date of acquisition, and amortised over a straight-line basis over the period of the expected benefits, which is estimated at 15 to 20 years.

(iii) *Development cost and technical know-how*
Development costs are recognised in the income statement as and when incurred except for development costs which will probably generate future economic benefits. Such development costs are recognised as intangible assets. These intangibles are stated at cost less accumulated amortisation and accumulated impairment losses. These are amortised to the income statement on a straight-line basis over a period of 5 to 10 years or their estimated useful lives whichever is shorter. Technical know-how acquired in business combination is carried at fair values at the date of acquisition.

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

(v) *Others*
This comprises the licence fees for trademark, software and marketing rights which are amortised on a straight-line basis over the respective licence periods/economic useful life.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13 Subsidiaries, associates and joint ventures *(continued)*

Joint Venture (continued)
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 loans and receivables under FRS 39. The accounting policy for this category of financial asset is stated in Note 2.15.

2.14 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 condition 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.

2.15 Financial assets

Initial recognition and measurement
Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement
The subsequent measurement of financial assets depends on their classifications as follows:

a) *Financial assets at fair value through profit or loss*
Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivative, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets (including exchange differences, interest and dividend income) are recognised in the income statement.

b) *Held-to-maturity investments*
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Investments intended to be held for an undefined period are not included in this classification. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the income statement when the held-to-maturity investments are derecognised or impaired, as well as through the amortisation process.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Financial assets *(continued)*

Subsequent measurement (continued)

c) *Loans and receivables*
Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

d) *Available-for-sale financial assets*
Available-for-sale financial assets are financial assets that are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in 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 derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

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 is recognised in the income statement.

Regular way purchase or sale of a financial asset
All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.16 Impairment of financial assets

The Group assesses at each reporting period whether there is any objective evidence that a financial asset is impaired.

Assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly in the income statement or if an amount was charged to the allowance account, the amounts charged to the allowance account are written-off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

Assets carried at cost
If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Available-for-sale financial assets
Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.16 Impairment of financial assets *(continued)*

Available-for-sale financial assets (continued)
If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from other comprehensive income and recognised in the income statement. Reversals of impairment losses in respect of equity instruments classified as available-for-sale are recognised in other comprehensive income. Reversals of impairment losses on debt instruments are recognised in the income statement, if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

2.17 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 date 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.

2.18 Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period, when the outcome of a construction contract can be estimated reliably. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred. An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract.

Revenue arising from fixed price contracts is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to professional surveys of work performed.

Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred plus a percentage of the contract fee earned during the year. Percentage of the contract fee earned is measured by the proportion that the costs incurred to-date bear to the estimated total costs of the contract. Only costs that reflect services performed are included in the estimated total costs of the contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 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.

2.20 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.

2.21 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.21 Borrowings *(continued)*

Convertible bonds (continued)
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.

2.22 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. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

2.23 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.

2.24 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.24 Leases *(continued)*

As lessee (continued)
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.

2.25 Borrowing costs

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

2.26 Derivative financial instruments

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. 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 35.

2.27 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.

2.28 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.28 Contingencies *(continued)*

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.

2.29 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.

2.30 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 and 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 39.

2.31 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.

2.32 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.

2.33 Non-current assets and disposal group held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

In the income statement of the previous year, all income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the income statement.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.34 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 2016 are $31,679,000 (2015: $34,976,000), $75,188,000 (2015: $80,388,000) and $46,162,000 (2015: $61,981,000) 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 FRS 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.

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 2016 was $43,208,000 (2015: $170,683,000). 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% (2015: 1%) variance in the Group's profit before tax from continuing operations for the financial year.

Impairment of loans and receivables
The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables with impairment indicators at the end of the reporting period is disclosed in Note 21 to the financial statements. If the present value of estimated future cash flows of receivables that are past due but not impaired and those that are impaired, varies by 5% from management's estimates, the Group's allowance for impairment will increase by $826,000 (2015: $1,413,000).

Provision for rental top-up
The Group recognises a provision for rental top-up in connection with UE BizHub EAST as disclosed in Note 28. 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 net operating expenses. These estimates are based on present obligations under the contract and local market conditions existing at the end of each reporting date. 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 $3,610,000 (2015: $4,303,000) higher.

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 property
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 2016. 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 date.

The key methodology used for valuing investment property is set out in Note 13.

APPENDIX 8

RELEVANT EXTRACTS FROM THE COMPANY'S CONSTITUTION

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) The rights of Shareholders in respect of capital

(a) Memorandum of Association

"5. ... 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 $7^1/_2$ per cent per annum on the capital credited as paid up in respect of such shares and

(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 and

(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 clause (A)(ii) of this paragraph) 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:-

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.

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.

6. The said capital may from time to time be increased or reduced and the whole or part of the increased capital or of the capital for the time being may be divided into several classes and may have attached thereto preferential deferred qualified or special rights privileges or conditions and all or any part of the share capital for the time being may be issued as fully or partly paid up but except as provided by the next following clause hereof not so as to prejudice the preferential rights for the time being attached to the preference shares in the initial capital.

7. (i) If at any time the share capital is divided into different classes of shares all or any part of the rights or privileges attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may whether or not the Company is being wound up be affected altered or modified or dealt with in any manner with the consent in writing of the holders of 3/4ths of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of the Articles of Association relating to general meetings shall apply but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of the class present in person or by proxy may demand a poll and if at any adjourned meeting a quorum is not present within half an hour from the time appointed for such adjourned meeting the members present shall form a quorum.

(ii) Neither an increase in the ordinary share capital of the Company nor the issue of any such increased capital shall be deemed to affect alter modify deal with or prejudice any of the rights or privileges attached to the said cumulative preference shares or to require any such consent on the part of the holders of such preference shares or any such sanction of a resolution passed at a separate meeting thereof as aforesaid."

(b) Articles of Association

"5. The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act. *Treasury Shares.*

6. Save to the extent permitted by the Act none of the funds of the Company or of any subsidiary thereof shall be directly or indirectly employed in the purchase or subscription of or in loans upon the security of the Company's shares. *Prohibition of dealing in its own shares.*

7. Subject to the Act and these Articles, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to Article 48, and to any special rights attached to any shares for the time being issued the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit and with full power to give to any person the call of any shares as the Directors may determine and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, provided always that: *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 Article 48(1) 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 Article 48(2), shall be subject to the approval of the Company in General Meeting.

8. (1) The rights attached to shares issued upon special conditions shall be clearly defined in the Memorandum of Association or these Articles. Preference shares may be issued subject to such limitation thereof as may be prescribed by any stock exchange upon which shares in the Company may be listed. Preference shareholders will be deemed to have the same rights as ordinary shareholders as regards the receiving of notices, reports and balance sheets and the attending of General Meetings of the Company and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears. *Rights attached to certain shares.*

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

9. If at any time the share capital is divided into different classes, subject to the provisions of the Act, preference capital (other than redeemable preference capital) may be repaid and the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters 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 shares of the class 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 the provisions of these Articles relating to General Meetings 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 or by attorney 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 or by attorney may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him. 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-fourths 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 Article shall apply to the variation or abrogation of the special rights attached to only some of the shares of any class as if each group of shares of the class which are differently treated formed a separate class the special rights of which are to be varied.

Repayment of preference capital and variation of rights.

10. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by these Articles as are in force at the time of such issue, be deemed to be varied by the creation or issue of further shares ranking equally therewith.

Creation or issue of further shares with special rights.

11. The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commission 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.

12. If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may, subject to the conditions and restrictions mentioned in the Act, pay interest on so much of the share capital (except treasury shares) as is for the time being paid up and may charge the same to capital as part of the cost of the construction or provision.

Power to charge interest on capital.

13. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other rights 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) person whose name is entered in the Depository Register in respect of that share.

Exclusion of equities.

14. (1) The Company shall not be bound to register more than three persons as the registered joint holders of any share except in the case of executors or administrators of the estate of a deceased Member. *Joint holders.*

(2) If two or more persons are entered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share any one of such persons may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of such share and such joint holders shall, subject to the provisions of the Act, be severally as well as jointly liable for the payment of all instalments and calls and interest due in respect of such share. Joint holders whose names are entered in the Register of Members or (as the case may be) the Depository Register shall be deemed to be one Member. The delivery of a certificate for a share to one of several registered joint holders shall be sufficient delivery to all such holders. *Rights and liabilities of joint holders.*

15. No person shall be recognized by the Company as having title to a fractional part of a share otherwise than as the sole or a joint holder of the entirety of such share. *Fractional part of a share.*

16. If by the conditions of allotment of any shares the whole or any part of the amount of the issue price thereof shall be payable by instalments every such instalment shall, when due, be paid to the Company by the person who for the time being shall be the holder of the share or his personal representatives, but this provision shall not affect the liability of any allottee who may have agreed to pay the same. *Payment of instalments.*

18. (1) Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within 10 market days of the closing date (or such other period as may be approved by any stock exchange upon which the shares in the Company may be listed) of any such application. 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.*

(2) Every person whose name is entered as a Member in the Register of Members shall be entitled to receive within ten market days of the closing date of any application for shares (or such other period as may be approved by any stock exchange upon which the shares in the Company may be listed) of the closing date of any application for shares or, (as the case may be) the date of lodgment of a registrable transfer, one certificate for all his shares of any one class or to several certificates in reasonable denominations each for a part of the shares so allotted or transferred. Where a Member transfers part only of the shares comprised in a certificate, the old certificate shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof. The Member shall pay to the Company a fee not exceeding $2.00 for each such new certificate or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares in the Company may be listed. *Entitlement to certificate.*

(3) Any two or more certificates representing shares of any one class held by any person whose name is entered in the Register of Members may at his request be cancelled and a single new certificate for such shares issued in lieu without charge. *Consolidation of share certificates.*

(4) If any person whose name is entered in the Register of Members shall surrender for cancellation a share certificate 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 fee not exceeding $2.00 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 any stock exchange upon which shares in the Company may be listed. *Splitting of share certificates.*

(5) 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. *Request by a joint holder.*

26. Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person. *Renunciation of allotment.*

47. Subject to the Act and these Articles and any special rights for the time being attached to any existing class of shares, all new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the same shall direct and if no direction be given, as the Directors shall determine; and in particular (but without prejudice to the generality of the foregoing) such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company or otherwise. *Rights and privileges of new shares.*

48. (1) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the listing rules of the Singapore Exchange Securities Trading Limited, all new shares shall before issue be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as nearly as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting the time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares or by reason of any other difficulty in apportioning the same) cannot, in the opinion of the Directors, be conveniently offered under this Article. *Issue of new shares to Members.*

(2) Notwithstanding Article 48(1), 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 mandate for issue of shares.*

(a) (i) issue shares in 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 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 that:

(A) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by any stock exchange upon which the Company may be listed;

(B) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the listing rules for the time being in force of any stock exchange upon which the Company may be listed (unless compliance is waived by such stock exchange) and these Articles; and

(C) (unless previously revoked or varied by the Company in General Meeting), such authority conferred by the Ordinary Resolution shall not continue 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 is required to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

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

50. The Company may by Ordinary Resolution: *Power to consolidate, subdivide and convert shares.*

(a) consolidate and divide all or any of its shares;

(b) subdivide its shares or any of them (subject, nevertheless, to the provisions of the Act), and so that the resolution whereby any share is subdivided may determine that, as between the holders of the shares resulting from such subdivision, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to new shares; and

(c) subject to the provisions of these Articles and the Act, convert any class of shares into any other class of shares.

51. (1) *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.*

(2) *The Company may, subject to and in accordance with the Act, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share that is so purchased or acquired by the Company shall unless held as treasury shares in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. 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. On the cancellation of a share as aforesaid, the rights and privileges attached to that share shall expire, and 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 buy back shares.*

52. *The Company may by Ordinary Resolution convert any paid up shares into stock and may from to time by like resolution reconvert any stock into paid up shares.* *Power to convert into stock.*

53. *The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Articles as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit but no stock shall be transferable except in such units as the Directors may from time to time determine.* *Transfer of stock.*

54. *The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose, but no such privilege or advantage (except as regards dividend and return of capital and the assets on winding up) shall be conferred by the number of stock units which would not if existing in shares have conferred that privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.* *Rights of stockholders.*

55. *All such of the provisions of these Articles as are applicable to paid up shares shall apply to stock and the words "share" and "shareholder" or similar expressions herein shall include "stock" or "stockholder".* *Interpretation.*

138. (1) *The Directors may, with the sanction of an Ordinary Resolution of the Company (including any Ordinary Resolution passed pursuant to Article 48(2)):* *Power to issue free bonus shares and capitalise profits.*

(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 Article 48(2)) such other date as may be determined by the Directors,*

in proportion to their then holdings of shares; and/or

(b) capitalise any sum not required for the payment or provision of any fixed preferential dividend, and being any part of the undivided profits in the hands of the Company, or for the time being standing to the credit of any reserve fund or reserve account of the Company and/or any sum standing to the credit of the profit and loss account or otherwise available for distribution, by appropriating the sum to be capitalised to the persons registered as holders of shares in the Register of Members or (as the case may be) 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 Article 48(2)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares and applying such sum on their behalf either in or towards paying up the amounts (if any) for the time being unpaid on any shares held by such Members respectively, or in paying up in full new shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, new shares of any other class not being redeemable shares) or debentures to be allotted and distributed and credited as fully paid up to and amongst such Members in the proportion aforesaid or partly in one way and partly in the other.

(2) The Directors may do all acts and things considered necessary or expedient to give effect to any bonus issue and/or capitalisation pursuant to Article 138(1), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise in the proportion 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.

Implementation of resolution to issue free bonus shares or capitalise profits.

139. In addition and without prejudice to the powers provided for by Article 138, the Directors shall have power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by the Company in General Meeting, and on such terms as the Directors shall think fit."

Power to issue free shares and capitalise profits and reserves for employee share-based incentive plans.

(ii) The rights of Shareholders in respect of dividends

(a) Memorandum of Association

"5. ... 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 $7^1/_2$ per cent per annum on the capital credited as paid up in respect of such shares and

(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 and ..."

(b) Articles of Association

"14. (2) If two or more persons are entered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share any one of such persons may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of such share and such joint holders shall, subject to the provisions of the Act, be severally as well as jointly liable for the payment of all instalments and calls and interest due in respect of such share. Joint holders whose names are entered in the Register of Members or (as the case may be) the Depository Register shall be deemed to be one Member. The delivery of a certificate for a share to one of several registered joint holders shall be sufficient delivery to all such holders. *Rights and liabilities of joint holders.*

27. (1) In case of the death of a Member whose name is entered in the Register of Members, the survivor or survivors where the deceased was a joint holder, and the executors or administrators of the deceased, where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares. *Transmission on death of Member.*

(2) In the case of the death of a Member who is a Depositor, the survivors or survivor where the deceased is a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased Member, shall be the only persons recognised by the Company as having any title to his interest in the shares. *Transmission on death of Depositor.*

(3) Nothing in this Article shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him. *No release.*

28. *Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register of Members may (subject as hereinbefore provided), upon producing such evidence of his legal title to the share as the Directors shall require, be registered himself as holder of the share upon giving to the Company notice in writing of such his desire or transfer such share to some other person. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by executing to that person a transfer of the legal title in the share. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the person whose name is entered in the Register of Members had not occurred and the notice or transfer were a transfer executed by such person.*

Persons becoming entitled on death or bankruptcy of Member may be registered.

29. *Save as otherwise provided by or in accordance with these Articles, a person becoming entitled to a share pursuant to Article 27(1) or (2) or Article 28 (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages to which he would be entitled if he were the 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 unregistered executors and trustees.

36. *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 payments in advance of calls shall extinguish (so far as the same shall extend) the liability upon the shares in respect of which it is made, and upon the moneys so received or so much thereof as from time to time exceeds the amount of the calls then made upon the shares concerned, the Company may pay interest at such rate not exceeding eight per cent (8%) per annum as the Member paying such sum and the Directors agree upon. Capital paid on shares in advance of calls shall not whilst carrying interest confer a right to participate in profits.*

Payment in advance of calls.

125. *The Company may by Ordinary Resolution declare dividends but (without prejudice to the powers of the Company to pay interest on share capital as hereinbefore provided) no dividend shall be payable except out of the profits of the Company, or in excess of the amount recommended by the Directors.*

Payment of dividends.

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 shall be paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and*

(b) *all dividends shall be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.*

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

127. If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may pay the fixed preferential dividends on any class of shares carrying a fixed preferential dividend expressed to be payable on a fixed date on the half-yearly or other dates (if any) prescribed for the payment thereof by the terms of issue of the shares, and subject thereto may also from time to time pay to the holders of any other class of shares interim dividends thereon of such amounts and on such dates as they may think fit.

Payment of preference and interim dividends.

128. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the Member (or the person entitled to the share in consequence of the death or bankruptcy of the Member) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

Waiver of dividend.

129. No dividend or other moneys payable on or in respect of a share shall bear interest against the Company.

Dividends not to bear interest.

130. The Directors may deduct from any dividend or other moneys payable to any Member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or in connection therewith.

Deductions of debts due to Company.

131. The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Retention of dividends on shares subject to lien.

132. The Directors may retain the dividends payable on shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a Member or which any person under those provisions is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same.

Retention of dividends on shares pending transmission.

133. The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any such dividend or money unclaimed after a period of six years from the date they are first payable may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividends or other moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividends or moneys against the Company if a period of six years has elapsed from the date on which such dividends or moneys first became payable.

Unclaimed dividends.

134. Subject to the rights of holders of shares with special rights as to dividend (if any), the Company may, upon the recommendation of the Directors, by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company or in any one or more of such ways, and the Directors shall give effect to such Resolution and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash 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. *Payment of dividends in specie.*

135. Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register, of the Member or person entitled thereto (or, if several persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person and such address as such Member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. Notwithstanding the foregoing provisions of this Article, 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. *Dividends payable by cheque.*

136. A transfer of shares shall not pass the right to any dividend declared on such shares before the registration of the transfer. 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." *Effect of transfer.*

(iii) The rights of Shareholders in respect of voting

(a) Memorandum of Association

"7. (i) If at any time the share capital is divided into different classes of shares all or any part of the rights or privileges attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may whether or not the Company is being wound up be affected altered or modified or dealt with in any manner with the consent in writing of the holders of 3/4ths of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of the Articles of Association relating to general meetings shall apply but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of the class present in person or by proxy may demand a poll and if at any adjourned meeting a quorum is not present within half an hour from the time appointed for such adjourned meeting the members present shall form a quorum.

(ii) Neither an increase in the ordinary share capital of the Company nor the issue of any such increased capital shall be deemed to affect alter modify deal with or prejudice any of the rights or privileges attached to the said cumulative preference shares or to require any such consent on the part of the holders of such preference shares or any such sanction of a resolution passed at a separate meeting thereof as aforesaid."

(b) Articles of Association

"8. (1) The rights attached to shares issued upon special conditions shall be clearly defined in the Memorandum of Association or these Articles. Preference shares may be issued subject to such limitation thereof as may be prescribed by any stock exchange upon which shares in the Company may be listed. Preference shareholders will be deemed to have the same rights as ordinary shareholders as regards the receiving of notices, reports and balance sheets and the attending of General Meetings of the Company and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears.

Rights attached to certain shares.

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

Power to issue further preference capital.

9. *If at any time the share capital is divided into different classes, subject to the provisions of the Act, preference capital (other than redeemable preference capital) may be repaid and the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters 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 shares of the class 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 the provisions of these Articles relating to General Meetings 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 or by attorney 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 or by attorney may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him. 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-fourths 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 Article shall apply to the variation or abrogation of the special rights attached to only some of the shares of any class as if each group of shares of the class which are differently treated formed a separate class the special rights of which are to be varied.*

Repayment of preference capital and variation of rights.

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

Routine business.

(a) *declaring dividends;*

(b) *reading, considering and adopting the balance sheet, the reports of the Directors and Auditors, and other accounts and documents required to be annexed to the balance sheet;*

(c) *appointing Auditors and fixing the remuneration of Auditors or determining the manner in which such remuneration is to be fixed; and*

(d) *appointing Directors in place of those retiring by rotation or otherwise and fixing the remuneration of the Directors.*

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

62. *No business shall be transacted at any General Meeting unless a quorum is present. Save as herein otherwise provided, the quorum at any General Meeting shall be two or more Members present in person or by proxy or by attorney or in the case of a corporation by a representative. Provided that (a) a proxy representing more than one Member shall only count as one Member for the purpose of determining the quorum; and (b) where a Member is represented by more than one proxy, such proxies shall count as only one Member for the purpose of determining the quorum.*

Quorum.

63. If within half an hour from the time appointed for the Meeting a quorum is not present, the Meeting if convened on the requisition of Members shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday, then to the next business day following that public holiday) at the same time and place, or to such other day and at such other time and place as the Directors may by not less than ten days' notice appoint, and if at such adjourned Meeting a quorum is not present within half an hour from the time appointed for holding the Meeting, the Meeting shall be dissolved. *Adjournment if quorum not present.*

64. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the Chairman of the Meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon. *Amendment of resolutions.*

65. The Chairman of the Board of Directors or, in his absence, the Deputy Chairman (if any) shall preside as chairman at every General Meeting. If there be no such Chairman or Deputy Chairman or if at any Meeting he is not present within fifteen minutes after the time appointed for holding the Meeting or is unwilling to act, the Directors present shall choose one of their number (or, if no Director is present or if all the Directors present decline to take the chair, the Members present shall choose one of their number present), to be chairman of the Meeting. *Chairman.*

66. The chairman of any General Meeting at which a quorum is present may, with the consent of the Meeting (and shall if so directed by the Meeting), adjourn the Meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place. Where a Meeting is adjourned sine die, the time and place for the adjourned Meeting shall be fixed by the Directors. When a Meeting is adjourned for thirty days or more or sine die, not less than seven days' notice of the adjourned Meeting shall be given in the like manner as in the case of the original Meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned Meeting. *Adjournment.*

67. At any General Meeting a resolution put to the vote of the Meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded: *Method of voting.*

(a) by the chairman of the Meeting; or

(b) by at least three Members present in person or by proxy or by attorney or in the case of a corporation by a representative and entitled to vote at the Meeting; or

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

(d) by a Member or Members present in person or by proxy or by attorney or in the case of a corporation by a representative holding not less than ten per cent (10%) of the total number of paid up shares of the Company (excluding treasury shares).

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

68. *If a poll is duly demanded (and the demand is not withdrawn) it shall be taken in such manner (including the use of ballot or voting papers) as the chairman of the Meeting may direct, and the result of a poll shall be deemed to be the resolution of the Meeting at which the poll was demanded. The chairman of the Meeting may, and if so directed by the Meeting shall, appoint scrutineers and may adjourn the Meeting to some place and time fixed by him for the purpose of declaring the result of the poll.* *Taking a poll.*

69. *If any votes are counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the voting unless it is pointed out at the same Meeting or at any adjournment thereof and not in any case unless it shall in the opinion of the chairman of the Meeting be of sufficient magnitude.* *Votes counted in error.*

70. *In the case of equality of votes, whether on a show of hands or on a poll, the chairman of the Meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.* *Chairman's casting vote.*

71. *A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the Meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately.* *Time for taking a poll.*

72. *The demand for a poll shall not prevent the continuance of a Meeting for the transaction of any business, other than the question on which the poll has been demanded.* *Continuance of business after demand for a poll.*

73. *Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Article 5, each Member entitled to vote at a General Meeting may vote in person or by proxy or by attorney or in the case of a corporation by a representative. On a show of hands every Member who is present in person or by proxy or by attorney or in the case of a corporation by a representative shall have one vote (provided that in the case of a Member who is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the Chairman of the Meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands), and on a poll, every Member who is present in person or by proxy or by attorney or in the case of a corporation by a representative shall have one vote for every share which he holds or represents. For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company.* *Voting rights of Members.*

74. *Where there are joint holders of any share any one of such persons may vote and be reckoned in a quorum at any Meeting either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto and if more than one of such joint holders be so present at any Meeting that one of such persons so present whose name stands first in the Register of Members or (as the case may be) the Depository Register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.* *Voting rights of joint holders.*

75. *A Member of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorders may vote whether on a show of hands or on a poll by his committee, curator bonis or such other person as properly has the management of his estate and any such committee, curator bonis or other person may vote by proxy or attorney, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than forty-eight hours before the time appointed for holding the Meeting.* *Voting rights of Members of unsound mind.*

76. (1) *Subject to the provisions of these Articles and the Act, every Member shall be entitled to be present and to vote at any General Meeting either personally or by proxy or by attorney or in the case of a corporation by a representative and to be reckoned in a quorum in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid.* *Right to vote.*

(2) *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 by attorney or in the case of a corporation by a representative 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.* *No voting rights where calls are unpaid.*

77. *No objection shalt be raised to the qualification of any voter except at the Meeting or adjourned Meeting at which the vote objected to is given or tendered and every vote not disallowed at such Meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the Meeting whose decision shall be final and conclusive.* *Objections.*

78. *On a poll votes may be given either personally or by proxy or by attorney or in the case of a corporation by its representative and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.* *Votes on a poll.*

79. *An instrument appointing a proxy shall be in writing and:* *Appointment of proxies.*

(a) *in the case of an individual shall be signed by the appointor or by his attorney; and*

(b) *in the case of a corporation shall be either under the common seal or signed by its attorney or by an officer on behalf of the corporation.*

The signature on such instrument need not be witnessed. Where an instrument of proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney evidencing the authority of any such attorney or a duly certified copy thereof must (if not previously registered with the Company) be lodged with the instrument of proxy pursuant to Article 81, failing which the instrument may be treated as invalid. Where an instrument of proxy is signed by an officer on behalf of a corporation the Directors may, but shall not be bound to, require evidence of the authority of such officer.

80. (1) A Member may appoint not more than two proxies to attend and vote at the same General Meeting, provided that if the Member is a Depositor, the Company shall be entitled and bound: *Proxies.*

(a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at forty-eight 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 the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

(2) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy. *Instructions on proxy form.*

(3) In any case where an instrument of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument of proxy. *Proportion of shareholdings to be represented by proxies.*

(4) A proxy need not be a Member. *Proxy need not be a Member.*

81. An instrument appointing a proxy or the power of attorney or other authority, if any, must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the Meeting not less than forty-eight hours before the time appointed for the holding of the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll) to which it is to be used and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the Meeting as for the Meeting to which it relates. Provided that an instrument of proxy relating to more than one Meeting (including any adjournment thereof) having once been so delivered for the purposes of any Meeting shall not require again to be delivered for the purposes of any subsequent Meeting to which it relates. *Deposit of proxies.*

82. *An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto, and to speak at the Meeting.* *Form of proxies.*

83. *A vote given in accordance with the terms of an instrument of proxy (which for the purposes of these Articles shall also include a power of attorney) shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy, or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) at least one hour before the commencement of the Meeting or adjourned Meeting (or in the case of a poll taken otherwise than at or on the same day as the Meeting or adjourned Meeting) before the time appointed for the taking of the poll at which the proxy is used.* *Intervening death or insanity of principal not to revoke proxy.*

84. *Any corporation which is a Member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any Meeting of the Company or of any class of Members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation would exercise if it were an individual Member of the Company and such corporation shall for the purposes of these Articles (but subject to the Act) be deemed to be present in person at any such Meeting if the person so authorised is present thereat."* *Corporations acting by representatives.*

APPENDIX 9

EXTRACTS OF VALUATION REPORTS

1. Appraised Investment Properties

Extracts of the valuation reports from Colliers International Consultancy & Valuation (Singapore) Pte Ltd and Edmund Tie & Company (SEA) Pte Ltd dated 7 August 2017 and 10 August 2017 respectively in relation to the Appraised Investment Properties are set out below:

Edmund Tie & Company

VALUATION SUMMARY

Client:	UE Ville Developments Pte Ltd
Registered Proprietor:	UE Ville Developments Pte Ltd
Address:	80 Kim Yam Road Park Avenue Residences Singapore 239375
Interest Valued:	99 years leasehold commencing from 12 December 1996.
Master Plan Zoning (2014):	"Residential and Conservation" with a plot ratio of 2.8
Site Area:	1,173.7 sq.m.
Net Lettable Floor Area (as provided):	2,521 sq.m.
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.
Tenancy Details:	The property is currently used as serviced apartments.
Annual Value (2017):	S$884,400/-

Edmund Tie & Company

VALUATION SUMMARY (cont'd)

Valuation Approaches:	Direct Comparison Approach
Valuation:	**S$32,500,000/-** **(Singapore Dollars Thirty-Two Million And Five Hundred Thousand).** **This assessment is GST exclusive**
Date of Valuation:	30 June 2017

for and on behalf of
Edmund Tie & Company (SEA) Pte Ltd

Nicholas Cheng
Executive Director
Valuation Advisory
BSc (Est Mgt) MSISV
(Appraiser's Licence No: AD041-2004055B)

Jean Huang
Manager (Special Projects)
Valuation Advisory
BSc (Land Mgt) Hons MSISV
(Appraiser's Licence No: AD041-2009748D)

IMPORTANT NOTE: All data provided in this summary is wholly reliant on and must be read in conjunction with the information provided in the attached report. It is a synopsis only designed to provide a brief overview and must not be acted on in isolation.

VALUATION SUMMARY

Client:	United Engineers Limited
Registered Proprietor:	United Engineers Limited
Address:	207 / 205 River Valley Road & 81 / A / B / 83 Clemenceau Avenue UE Square Singapore 238275 / 4 & 239917 / 18 / 19 / 20
Interest Valued:	929 years leasehold commencing from 1 January 1953.
Master Plan Zoning (2014):	"Commercial and Residential" with a plot ratio of 3.9
Site Area:	32,982.3 sq.m.
Net Lettable Floor Area (as provided):	Office 28,807 sq.m. Retail 7,404 sq.m. Serviced Apartments 9,089 sq.m.

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 2 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.

VALUATION SUMMARY (cont'd)

Brief Description:

81 / A / B Clemenceau Avenue

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.

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.

Edmund Tie & Company

VALUATION SUMMARY (cont'd)

Tenancy Details: The property is currently multi-tenanted.

Annual Value (2017): S$34,230,500/-

Valuation Approaches: Capitalisation Approach & Direct Comparison Approach

Valuation: **S$722,400,000/-**
(Singapore Dollars Seven Hundred Twenty-Two Million And Four Hundred Thousand).
This assessment is GST exclusive

Date of Valuation: 30 June 2017

for and on behalf of
Edmund Tie & Company (SEA) Pte Ltd

Nicholas Cheng
Executive Director
Valuation Advisory
BSc (Est Mgt).MSISV
(Appraiser's Licence No: AD041-2004055B)

Jean Huang
Manager (Special Projects)
Valuation Advisory
BSc (Land Mgt) Hons MSISV
(Appraiser's Licence No: AD041-2009748D)

IMPORTANT NOTE: All data provided in this summary is wholly reliant on and must be read in conjunction with the information provided in the attached report. It is a synopsis only designed to provide a brief overview and must not be acted on in isolation.

Colliers International Consultancy & Valuation (Singapore) Pte Ltd
1 Raffles Place
#45-00, One Raffles Place
Singapore 048616
RCB No. 199105965E

MAIN +65 6223 2323
FAX +65 6222 4901
URL www.colliers.com

Colliers INTERNATIONAL

Valuation Certificate

Property Address	:	31 Rochester Drive PARK AVENUE ROCHESTER Singapore 138637 & 35, 37, 39 & 41 Rochester Drive ROCHESTER MALL Singapore 138639/40/41 & 138582
Our Reference	:	2017/82(A)
Valuation Prepared For	:	UE One-North Developments Pte Ltd
Purpose of Valuation	:	For corporate reporting purpose
Legal Description	:	Strata Lots U40166L, U40533K to U40535X Mukim 3 and accessory lots
Tenure	:	Leasehold 99 years less 1 day commencing 2 February 2005
Interest Valued	:	Unexpired leasehold interest in the Property
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. The development 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.
Gross Floor Area	:	As extracted from Grant of Written Permission dated 14 June 2011, the Gross Floor Area is as follows:- Hotel GFA : 18,881.05 sm Commercial GFA : 7,998.9 sm

Strata 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

Note: Areas above exclude accessory lots

Retail Lettable Area	:	We understand that the approximate total lettable area of retail space within the Property, including the retail space within the hotel block, is 6,215.6 sm (or 66,904 sf). This area is also inclusive of the lettable area at the plaza which is approximately 205 sm (or 2,205 sf).
Year of Completion	:	Circa 2011
Condition of Property	:	Assume fairly good
Occupancy/Tenancy Brief	:	Based on the information provided, the year-to-date occupancy rates of the hotel, serviced office and retail mall are 81%, 91% and 90% respectively as at June 2017.
Master Plan Zoning (2014 Edition)	:	"White Site"
Basis of Valuation	:	Market Value on "As Is" basis and subject to existing tenancies
Valuation Approaches	:	Income Capitalisation Approach and Comparison Method (Market Approach)
Valuation Date	:	30 June 2017
Market Value	:	**S$296,000,000/-** **(Singapore Dollars Two Hundred and Ninety-Six Million Only)**

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

GSL/KN/ct

Colliers International Consultancy & Valuation (Singapore) Pte Ltd
1 Raffles Place
#45-00, One Raffles Place
Singapore 048616
RCB No. 198105965E

MAIN +65 6223 2323
FAX +65 6222 4901
URL www.colliers.com

Colliers INTERNATIONAL

Valuation Certificate

Property Address	:	79 Anson Road Singapore 079906
Our Reference	:	2017/82(B)
Valuation Prepared For	:	UE Development (Anson) Pte. Ltd.
Purpose of Valuation	:	For corporate reporting purpose
Legal Description	:	The land is designated as Lot 992X Town Subdivision 23.
Tenure	:	Estate In Perpetuity
Interest Valued	:	Freehold interest in the Property
Registered Lessee	:	UE Development (Anson) Pte. Ltd.
Brief Description	:	The Property comprises a 23-storey commercial development. It is located on the south-eastern side of Anson Road, at its junction with Palmer Road and adjoins Anson Centre. It lies at the fringe of the financial district of the republic and is within walking distance to the Tanjong Pagar MRT Station. 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.
Land Area	:	2,616.4 sm or thereabouts
Gross Floor Area	:	Approximately 26,866 sm or thereabouts *(as provided and subject to survey)*
Total Strata Area	:	The Property comprises 39 strata lots with a total strata area of 20,200 sm (including void area of 1,325 sm).
Lettable Area	:	Approximately 18,767 sm (or 202,006 sf) including 2 retail units on 1st storey owned by the MCST of the development. *(as provided and subject to survey)*
Year of Completion	:	Circa 1992

Condition of Property	:	Assume fairly good
Occupancy/Tenancy Brief	:	We understand that the Property is about 87% leased.
Master Plan Zoning (2014 Edition)	:	"Commercial" at plot ratio 8.4+ with a maximum height of up to 35 storeys
Basis of Valuation	:	Market Value on "As Is" basis and subject to existing tenancies
Valuation Approaches	:	Income Capitalisation Approach and Comparison Method (Market Approach)
Valuation Date	:	30 June 2017
Market Value	:	**S$431,000,000/-** **(Singapore Dollars Four Hundred Thirty-One Million Only)**

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

GSL/KN/ct

Colliers International Consultancy & Valuation (Singapore) Pte Ltd
1 Raffles Place
#45-00, One Raffles Place
Singapore 048616
RCB No. 198105965E

MAIN +65 6223 2323
FAX +65 6222 4901
URL www.colliers.com

Colliers INTERNATIONAL

Valuation Certificate

Property Address	:	450 & 452 Alexandra Road Singapore 119960/1
Our Reference	:	2017/82(C)
Valuation Prepared For	:	UE Development (Alexandra) Pte. Ltd.
Purpose of Valuation	:	For corporate reporting purpose
Legal Description	:	The land is designated as Lot 2456P Mukim 1.
Tenure	:	Estate In Fee Simple
Interest Valued	:	Freehold interest in the Property
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.
Land Area	:	17,789.5 sm or thereabouts
Gross Floor Area	:	

Address	Gross Floor Area (GFA)	
	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 of Property	:	Assume average
Occupancy/Tenancy Brief	:	We understand that the industrial building is fully leased while the office building is currently vacant.
Master Plan Zoning (2014 Edition)	:	450 Alexandra Road is zoned "Commercial" with a plot ratio of 2.8 whilst 452 Alexandra Road is zoned "Business 1" with a plot ratio of 2.5.
Basis of Valuation	:	Market Value on "As Is" basis and subject to existing tenancy
Valuation Approaches	:	Income Capitalisation Approach and Comparison Method (Market Approach)
Valuation Date	:	30 June 2017
Market Value	:	**S$406,000,000/-** **(Singapore Dollars Four Hundred and Six Million Only)**

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

GSL/KN/cl

2. Appraised Properties held for Sale

Extracts of the valuation reports from Yinxin Appraisal Co., Ltd. dated 8 August 2017 in relation to the Appraised Properties held for Sale, and English translations of such extracts, are set out below:

银信资产评估有限公司
地　址：上海市九江路69号2F
电　话：021-63391088
传　真：021-63391116　邮　编：200002

沈阳夏宫房地产开发有限公司
部分房地产价值评估咨询报告书

银信评咨字（2017）沪第217-2号

摘　要

以下内容摘自评估咨询报告书，欲了解本评估项目的全面情况，应认真阅读评估咨询报告书全文。

本公司——银信资产评估有限公司接受上海维星企业管理有限公司委托，本着客观、独立、公正、科学的原则，按照公认的评估方法，对因部分股权转让事宜所涉及的华新国际公司下属房地产项目公司的部分房地产价值进行了评估。本公司评估人员按照必要的评估程序对委托评估的资产实施了实地查勘及市场调查，对委估房地产截止2017年6月30日所表现的资产价值作出了公允反映。现将评估情况及评估结果报告如下：

评估对象和范围：本次评估的对象为沈阳夏宫房地产开发有限公司所拥有的部分房地产价值；评估范围为沈阳夏宫房地产开发有限公司在评估基准日2017年6月30日的部分房地产（详见评估结果明细表），账面净值为人民币1,837,036,695.28元。

评估基准日：2017年6月30日

评估目的：为股权转让事宜涉及的部分委估房地产提供价值咨询意见。

因新加坡联合工程有限公司部分股权转让事宜，委托方欲了解华新国际公司下属房地产项目公司的部分房地产价值，为此需对所涉及的部分房地产进行清查和评估，以给委托方提供价值咨询意见。

评估方法：假设开发法。

评估结论：评估人员根据评估目的，遵循评估原则，认真分析现有的资料和影响房地产价格的市场因素，采用上述评估方法对委估资产进行估算，确定评估对象于评估基准日的股权价值评估中的房地产价值为人民币2,162,049,000.00元。

评估结果汇总如下：

评估结果汇总表

评估基准日：2017年6月30日　　　　金额单位：人民币万元

公司名称	项目名称	账面值 A	评估值 B	增减额 C=B-A	增减率% D=C/A
沈阳夏宫房地产开发有限公司	1号办公楼	56,075.15	216,204.90	32,501.23	17.69%
	2号楼酒店式公寓	44,588.26			
	3号商场	37,031.76			
	4-8号楼住宅	46,008.50			
小计		183,703.67	216,204.90	32,501.23	17.69%

本函仅为本咨询报告结果之摘要，请仔细阅读报告全文以了解评估详情。

银信资产评估有限公司

2017年8月8日

Yinxin Appraisal Co., Ltd.
Add.: 2F, 69 Jiujiang Road, Shanghai
Tel.: 021-63391088
Fax: 021-63391116
P.C.: 200002

Advisory Report on the Appraisal of Partial Real Estate of Shenyang Summer Palace Property Development Co., Ltd.

YXPZZ (2017) No: Shanghai 217-2

Abstract

The following contents are abstracted from the advisory report on real estate appraisal. If you would like to acknowledge the overall situation of the appraisal project, please read the full text of the advisory report thoroughly.

Entrusted by Shanghai WBL Enterprise Management Co., Ltd., we, Yinxin Appraisal Co., Ltd., based on principles of being objective, independent, fair and scientific, have appraised the value of partial real estate of a real estate development company affiliated to Huaxin International, which is related to partial equity transfer. Our appraisers have conducted field investigation and market research on the assets for appraisal according to the necessary appraisal procedure, and have fairly reflected the asset value of the real estate as by 30 June 2017. The appraisal situation and results hereby are reported below:

Purpose and Scope of Appraisal:

The purpose of appraisal is the value of partial real estate owned by Shenyang Summer Palace Property Development Co., Ltd. The scope of appraisal is the partial real estate owned by Shenyang Summer Palace Property Development Co., Ltd. with the book value (RMB 1,837,036,695.28) on base date - 30 June 2017. (Refer to the Summary of Appraisal Results below)

Base Date of Appraisal:

30 June 2017

Purpose of Appraisal:

To provide advisory opinions on t he partial real estate for appraisal related to equity transfer.

Due to the partial equity transfer of United Engineers Limited, the entrusting party would like to acknowledge the value of the partial real estate of the real estate development company affiliated to Huaxin International. Therefore, we have conducted thorough investigation and appraisal on the partial real estate concerned, and hereby provided advisory opinions on the value to the entrusting party.

Method of Appraisal:
Hypothetical development method.

Results of Appraisal:
Our appraisers have conducted careful analysis into the materials available and the market factors that affect the real estate price in accordance with the purpose and principles of appraisal, and have adopted the above mentioned appraisal method to estimate the value of the assets for appraisal. We have confirmed the value of the real estate on the base day of equity appraisal to be RMB 2,162,049,000.00.

The results of appraisal are summarized below:

Summary of Appraisal Results

Base Day of Appraisal: 30 June 2017 Currency & Unit: RMB 10,000

<table>
<tr><th rowspan="2">Name of Company</th><th rowspan="2">Name of Project</th><th>Book Value</th><th>Appraised Value</th><th rowspan="2">Increase/Decrease Amount
C=B-A</th><th rowspan="2">Increase/Decrease Ratio %
D=C/A</th></tr>
<tr><th>A</th><th>B</th></tr>
<tr><td rowspan="4">Shenyang Summer Palace Property Development Co., Ltd.</td><td>No. 1 - Office Building</td><td>56,075.15</td><td rowspan="4">216,204.90</td><td rowspan="4">32,501.23</td><td rowspan="4">17.69%</td></tr>
<tr><td>No. 2 - Service Apartment</td><td>44,588.26</td></tr>
<tr><td>No. 3 – Shopping Mall</td><td>37,031.76</td></tr>
<tr><td>No. 4-8 – Residential Buildings</td><td>46,008.50</td></tr>
<tr><td colspan="2">Sub-total</td><td>183,703.67</td><td>216,204.90</td><td>32,501.23</td><td>17.69%</td></tr>
</table>

Yinxin Appraisal Co., Ltd.
Add.: 2F, 69 Jiujiang Road, Shanghai
Tel.: 021-63391088
Fax: 021-63391116
P.C.: 200002

This letter is an abstract of the result of advisory report. If you would like to acknowledge the detailed appraisal situation, please read the full text of the advisory report thoroughly.

Yinxin Appraisal Co., Ltd.
August 8, 2017

银信资产评估有限公司
地　址：上海市九江路69号4F
电　话：021-63391088
传　真：021-63391116　邮　编：200002

成都华新国际实业有限公司
部分房地产价值评估咨询报告书

银信评咨字（2017）沪第217-1号

摘　要

以下内容摘自评估咨询报告书，欲了解本评估项目的全面情况，应认真阅读评估咨询报告书全文。

本公司——银信资产评估有限公司接受上海维星企业管理有限公司委托，本着客观、独立、公正、科学的原则，按照公认的评估方法，对因部分股权转让事宜所涉及的华新国际公司下属房地产项目公司的部分房地产价值进行了评估。本公司评估人员按照必要的评估程序对委托评估的资产实施了实地查勘及市场调查，对委估房地产截止2017年6月30日所表现的资产价值作出了公允反映。现将评估情况及评估结果报告如下：

评估对象和范围：本次评估的对象为成都华新国际实业有限公司所拥有的部分房地产价值；评估范围为成都华新国际实业有限公司在评估基准日2017年6月30日的部分房地产（详见评估结果明细表），账面净值为人民币561,939,946.67元。

评估基准日：2017年6月30日

评估目的：为股权转让事宜涉及的部分委估房地产提供价值咨询意见。

因新加坡联合工程有限公司部分股权转让事宜，委托方欲了解华新国际公司下属房地产项目公司的部分房地产价值，为此需对所涉及的部分房地产进行清查和评估，以给委托方提供价值咨询意见。

评估方法：假设开发法。

银信资产评估有限公司
地　址：上海市九江路69号4F
电　话：021-63391088
传　真：021-63391116　邮　编：200002

评估结论：评估人员根据评估目的，遵循评估原则，认真分析现有的资料和影响房地产价格的市场因素，采用上述评估方法对委估资产进行估算，确定评估对象于评估基准日的股权价值评估中的房地产价值为人民币柒亿贰仟玖佰陆拾陆万肆仟捌佰元整（RMB 729,664,800.00元）。

评估结果汇总表

评估基准日：2017年6月30日　　金额单位：人民币万元

公司名称	项目名称	账面值 A	评估值 B	增减额 C=B-A	增减率% D=C/A
成都华新国际实业有限公司	存货--产成品（库存商品）	24,434.09	27,581.03	3,146.94	12.88%
	存货--开发成本	31,759.90	45,385.45	13,625.55	42.90%
小 计		56,193.99	72,966.48	16,772.49	29.85%

本函仅为本咨询报告结果之摘要，请仔细阅读报告全文以了解评估详情。

银信资产评估有限公司

2017年08月08日

Yinxin Appraisal Co., Ltd.
Add.: 2F, 69 Jiujiang Road, Shanghai
Tel.: 021-63391088
Fax: 021-63391116
P.C.: 200002

Advisory Report on the Appraisal of Partial Real Estate of Chengdu Huaxin International Realty Co., Ltd

YXPZZ (2017) No: Shanghai 217-1

Abstract

The following contents are abstracted from the advisory report on real estate appraisal. If you would like to acknowledge the overall situation of the appraisal project, please read the full text of the advisory report thoroughly.

Entrusted by Shanghai WBL Enterprise Management Co., Ltd., we, Yinxin Appraisal Co., Ltd., based on principles of being objective, independent, fair and scientific, have appraised the value of partial real estate of a real estate development company affiliated to Huaxin International, which is related to partial equity transfer. Our appraisers have conducted field investigation and market research on the assets for appraisal according to the necessary appraisal procedure, and have fairly reflected the asset value of the real estate as by 30 June 2017. The appraisal situation and results hereby are reported below:

Purpose and Scope of Appraisal:
The purpose of appraisal is the value of partial real estate owned by Chengdu Huaxin International Realty Co., Ltd. The scope of appraisal is the partial real estate owned by Chengdu Huaxin International Realty Co., Ltd. with the book value (RMB561,939,946.67) on base date - 30 June 2017. (Refer to the Summary of Appraisal Results below)

Base Date of Appraisal:
30 June 2017

Purpose of Appraisal:
To provide advisory opinions on the partial real estate for appraisal related to equity

transfer.

Due to the partial equity transfer of United Engineers Limited, the entrusting party would like to acknowledge the value of the partial real estate of the real estate development company affiliated to Huaxin International. Therefore, we have conducted thorough investigation and appraisal on t he partial real estate concerned, and hereby provided advisory opinions on the value to the entrusting party.

Method of Appraisal:

Hypothetical development method.

Results of Appraisal:

Our appraisers have conducted careful analysis into the materials available and the market factors that affect the real estate price in accordance with the purpose and principles of appraisal, and have adopted the above mentioned appraisal method to estimate the value of the assets for appraisal. We have confirmed the value of the real estate on the base day of equity appraisal to be RMB 729,664,800.00

Summary of Appraisal Results

Base Day of Appraisal: 30 June 2017 Currency & Unit: RMB 10,000

Name of Company	**Name of Project**	**Book Value**	**Appraised Value**	**Increase/Decrease Amount C=B-A**	**Increase/Decrease Ratio % D=C/A**
		A	**B**		
Chengdu Huaxin International Realty Co., Ltd	Inventory – Finished Goods (Stock Items)	24,434.09	27,581.03	3,146.94	12.88%
	Inventory – Development Cost	31,759.90	45,385.45	13,625.55	42.90%
Sub-total		56,193.99	72,966.48	16,772.49	29.85%

This letter is an abstract of the result of advisory report. If you would like to acknowledge the detailed appraisal situation, please read the full text of the advisory report thoroughly.

Yinxin Appraisal Co., Ltd.

August 8, 2017