

**CIRCULAR DATED 30 APRIL 2015**

**THIS CIRCULAR IS ISSUED BY IPC CORPORATION LTD (THE "COMPANY"). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED IN THIS CIRCULAR) AND THE ADVICE OF XANDAR CAPITAL PTE. LTD. TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.**

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

If you have sold or transferred all your issued ordinary 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 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.



**IPC CORPORATION LTD**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 198501057M)

## **CIRCULAR TO SHAREHOLDERS**

in relation to the

## **MANDATORY CONDITIONAL CASH OFFER**

by

**CIMB BANK BERHAD (13491-P)**

**Singapore Branch**

(Incorporated in Malaysia)

for and on behalf of

**OEI HONG LEONG**

to acquire all the issued and paid-up ordinary shares in the capital of IPC Corporation Ltd other than those already owned, controlled or agreed to be acquired by Oei Hong Leong

*Independent Financial Adviser to the Independent Directors of IPC Corporation Ltd*



**XANDAR CAPITAL PTE LTD**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200002789M)

**SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT THE OFFER (AS DEFINED HEREIN) WILL CLOSE AT 5.30 P.M. (SINGAPORE TIME) ON 15 MAY 2015 (SUBJECT TO THE TERMS AND CONDITIONS AS DETAILED IN THE OFFER DOCUMENT).**

---

## CONTENTS

---

	Page
<b>DEFINITIONS</b> .....	3
<b>CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS</b> .....	8
<b>INDICATIVE TIMETABLE</b> .....	9
<b>LETTER TO SHAREHOLDERS FROM THE BOARD</b>	
1. <b>INTRODUCTION</b> .....	10
2. <b>THE OFFER</b> .....	11
3. <b>FURTHER DETAILS OF THE OFFER</b> .....	14
4. <b>PROCEDURES FOR ACCEPTANCE</b> .....	14
5. <b>INFORMATION ON THE OFFEROR</b> .....	14
6. <b>RATIONALE FOR THE OFFER</b> .....	14
7. <b>THE OFFEROR’S INTENTIONS RELATING TO THE COMPANY</b> .....	15
8. <b>LISTING STATUS AND COMPULSORY ACQUISITION</b> .....	15
9. <b>DIRECTORS’ INTERESTS</b> .....	16
10. <b>ADVICE AND RECOMMENDATION</b> .....	16
11. <b>OVERSEAS SHAREHOLDERS</b> .....	18
12. <b>INFORMATION RELATING TO CPFIS INVESTORS</b> .....	19
13. <b>ACTION TO BE TAKEN</b> .....	19
14. <b>DIRECTORS’ RESPONSIBILITY STATEMENT</b> .....	20
15. <b>ADDITIONAL GENERAL INFORMATION</b> .....	20
<b>APPENDIX 1: LETTER FROM XANDAR CAPITAL TO THE INDEPENDENT DIRECTORS</b> .....	21
<b>APPENDIX 2: ADDITIONAL GENERAL INFORMATION</b> .....	45
<b>APPENDIX 3: EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF THE COMPANY</b> .....	52
<b>APPENDIX 4: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</b> .....	65
<b>APPENDIX 5: VALUATION REPORTS</b> .....	76

---

## DEFINITIONS

---

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

- “2014 Valuation Reports”** : Shall have meaning ascribed to it in paragraph 9.1 of **Appendix 2** to this Circular
- “2015 AGM”** : The AGM to be convened on 28 April 2015, notice of which is set out in the Notice of AGM dated 13 April 2015 issued by the Company
- “Acceptance Forms”** : The FAA and the FAT collectively or any one of them, as the case may be
- “Acquisition”** : Shall have the meaning ascribed to it in Section 1.1 of this Circular
- “AGM”** : The Annual General Meeting of the Company
- “Articles”** : The Articles of Association of the Company
- “Board”** : The board of directors of the Company
- “CDP”** : The Central Depository (Pte) Limited
- “CIMB”** : CIMB Bank Berhad, Singapore Branch
- “Circular”** : This circular to Shareholders dated 30 April 2015 in relation to the Offer enclosing, *inter alia*, the IFA Letter
- “Closing Date”** : **5.30 p.m. (Singapore time) on 15 May 2015 (subject to the terms and conditions as detailed in the Offer Document)**
- “Code”** : The Singapore Code on Take-overs and Mergers
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore
- “Company”** : IPC Corporation Ltd
- “Company Securities”** : (a) Shares, (b) securities which carry voting rights in the Company, and (c) convertible securities, warrants, options and derivatives in respect of any Shares or such securities which carry voting rights in the Company
- “Consolidated Shares”** : Consolidated ordinary shares in the capital of the Company after completion of the Proposed Share Consolidation
- “CPF”** : Central Provident Fund
- “CPFIS”** : Central Provident Fund Investment Scheme
- “CPFIS Investors”** : Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
- “Directors”** : The directors of the Company as at the Latest Practicable Date
- “EGM”** : The Extraordinary General Meeting of the Company
- “FAA”** : Form of Acceptance and Authorisation for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose Offer Shares are deposited with CDP

---

## DEFINITIONS

---

- “**FAT**” : Form of Acceptance and Transfer for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose Offer Shares are not deposited with CDP
- “**FY**” : The financial year ending or ended 31 December
- “**FY2014 Dividends**” : The proposed first and final one-tier tax-exempt dividend of S\$0.0025 per Share and special one-tier tax-exempt dividend of S\$0.0035 per Share
- “**FY2014 Financial Statements**” : The audited statement of financial position of the Company and consolidated financial statements of the Group for FY2014
- “**Group**” : The Company and its subsidiaries
- “**IFA**” or “**Xandar Capital**” : Xandar Capital Pte. Ltd., the independent financial adviser to the Independent Directors
- “**IFA Letter**” : The letter from Xandar Capital to the Independent Directors dated 30 April 2015, containing *inter alia*, the advice of Xandar Capital to the Independent Directors in respect of the Offer, as set out in **Appendix 1** to this Circular
- “**Independent Directors**” : The Directors who are considered independent for the purposes of making the recommendation to the Shareholders in respect of the Offer, namely, Mr. Ngiam Mia Je Patrick, Mr. Ngiam Mia Kiat Benjamin, Ms. Lauw Hui Kian, Mr. Ngiam Mia Hai Bernard, Mr. Ngiam Mia Hong Alfred, Mr. Lee Joo Hai, Mr. Lee Soo Hoon Phillip, Mr. Seah Seow Kang Steven and Mr. Lien Kait Long
- “**Interested Person**” : As defined in the Note on Rule 23.12 of the Code, an interested person is:
- (a) a director, chief executive officer, or substantial shareholder of the company;
  - (b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the company;
  - (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary;
  - (d) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more;
  - (e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or
  - (f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more

---

## DEFINITIONS

---

<b>“Latest Practicable Date”</b>	:	22 April 2015, being the latest practicable date prior to the printing of this Circular
<b>“Listing Manual”</b>	:	The Listing Manual of the SGX-ST
<b>“Memorandum”</b>	:	The Memorandum of Association of the Company
<b>“Offer”</b>	:	The mandatory conditional cash offer by CIMB, for and on behalf of the Offeror, to acquire the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT, as such offer may be amended, extended and revised from time to time by or on behalf of the Offeror
<b>“Offer Announcement”</b>	:	The announcement in relation to the Offer released by CIMB, for and on behalf of the Offeror, on the Offer Announcement Date
<b>“Offer Announcement Date”</b>	:	1 April 2015, being the date of the Offer Announcement
<b>“Offer Document”</b>	:	The document dated 17 April 2015 and any other document(s) which may be issued for and on behalf of the Offeror to amend, revise, supplement or update the document from time to time
<b>“Offer Price”</b>	:	The offer price for each Offer Share, as more particularly described in Section 2.2 of this Circular
<b>“Offer Shares”</b>	:	All the Shares to which the Offer relates, as more particularly described in Section 2.1 of this Circular
<b>“Offeror”</b>	:	Mr. Oei Hong Leong
<b>“Offeror Securities”</b>	:	(a) equity share capital; (b) securities which carry substantially the same rights as any to be issued as consideration for the offer; and (c) convertible securities, warrants, options and derivatives in respect of any Shares or such securities in (b)
<b>“PRC”</b>	:	The People’s Republic of China
<b>“Proposed Share Consolidation”</b>	:	The proposed consolidation of every ten Shares in the capital of the Company held by Shareholders at the Share Consolidation Books Closure Date into one Consolidated Share, fractional entitlements to be disregarded, as detailed in the Share Consolidation Circular
<b>“Register of Members”</b>	:	The register of members of the Company, as maintained by the Registrar
<b>“Registrar”</b>	:	Boardroom Corporate & Advisory Services Pte. Ltd.
<b>“SFA”</b>	:	The Securities and Futures Act, Chapter 289 of Singapore
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Share Consolidation Books Closure Date”</b>	:	The time and date, to be determined by the Directors, at and on which the Register of Members and Share Transfer Books of the Company will be closed to determine the entitlements of Shareholders to the Consolidated Shares under the Proposed Share Consolidation

---

## DEFINITIONS

---

“Share Consolidation Circular”	:	The circular dated 13 April 2015 issued by the Company to the Shareholders regarding the Proposed Share Consolidation
“Share Consolidation EGM”	:	The EGM to be convened on 28 April 2015, notice of which is set out in the Notice of EGM dated 13 April 2015 issued by the Company
“Share Transfer Books”	:	The share transfer books of the Company, as maintained by the Registrar
“Shareholders”	:	Holders of the Shares, including persons whose Shares are deposited with CDP or who have purchased Shares on the SGX-ST
“Shares”	:	Issued and paid-up ordinary shares in the capital of the Company
“SIC”	:	Securities Industry Council of Singapore
“Subject Properties”	:	The properties as set out in <b>Appendix 5</b> to this Circular
“Valuers”	:	Zhuhai Rongzheng Land Real Estate Assets Assessment Co. Ltd. and Assets Research and Development Inc.
“Valuation Reports”	:	Shall have meaning ascribed to it in paragraph 9.1 of <b>Appendix 2</b> to this Circular
“Valuation Update Confirmations”	:	Shall have meaning ascribed to it in paragraph 9.1 of <b>Appendix 2</b> to this Circular
“JPY”	:	Japanese Yen, being the lawful currency of Japan
“RMB”	:	PRC Renminbi, being the lawful currency of PRC
“S\$” and “cents”	:	Singapore dollars and cents, respectively, being the lawful currency of the Republic of Singapore
“%” or “per cent.”	:	Per centum or percentage

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

**Depositors, etc.** The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

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

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

**Offer Document.** References to “**Offer Document**” shall include the Acceptance Forms, unless the context otherwise requires.

**Rounding.** Any discrepancies in figures included in this Circular between amounts shown 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.

---

## DEFINITIONS

---

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

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

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

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

**Total number of issued Shares.** References in this Circular to the total number of issued Shares are based on 852,920,638 Shares in issue as at the Latest Practicable Date, unless otherwise stated.

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

---

## CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

---

### Forward-Looking Statements

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



---

## INDICATIVE TIMETABLE

---

The following are indicative dates and times for the Offer:

EVENT	DATE
Date of despatch of Offer Document	17 April 2015
Date of despatch of Offeree Circular	30 April 2015
Closing Date <sup>(1)</sup>	<b>5.30 p.m. (Singapore time) on 15 May 2015</b>
Date of settlement of consideration for Offer Shares acquired by the Offeror <sup>(2)</sup>	(a) in respect of acceptances of the Offer which are complete in all respects and are received <b>on or before</b> the date on which the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, within 10 days of that date; or  (b) in respect of acceptances of the Offer which are complete in all respects and are received <b>after</b> the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, but before the Offer closes, within 10 days of the date of such receipt.

**Notes:**

(1) Please refer to paragraph 1 of Appendix 1 to the Offer Document for further details.

(2) Please refer to paragraph 2 of Appendix 1 to the Offer Document for further details.

---

## LETTER TO SHAREHOLDERS FROM THE BOARD

---

### IPC CORPORATION LTD

(Incorporated in the Republic of Singapore)  
(Company Registration No.: 198501057M)

## LETTER TO SHAREHOLDERS FROM THE BOARD

#### Board of Directors:

Ngiam Mia Je Patrick (Executive Director, Chairman & Chief Executive Officer)  
Ngiam Mia Kiat Benjamin (Executive Director, Managing Director)  
Lauw Hui Kian (Executive Director)  
Ngiam Mia Hai Bernard (Executive Director)  
Ngiam Mia Hong Alfred (Executive Director)  
Lee Joo Hai (Independent Director)  
Lee Soo Hoon Phillip (Independent Director)  
Seah Seow Kang Steven (Lead Independent Director)  
Li Ling Xiu (Non-Independent & Non-Executive Director)  
Lien Kait Long (Independent Director)

#### Registered Office:

23 Tai Seng Drive  
#06-00, Deutsche  
Telekom Centre  
Singapore 535224

30 April 2015

To: The Shareholders of IPC Corporation Ltd

Dear Sir/Madam

### MANDATORY CONDITIONAL CASH OFFER BY CIMB, FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES

#### 1. INTRODUCTION

##### 1.1 Offer Announcement

On 1 April 2015, CIMB announced, for and on behalf of the Offeror, that the Offeror had on the same day acquired an aggregate of 6,319,200 Shares (comprising 1,400,000 Shares at S\$0.169 per Share and 4,919,200 Shares at S\$0.170 per Share) (the "**Acquisition**"). As a consequence of the Acquisition, as at the Offer Announcement Date, the Offeror owned, controlled or agreed to acquire an aggregate of 260,651,200 Shares, representing approximately 30.56% of the total number of Shares.

As a result of the Acquisition and in accordance with Rule 14 of the Code, the Offeror made the Offer.

A copy of the Offer Announcement is available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

##### 1.2 Offer Document

Shareholders should have by now received a copy of the Offer Document, setting out, *inter alia*, the terms of the Offer. **Shareholders are urged to read the terms and conditions of the Offer set out in the Offer Document carefully.**

A copy of the Offer Document is available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

##### 1.3 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Offer and to set out the recommendation of the Independent Directors and the advice of Xandar Capital to the Independent Directors in respect of the Offer.

---

## LETTER TO SHAREHOLDERS FROM THE BOARD

---

Shareholders should read the Offer Document, this Circular and the IFA Letter carefully and consider the recommendation of the Independent Directors and the advice of Xandar Capital to the Independent Directors in respect of the Offer before deciding whether to accept or reject the Offer.

### 2. THE OFFER

Based on the Offer Document, CIMB, for and on behalf of the Offeror, made the Offer to acquire all the Offer Shares in accordance with Rule 14 of the Code and on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT.

Based on the information set out in the Offer Document, a summary of the terms of the Offer is set out below.

#### 2.1 Offer Shares

Section 2.2 of the Offer Document states the following:

**“2.2 Offer Shares.**

- (a) *The Offer is extended to all the Shares other than those already owned, controlled or agreed to be acquired by the Offeror (the “Offer Shares”).*
- (b) *For the avoidance of doubt, the Offer is extended, on the same terms and conditions, to all the Shares owned, controlled or agreed to be acquired by the Concert Parties. For the purpose of the Offer, the expression “Offer Shares” shall include such Shares.*
- (c) *The Company had on 3 March 2015 announced the Proposed Share Consolidation, which is subject to the approval of Shareholders by way of an ordinary resolution at an Extraordinary General Meeting of the Company. The Company has also announced on 6 March 2015 that it has received the approval in-principle from the SGX-ST for the listing and quotation of the Consolidated Shares. For the purpose of the Offer, following the Consolidation Record Date (if the Proposed Share Consolidation is approved by Shareholders and implemented by the Company), the term “Shares” shall be taken to refer to the Consolidated Shares and the term “Offer Shares” shall be construed accordingly, unless the context otherwise requires.”*

**Shareholders should note that as at the Latest Practicable Date, the Proposed Share Consolidation is subject to Shareholders’ approval at the Share Consolidation EGM. Shareholders should refer to the Share Consolidation Circular and announcements released by the Company on the SGX-ST for further details on the Proposed Share Consolidation.**

#### 2.2 Offer Price

Section 2.3 of the Offer Document states the following:

**“2.3 Offer Price.** *The consideration for each Offer Share is as follows:*

***For each Offer Share: S\$0.170 in cash (the “Offer Price”)***

*The Offer Price stated above is on the basis that the Proposed Share Consolidation has not yet been implemented by the Company. In the event the Proposed Share Consolidation has been implemented by the Company, the consideration for each Offer Share being a Consolidated Share which is acquired by the Offeror under the Offer will be as follows:*

***For each Offer Share which is a Consolidated Share: S\$1.70 in cash (the “Adjusted Offer Price”)***

*The Adjusted Offer Price has been arrived at by multiplying the Offer Price by 10, being the ratio of the Proposed Share Consolidation.*

---

## LETTER TO SHAREHOLDERS FROM THE BOARD

---

Accordingly, assuming the Offer has become or been declared to be unconditional as to acceptances, the following will apply:

- (a) if the Offer Settlement Date falls on or before the Consolidation Record Date, the Offeror will pay the relevant Shareholders the Offer Price for such Offer Shares which are acquired by the Offeror on a pre-consolidation basis; and
- (b) if the Offer Settlement Date falls after the Consolidation Record Date, the Offeror will pay the relevant Shareholders the Adjusted Offer Price for such Offer Shares (being Consolidated Shares) which are acquired by the Offeror on a post-consolidation basis. In such event, the Offeror will not pay any additional amount in respect of any fractional entitlements of Consolidated Shares of accepting Shareholders which have been disregarded under the Proposed Share Consolidation.”

**Shareholders should note that as at the Latest Practicable Date, the Proposed Share Consolidation is subject to Shareholders’ approval at the Share Consolidation EGM. Shareholders should refer to the Share Consolidation Circular and announcements released by the Company on the SGX-ST for further details on the Proposed Share Consolidation.**

### 2.3 No Encumbrances

Section 2.4 of the Offer Document states the following:

**“2.4 No Encumbrances.** The Offer Shares are to be acquired (i) fully-paid, (ii) free from all Encumbrances, and (iii) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date, and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions (if any), the Distribution Record Date for which falls on or after the Offer Announcement Date.”

### 2.4 Adjustments for Distributions

Section 2.5 of the Offer Document states the following:

**“2.5. Adjustments for Distributions.** Without prejudice to the generality of the foregoing, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distributions, the Distribution Record Date for which falls on or after the Offer Announcement Date. **In the event of any such Distribution, the Offer Price payable to a Shareholder who validly accepts or has validly accepted the Offer shall be reduced by an amount which is equal to the amount of such Distribution as follows, depending on when the Offer Settlement Date falls:**

- (a) if the Offer Settlement Date falls on or before the Distribution Record Date, the Offeror will pay the relevant accepting Shareholders the unadjusted Offer Price of S\$0.170 in cash for each Offer Share, as the Offeror will receive the Distribution in respect of such Offer Shares from the Company; and
- (b) if the Offer Settlement Date falls after the Distribution Record Date, the Offer Price payable for such Offer Shares tendered in acceptance shall be reduced by an amount which is equal to the Distribution in respect of such Offer Shares, as the Offeror will not receive such Distribution from the Company.

*The foregoing provisions shall apply mutatis mutandis to the Adjusted Offer Price payable to accepting Shareholders in respect of Offer Shares which are Consolidated Shares.”*

---

## LETTER TO SHAREHOLDERS FROM THE BOARD

---

### 2.5 Adjustment for FY2014 Dividend

Section 2.6 of the Offer Document states the following:

**“2.6. Adjustment for FY2014 Dividend.** *As stated in the Company’s unaudited financial statements and dividend announcement for FY2014 which was announced by the Company on 2 February 2015, the directors of the Company have proposed the FY2014 Dividends. The proposed FY2014 Dividends are subject to the approval of Shareholders.*

*For purely illustrative purposes only, assuming the Offer has become or been declared unconditional as to acceptances and the Offer Settlement Date in respect of Offer Shares validly tendered by a Shareholder in acceptance of the Offer falls after the Distribution Record Date in respect of the FY2014 Dividends, the Offeror will pay such accepting Shareholder S\$0.164 for each Offer Share (or S\$1.64 for each Offer Share which is a Consolidated Share) as the Offeror will not receive the FY2014 Dividends in respect of such Offer Shares.”*

As stated in Resolution 2 of the Notice of AGM issued by the Company on 13 April 2015, the declaration of the FY2014 Dividends is subject to Shareholders’ approval at the 2015 AGM of the Company. The Company had on 13 April 2015 announced that the Share Transfer Books and Register of Members of the Company will be closed on 8 May 2015 for the purpose of determining Shareholders’ entitlements to the FY2014 Dividends and that payments of the FY2014 Dividends if approved by the Shareholders at the 2015 AGM will be made on 20 May 2015. The Distribution Record Date (as appearing in above extract from the Offer Document) in respect of the FY2014 Dividends would be 5.00 p.m. (Singapore time) on 7 May 2015.

### 2.6 Minimum Acceptance Condition

Section 2.7 of the Offer Document states the following:

**“2.7 Minimum Acceptance Condition.** *The Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and his Concert Parties (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and his Concert Parties holding such number of Shares carrying more than 50% of the voting rights attributable to the Shares (excluding any Shares held in treasury) as at the close of the Offer.*

***The Offer is unconditional in all other respects.”***

### 2.7 Warranty

Section 2.8 of the Offer Document states the following:

**“2.8 Warranty.** *A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably represent, warrant and undertake to the Offeror that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (i) fully-paid, (ii) free from all Encumbrances, and (iii) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to all Distributions (if any), the Distribution Record Date for which falls on or after the Offer Announcement Date.”*

### 2.8 Duration of the Offer

Paragraphs 1.1 and 1.2 of Appendix 1 to the Offer Document states the following:

#### **“1. DURATION OF THE OFFER**

**1.1 First Closing Date.** *The Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder. Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 15 May 2015 (the “Closing Date”).*

---

## LETTER TO SHAREHOLDERS FROM THE BOARD

---

1.2 **Subsequent Closing Date(s).** *The Offeror reserves the right to extend the Closing Date. If the Offer is extended and:*

- (a) *the Offer is not unconditional as to acceptances as at the date of such extension, the announcement of the extension must state the next Closing Date; or*
- (b) *the Offer is unconditional as to acceptances as at the date of such extension, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders at least 14 days' prior notice in writing before it may close the Offer."*

### 2.9 Revision of the Offer

Paragraph 1.6 of Appendix 1 to the Offer Document states the following:

**"1.6 Revision.** *The Offeror reserves the right to revise the terms of the Offer at such time and in such manner as it may consider appropriate. If the Offer is revised, the Offer will remain open for acceptance for at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders who had previously accepted the Offer."*

### 3. FURTHER DETAILS OF THE OFFER

The Offer is made in accordance with the terms and conditions as set out in the Offer Document, the FAA and the FAT. Further details on, *inter alia*, (a) the duration of the Offer; (b) the settlement of the consideration for the Offer; (c) the requirements relating to the announcement(s) of the level of acceptances of the Offer; and (d) the right of withdrawal of acceptances of the Offer are set out in Appendix 1 to the Offer Document.

### 4. PROCEDURES FOR ACCEPTANCE

Section 4 of the Offer Document states that Appendix 2 to the Offer Document sets out the procedures for acceptance of the Offer by a Shareholder.

### 5. INFORMATION ON THE OFFEROR

The information on the Offeror is set out in Section 5 of the Offer Document which is reproduced in *italics* below.

**"5. INFORMATION ON THE OFFEROR**

*The Offeror is a Singaporean businessman with interests in a range of industries including property development and property holding.*

*The Offeror is the Chairman of, among others, Oei Hong Leong Foundation Pte. Ltd., Oei Hong Leong Art Museum Limited and Canadian Metropolitan Properties Corporation. He is also a substantial shareholder of two publicly listed companies in Singapore.*

*The Offeror's address is c/o 1 Scotts Road, #20-05, Shaw Centre, Singapore 228208."*

### 6. RATIONALE FOR THE OFFER

The Offeror's rationale for the Offer is set out in Section 7 of the Offer Document which is reproduced in *italics* below.

**"7. RATIONALE FOR THE OFFER**

*As a result of the Acquisition as described in Section 1.1 above, the Offeror owned, controlled or agreed to acquire not less than 30% of the total number of Shares as at the Offer Announcement Date. Accordingly, the Offer is being made by the Offeror in compliance with the requirements of the Code."*



---

## LETTER TO SHAREHOLDERS FROM THE BOARD

---

### 7. THE OFFEROR'S INTENTIONS RELATING TO THE COMPANY

The Offeror's intentions relating to the Company are set out in Section 8 of the Offer Document which is reproduced in *italics* below. **Shareholders are advised to read the extract below carefully and note the Offeror's intentions relating to the Company as set out therein.**

#### **"8. THE OFFEROR'S INTENTIONS RELATING TO THE COMPANY**

*It is the intention of the Offeror that the Group will continue to develop and grow its existing business. The Offeror intends to undertake a review of the business of the Group following the close of the Offer with a view to identifying areas in which the strategic direction and operations of the Group can be enhanced. As part of the review, the Offeror may undertake an assessment of the human resource requirements of the Group in line with the future corporate direction of the Group. Additionally, the Offeror retains the flexibility at any time to consider any options in relation to the Group which may present themselves and which he may regard to be in the interests of the Company.*

*Save as disclosed above, the Offeror presently has no intentions to (a) introduce any major changes to the existing business of the Group, (b) re-deploy the fixed assets of the Group, or (c) discontinue the employment of existing employees of the Group, in each case, other than in the ordinary course of business."*

### 8. LISTING STATUS AND COMPULSORY ACQUISITION

The Offeror's intentions relating to the listing status of the Company and the compulsory acquisition of Shares are set out in Section 9 of the Offer Document which is reproduced in *italics* below.

#### **"9. LISTING STATUS AND COMPULSORY ACQUISITION**

**9.1 Listing Status and Trading Suspension.** *Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and his Concert Parties to above 90% of the total number of Shares (excluding any Shares held in treasury), the SGX-ST may suspend the trading of the Shares on the SGX-ST until it is satisfied that at least 10% of the total number of Shares (excluding any Shares held in treasury) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of Shares (excluding any Shares held in treasury), thus causing the percentage of the total number of Shares (excluding any Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.*

*In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of Shares (excluding any Shares held in treasury) 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 all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares (excluding any Shares held in treasury) in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.*

***It is the current intention of the Offeror to maintain the listing status of the Company on the SGX-ST following completion of the Offer. However, in the event that the percentage of Shares (excluding any Shares held in treasury) held in public hands falls below 10% and the SGX-ST suspends trading of the Shares, the Offeror reserves the right to re-evaluate his position, taking into account, amongst other things, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time. Accordingly, there is no assurance that the Offeror will take steps to preserve the listing status of the Company on the SGX-ST if the public float of the Company is less than 10%.***

---

## LETTER TO SHAREHOLDERS FROM THE BOARD

---

**9.2 Compulsory Acquisition.** *As the Offeror is an individual (rather than a company or corporation), he is not entitled to invoke the compulsory acquisition procedure under Section 215 of the Companies Act. In relation to Section 215(3) of the Companies Act, Shareholders are advised to seek their own independent legal advice.*

### 9. DIRECTORS' INTERESTS

Details of the Directors including, *inter alia*, the Directors' direct and deemed interests in the Company Securities as at the Latest Practicable Date are set out in **Appendix 2** to this Circular.

### 10. ADVICE AND RECOMMENDATION

#### 10.1 Appointment of Independent Financial Adviser

Xandar Capital has been appointed as the independent financial adviser to the Independent Directors in respect of the Offer.

#### 10.2 Independent Directors

Mr. Ngiam Mia Je Patrick, Mr. Ngiam Mia Kiat Benjamin, Ms. Lauw Hui Kian, Mr. Ngiam Mia Hai Bernard, Mr. Ngiam Mia Hong Alfred, Mr. Lee Joo Hai, Mr. Lee Soo Hoon Phillip, Mr. Seah Seow Kang Steven, and Mr. Lien Kait Long are considered independent for the purposes of the Offer and are required to make a recommendation to the Shareholders in respect of the Offer.

Ms. Li Ling Xiu is a non-executive director of the Company and is the Chief Executive Officer of Chip Lian Investments (HK) Limited, a company controlled by the Offeror. Accordingly, Ms. Li Ling Xiu is of the view that she would face irreconcilable conflict of interests in relation to Offer.

In view of the above, the Company has sought and obtained a ruling from the SIC on 22 April 2015 that Ms. Li Ling Xiu be exempted from the requirement to make a recommendation to the Shareholders on the Offer.

All the Directors (including, for the avoidance of doubt, Ms. Li Ling Xiu) are jointly and severally responsible for the accuracy of facts stated and completeness of the information given by the Company to Shareholders on the Offer, including information contained in announcements and documents issued by or on behalf the Company in connection with the Offer.

#### 10.3 Xandar Capital's Advice to the Independent Directors

The advice of Xandar Capital to the Independent Directors in respect of the Offer is set out in the IFA Letter annexed as **Appendix 1** to this Circular and has been extracted and reproduced in *italics* below.

**Shareholders should read and consider carefully the key considerations relied upon by Xandar Capital, in arriving at its advice to the Independent Directors, in conjunction with and in the context of the full text of the IFA Letter.**

#### **"8. OUR ADVICE**

*Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Offer. We have carefully considered as many factors as we deemed essential and balanced them before arriving at our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.*



---

## LETTER TO SHAREHOLDERS FROM THE BOARD

---

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

- (a) *The Offer Price represents premiums of 7.41%, 10.37%, 7.42%, 5.46%, 4.47% and 2.72% to the VWAPs for the 24-month, 12-month, 6-month, 3-month, 1-month periods up to the Last Trading Day and the Last Trading Day respectively and represents discounts of 10.26% and 3.46% to the VWAPs for the period after the Offer Announcement Date up to the Latest Practicable Date and the Latest Practicable Date respectively;*
- (b) *The average daily traded volume of the Shares range from 0.27% to 1.03% of the free float for the periods up to the Last Trading Day (including the Last Trading Day) as set out in Section 7.1 of this IFA Letter. The Shares were traded on 501 days out of a total of 504 market trading days for the last 24-month period up to the Last Trading Day and the average daily traded volume was more than one (1) million Shares. Therefore, the Shares are relatively liquid;*
- (c) *The Shares had generally outperformed the FSSTI Index in relative terms for the 24-month period prior to Offer Announcement Date and the period after the Offer Announcement Date up to the Latest Practicable Date;*
- (d) *The Offer Price represents a discount of 30.36% to the NAV per Share and a discount of 31.95% to the RNAV per Share;*
- (e) *Based on the last traded price of Comparable Companies as at the Latest Practicable Date, the PER and P/NAV Ratio of the Company based on the Offer Price are all within the range of Comparable Companies but lower than the mean and median of the Comparable Companies whereas the EV/EBITDA Ratio based on the Offer Price is much lower than its Comparable Companies;*
- (f) *We note that the premiums based on the Offer Price for all three categories (closing price prior to announcement date, one-month VWAP and three-month VWAP) are all within the range but lower than the mean and median for the Non-Privatisation Transactions. The P/NTA Ratio based on the Offer Price is also within the range but lower than the mean and median P/NTA Ratio for the Non-Privatisation Transactions;*
- (g) *The Group has been profitable in the last three completed financial years with improving profits and increasing dividend payout per Share; and*
- (h) *Other relevant consideration as set out in Section 7.7 of this IFA Letter.*

***Accordingly, after taking into account the above factors, we are of the opinion as of the date hereof that the financial terms of the Offer, on balance, are not fair and not reasonable and accordingly, advise the Independent Directors to recommend Shareholders to REJECT the Offer.***

### 10.4 Recommendation of Independent Directors

The Independent Directors, having considered carefully the terms of the Offer and the advice given and recommendation made by Xandar Capital in the IFA Letter, **concur with the recommendation of Xandar Capital in respect of the Offer, and accordingly, they recommend that Shareholders REJECT the Offer.**

In making the above recommendation, the Independent Directors have not had regard to the general and specific investment objectives, financial situations, risk profiles, tax positions and/or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment profiles and objectives, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio to consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers immediately.

---

## LETTER TO SHAREHOLDERS FROM THE BOARD

---

Shareholders should read and consider carefully the recommendation of the Independent Directors and the advice of Xandar Capital to the Independent Directors in respect of the Offer in their entirety before deciding whether to accept or reject the Offer. Shareholders are also urged to read the Offer Document carefully.

### 11. OVERSEAS SHAREHOLDERS

Shareholders whose addresses are outside Singapore as shown in the register of holders of the shares, as maintained by the Registrar or the Depository Register (as the case may be) should refer to Section 13 of the Offer Document, which is reproduced in *italics* below.

#### **“13. OVERSEAS SHAREHOLDERS**

**13.1 Overseas Jurisdictions.** *This Offer Document does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Offer Document in any jurisdiction in contravention of applicable law.*

*The release, publication or distribution of this Offer Document in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Offer Document is released, published or distributed should inform themselves about and observe such restrictions.*

*Copies of this Offer Document 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 Offer will violate the laws of that jurisdiction (“**Restricted Jurisdiction**”) and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.*

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

**13.2 Overseas Shareholders.** *The availability of the Offer to Shareholders whose addresses are outside Singapore as shown in the Register or in the Depository Register (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.*

***For the avoidance of doubt, the Offer will be open to all Shareholders, including those to whom the Offer Document and the relevant Acceptance Forms may not be sent.***

*It is the responsibility of Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws of the relevant overseas jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholders shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror, CIMB, CDP, the Registrar and any person acting on their behalf shall be fully indemnified and held harmless by such Overseas Shareholders for any such taxes, imposts, duties or other requisite payments as the Offeror, CIMB, CDP, the Registrar and/or any person acting on their behalf may be required to pay. In accepting the Offer, each Overseas Shareholder represents and warrants to the Offeror and CIMB 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.*

---

## LETTER TO SHAREHOLDERS FROM THE BOARD

---

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

**13.3 Copies of the Offer Document and the relevant Acceptance Forms.** *Where there are potential restrictions on sending this Offer Document and the relevant Acceptance Forms to any overseas jurisdiction, the Offeror and CIMB each reserves the right not to send these documents to Overseas Shareholders in such overseas jurisdictions. Subject to compliance with applicable laws, any affected Overseas Shareholder may, nonetheless, attend in person and obtain a copy of this Offer Document, the relevant Acceptance Forms and any related documents during normal business hours and up to the Closing Date, from the office of the Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623. Alternatively, an Overseas Shareholder may, subject to compliance with applicable laws, write to the Offeror c/o the Registrar at the above-stated address to request for the Offer Document, the relevant Acceptance Forms and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.*

**13.4 Notice.** *The Offeror and CIMB each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published or circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement or advertisement.”*

### **12. INFORMATION RELATING TO CPFIS INVESTORS**

Shareholders who require information relating to CPFIS should refer to Section 14 of the Offer Document, which is reproduced in *italics* below.

#### **“14. INFORMATION PERTAINING TO CPFIS INVESTORS**

*CPFIS Investors will receive further information on how to accept the Offer from their respective CPF Agent Banks directly. CPFIS Investors are advised to consult their respective CPF Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors should seek independent professional advice.*

*CPFIS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks accordingly by the deadline stated in the letter from their respective CPF Agent Banks. Subject to the Offer becoming or being declared unconditional in all respects in accordance with its terms, CPFIS Investors who accept the Offer will receive the Offer Price or the Adjusted Offer Price (as the case may be) in respect of their Offer Shares, in their CPF investment accounts.”*

### **13. ACTION TO BE TAKEN**

Shareholders who wish to accept the Offer in respect of all or any part of their holdings in Shares must do so no later than 5.30 p.m. (Singapore time) on the Closing Date. Please refer to Appendix 2 to the Offer Document, the FAA and the FAT for details on the procedures for acceptance of the Offer.

Shareholders who do not wish to accept the Offer need not take any further action in respect of the Offer Document and the FAA and/or the FAT which have been sent to them.

---

## LETTER TO SHAREHOLDERS FROM THE BOARD

---

### 14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any Director who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular (other than the IFA Letter and the Valuation Reports) are fair and accurate and, where appropriate, no material facts have been omitted from this Circular, the omission of which would make any statement in this Circular misleading. The Directors jointly and severally accept full responsibility accordingly.

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

The recommendation set out in Section 10.4 of this Circular is the sole responsibility of the Independent Directors.

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the Offer Document), the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Circular.

### 15. ADDITIONAL GENERAL INFORMATION

Additional general information is provided in **Appendix 2** to this Circular.

The attention of Shareholders is also drawn to **Appendices 3 to 5** which form part of this Circular.

**Yours faithfully**  
**For and on behalf of the Board**

Ngiam Mia Hai Bernard  
Executive Director

---

## APPENDIX 1: LETTER FROM XANDAR CAPITAL TO THE INDEPENDENT DIRECTORS

---

30 April 2015

IPC Corporation Ltd  
23 Tai Seng Drive  
#06-00 Deutsche Telekom Centre  
Singapore 535224

**Attention: The Independent Directors**

### **MANDATORY CONDITIONAL CASH OFFER FOR ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF IPC CORPORATION LTD OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY OEI HONG LEONG (THE "OFFER")**

*For the purpose of this letter, capitalised terms not otherwise defined shall have the meanings given to them in the circular to Shareholders of IPC Corporation Ltd dated 30 April 2015 (the "**Circular**").*

#### **1. INTRODUCTION**

On 1 April 2015 ("**Offer Announcement Date**"), CIMB Bank Berhad, Singapore Branch, announced, for and on behalf of Mr Oei Hong Leong (the "**Offeror**"), that the Offeror intends to make a mandatory conditional cash offer (the "**Offer**") for all the issued and paid-up ordinary shares (the "**Shares**") in the capital of IPC Corporation Ltd ("**IPC**" or the "**Company**") other than those already owned, controlled or agreed to be acquired by the Offeror (the "**Offer Announcement**").

It was also disclosed in the Offer Announcement that the Offeror had acquired an aggregate of 6,319,200 Shares (comprising 1,400,000 Shares at S\$0.169 per Share and 4,919,200 Shares at S\$0.170 per Share) on the Offer Announcement Date (the "**Acquisition**") and as a consequence of the Acquisition, the percentage shareholding of the Offeror in the Company has increased from 29.82% prior to the Offer Announcement Date to 30.56% as at the Offer Announcement Date.

As a result of the Acquisition and in accordance with Rule 14 of The Singapore Code on Takeovers and Mergers (the "**Code**"), the Offeror is required to make a mandatory conditional cash offer for all the Shares other than those already owned, controlled or agreed to be acquired by the Offeror. The Offer Document in respect of the Offer has been despatched on 13 April 2015.

The Company has appointed Xandar Capital Pte. Ltd. ("**Xandar Capital**") as the independent financial adviser (the "**IFA**") to the Independent Directors (as defined in the Circular) in relation to the Offer, to advise whether the financial terms of the Offer are fair and reasonable. This letter sets out, *inter alia*, our evaluation and advice of the financial terms of the Offer ("**IFA Letter**"), and forms part of the Circular which provides, *inter alia*, the details of the Offer and the recommendation of the Independent Directors in respect thereof.

#### **2. TERMS OF REFERENCE**

Xandar Capital has been appointed as the IFA to advise the Independent Directors on whether the financial terms of the Offer are fair and reasonable.

Our evaluation is limited to the financial terms of the Offer and our terms of reference do not require us to evaluate or comment on the rationale for, legal, strategic or commercial and/or risks or merits (if any) of the Offer. We have not relied on any financial projections or forecasts in respect of the Company or the Group. We are not required to express and we do not express any view herein on the growth prospects, financial position and earnings potential of the Company or the Group after the close of the Offer. We are also not expressing any view herein as to the prices at which the Shares may trade upon the close of the Offer. Such evaluation shall remain the sole responsibility of the Directors, although we may draw upon their views (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter.



---

## APPENDIX 1: LETTER FROM XANDAR CAPITAL TO THE INDEPENDENT DIRECTORS

---

We are not and were not involved in any aspect of the negotiations pertaining to the Offer or any other offers, if any. We are not required nor authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares, and therefore are not able to, and will not compare the Offer to any other alternative transaction. We are also not addressing the relative merits of the Offer as compared to any alternative transaction, or other alternatives, or whether such alternatives could be achieved or are or will be available in future. We have also not conducted any review of the business, operations or financial condition of the Company and the Group.

We have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, properties developed for sale, financial assets available-for-sale, investment properties, prepaid leasehold properties, land held for development as well as property, plant and equipment) of the Group. We have, however, been provided with (a) letter dated 17 April 2015 from Zhuhai Rongzheng Land Real Estate Assets Assessment Co. Ltd (珠海荣正土地房地产与资产评估有限公司) for the Group's properties in Zhuhai, PRC (which are classified as properties developed for sale, prepaid leasehold properties as well as property, plant and equipment in the Group's financial statements) confirming that there is no material change to the valuation of these properties since the last valuation on 31 December 2014 (the "**ZHRZ Letter**"); and (b) letters dated 16 April 2015 from Assets Research and Development Inc. for the Group's hotel properties in Japan (which are classified as investment properties in the Group's financial statements) confirming that there is no material change to the valuation of these investment properties since the last valuation on 31 December 2014 (the "**ARD Letters**"). We have placed sole reliance thereon for the valuation and/or information contained in the ZHRZ Letter and the ARD Letters. We are not involved and assume no responsibility for the ZHRZ Letter and the ARD Letters. We have not made any independent verification of the matters or bases set out in the ZHRZ Letter and the ARD Letters. Accordingly, no representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

In the course of our evaluation, we have held discussions with certain Directors and management of the Company and have examined publicly available information as well as information provided and representations made to us by the aforesaid parties, including information in the Circular. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not warrant, and do not accept any responsibility for the accuracy, completeness or adequacy of such information, representation and assurance. Nonetheless, we have made reasonable enquiries and used our judgement in assessing such information and have found no reason to doubt the accuracy and reliability of such information. The Directors have jointly and severally accepted full responsibility for the accuracy, completeness and adequacy of all such information and representations as provided and made by the aforesaid parties as contained herein.

We have relied upon the assurance of the Directors that the Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Offer, the Company and the Group as at the date of the Latest Practicable Date. The Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or the IFA Letter, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context. In relation to this IFA Letter, the Directors have confirmed that the facts stated, with respect to the Group and the Offer, are to the best of their knowledge and belief, fair and accurate in all material aspects.

---

## APPENDIX 1: LETTER FROM XANDAR CAPITAL TO THE INDEPENDENT DIRECTORS

---

Our advice is based upon economic, industry, market, monetary, regulatory and other relevant conditions subsisting and the information provided to us as at the Latest Practicable Date. Such conditions and information may change significantly over a short period of time. We assume no responsibility to update, revise or reaffirm our advice in light of any subsequent development after the Latest Practicable Date that may affect our advice contained herein. Shareholders should take note of any announcements and/or events relevant to their consideration of the Offer which may be released or occur after the Latest Practicable Date.

**In preparing this IFA Letter, we did not consider the specific investment objectives, financial situation, risk profiles, tax position and/or unique needs and constraints of any individual Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their Shares, investment objectives or portfolios should consult his or their stockbroker, bank manager, legal, financial, tax or other professional advisers immediately.**

**This IFA Letter is for the use and benefit of the Independent Directors in connection with and for the purpose of their consideration of the Offer and the recommendation made by the Independent Directors shall remain their responsibility.**

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

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

We recommend that the Independent Directors advise the Shareholders to read these pages carefully.

### 3. THE OFFER

The Offer is made in accordance with Section 139 of the SFA and Rule 14 of the Code and subject to the terms and conditions set out in the Offer Document, a copy of which the Shareholders ought to have received as at the date of this IFA Letter. The salient information on the Offer found in Section 3 and Appendix 1 to the Offer Document is set out as follow:

#### 3.1 TERMS OF THE OFFER

##### **The Offer Price for each Offer Share: S\$0.17 in cash**

The Offer Price is the higher price paid by the Offeror for the Shares which form part of the subject of the Acquisition.

Shareholders should note that:

- (a) as set out in the Company's annual report for FY2014 and the announcement dated 13 April 2015, the Company recommended a final tax exempt (one tier) dividend of 0.25 cent for each Share and a special tax exempt (one tier) dividend of 0.35 cent for each Share (collectively, the "**FY2014 Dividends**"). Subject to receipt of Shareholders' approval in the annual general meeting to be held on 28 April 2015, the share transfer books and register of members of the Company will be closed on 8 May 2015 to determine Shareholders' entitlement of the FY2014 Dividends. Accordingly, the record date on which Shareholders must be registered with the Company or with CDP, as the case may be, to determine his/her entitlements to the FY2014 Dividends is 7 May 2015 ("**Distribution Record Date**").

---

## APPENDIX 1: LETTER FROM XANDAR CAPITAL TO THE INDEPENDENT DIRECTORS

---

- (b) as set out in the Company's circular dated 13 April 2015, the Company is seeking Shareholders' approval for the proposed share consolidation of every ten (10) Shares held by Shareholders as at a books closure date to be determined into one (1) ordinary share in the capital of the Company ("**Consolidated Share**"), fractional entitlements to be disregarded ("**Proposed Share Consolidation**").

The Offer Shares are to be acquired (i) fully-paid; (ii) free from all claims, charges, equities, mortgages, liens, pledges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever; and (iii) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date, and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights and other distributions declared, paid or made by the Company in respect of the Shares (if any), the distribution record date for which falls on or after the Offer Announcement Date.

Accordingly, as stated in the Offer Document:

- (a) for illustrative purposes, assuming the Offer has become or been declared unconditional as to acceptances and the Offer Settlement Date (being the date on which the Offer Shares tendered in acceptance by Shareholders pursuant to the Offer are transferred to the Offeror) in respect of Offer Shares validly tendered by a Shareholder in acceptance of the Offer falls after the Distribution Record Date (being 7 May 2015), the Offeror will pay such accepting Shareholder S\$0.164 for each Offer Share (or S\$1.64 for each Offer Share which is a Consolidated Share) as the Offeror will not receive the FY2014 Dividends in respect of such Offer Shares.
- (b) in the event the Proposed Share Consolidation has been implemented by the Company, the consideration for each Offer Share being a Consolidated Share which is acquired by the Offeror under the Offer will be S\$1.70 in cash for each Consolidated Share, which is arrived at by multiplying the Offer Price by 10, being the ratio of the Proposed Share Consolidation.

### 3.2 REVISION OF THE OFFER

As set out in the Offer Document, "*The Offeror reserves the right to revise the terms of the Offer at such time and in such manner as it may consider appropriate. If the Offer is revised, the Offer will remain open for acceptance for at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders who had previously accepted the Offer.*".

As at the Latest Practicable Date, no announcement regarding any revision of the terms of the Offer has been made.

### 3.3 CONDITION OF THE OFFER

The Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and his Concert Parties (as defined in the Offer Document) (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and his Concert Parties holding such number of Shares carrying more than 50% of the voting rights attributable to the Shares (excluding any Shares held in treasury) as at the close of the Offer.

As at the Latest Practicable Date, the Offeror and his Concert Parties own or control in aggregate 260,651,200 Shares, representing approximately 30.56% of the issued share capital of the Company. Accordingly, the Offer has not become unconditional as to acceptances as at the Latest Practicable Date.



---

## APPENDIX 1: LETTER FROM XANDAR CAPITAL TO THE INDEPENDENT DIRECTORS

---

### 4. UNDERTAKINGS AND COMMITMENTS TO THE OFFER

As at 10 April 2015, being the latest practicable date for the Offer Document, and based on the latest information available to the Offeror, none of the Offeror and his Concert Parties has received any irrevocable commitment from any person or party to accept or reject the Offer.

### 5. INFORMATION ON THE OFFEROR

Information on the Offeror is set out in Section 5 of the Offer Document. We extracted in italics as follow:

*“The Offeror is a Singaporean businessman with interests in a range of industries including property development and property holding.*

*The Offeror is the Chairman of, among others, Oei Hong Leong Foundation Pte. Ltd., Oei Hong Leong Art Museum Limited and Canadian Metropolitan Properties Corporation. He is also a substantial shareholder of two publicly listed companies in Singapore.*

*The Offeror’s address is c/o 1 Scotts Road, #20-05, Shaw Centre, Singapore 228208.”*

Based on publicly available information, we note that the Offeror has acquired a substantial stake of the Company through Chip Lian Investments Pte Ltd in May 2005. We note from the Company’s annual report for the financial year ended 31 December 2005 that the Offeror had deemed interest representing 12.03% of the issued share capital of the Company as at 15 March 2006. Based on the disclosure in the annual reports of the Company, the Offeror became a direct shareholder of the Company some time in 2010/2011 with direct interest representing 18.20% of the issued share capital of the Company as at 21 March 2011. Since then, the direct interest held by the Offeror has increased to 21.75% as at 21 March 2012, 25.39% as at 18 March 2013, and 29.82% as at 17 March 2014. As at the Offer Announcement Date, the Offeror had direct interest representing 30.56% of the issued share capital of the Company.

### 6. INFORMATION ON THE COMPANY

The Company is a limited liability company and was incorporated in Singapore on 8 May 1985. It has been listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) since 21 May 1993. The Company’s registered office is 23 Tai Seng Drive, #06-00 Deutsche Telekom Centre, Singapore 535224.

The principal activities of the Group are investment holding, property investment and property development, investing and reselling properties, property consulting and hospitality services.

Further information on the Company and the Group can be found Appendix 2 to the Circular.

### 7. EVALUATION OF THE FINANCIAL TERMS OF THE OFFER

In our evaluation of the financial terms of the Offer, we have taken into account the following factors:

- (a) Performance of the Shares;
- (b) The net asset value and the revalued net asset value of the Group;
- (c) Comparison of the valuation ratios of the Company and its broadly comparable SGX-ST listed companies;
- (d) Comparison with recent completed non-privatisation transactions for companies listed on the SGX-ST;

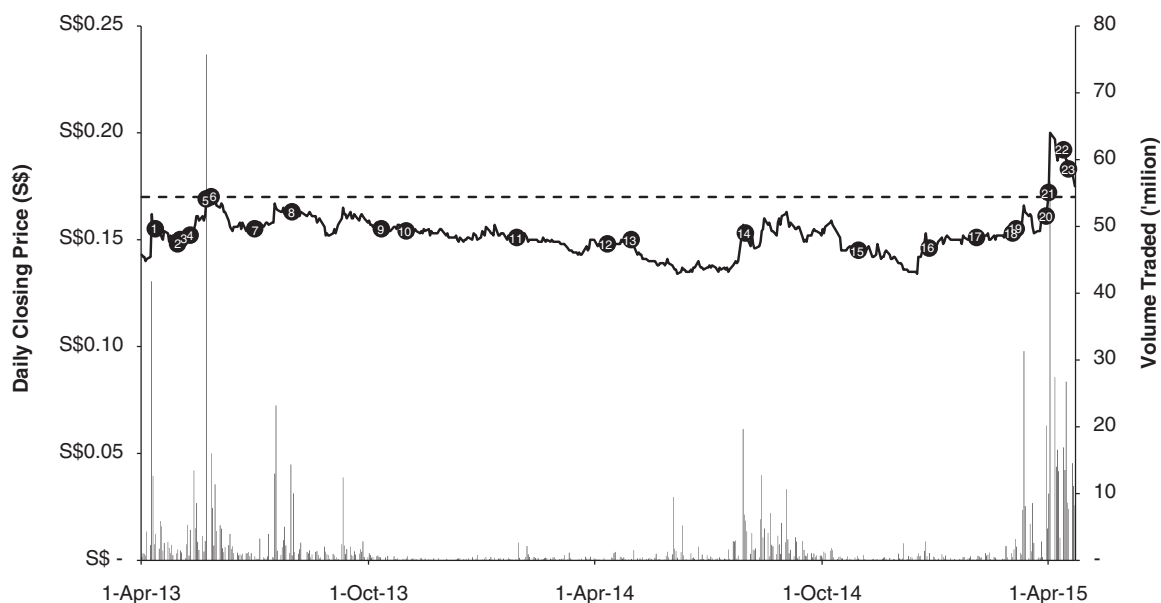
## APPENDIX 1: LETTER FROM XANDAR CAPITAL TO THE INDEPENDENT DIRECTORS

- (e) Financial performance of the Group;
- (f) Dividend track record of the Company; and
- (g) Other considerations.

These factors are discussed in greater detail in the ensuing paragraphs.

### 7.1 PERFORMANCE OF THE SHARES

We set out below a chart of the daily closing prices and volume traded for the Shares for the period commencing from 1 April 2013 (being 24 months prior to the Offer Announcement Date) up to the Latest Practicable Date (excluding the 6,319,200 Shares which were the subject of the Acquisition):



Source: Bloomberg L.P.

A summary of the salient announcements relating to the Company during the aforesaid period is set out below:

No.	Date	Event
1.	12 Apr 2013	The Company announced that the books closure date for the dividend recommended for financial year ended 31 December 2012 will be 8 May 2013.
2.	30 Apr 2013	The Company announced its unaudited consolidated financial statements for the first quarter ended 31 March 2013. The Company reported revenue of S\$2.6 million, other gains of S\$5.6 million and net profit attributable to equity owners of the Company of S\$4.6 million (as compared to revenue of S\$9.7 million, other gains of S\$1.3 million and net profit attributable to equity owners of the Company of S\$2.0 million for the previous corresponding quarter).
3.	2 May 2013	The Company announced the completion of the purchase of a hotel in Sapporo, Japan.
4.	10 May 2013	The Company announced that it entered into an agreement to purchase a business hotel in Naha, Okinawa, in Japan.

---

## APPENDIX 1: LETTER FROM XANDAR CAPITAL TO THE INDEPENDENT DIRECTORS

---

No.	Date	Event
5.	23 May 2013	The Offeror announced that he acquired 37,798,000 Shares at S\$0.16 for each Share increasing his direct stake in the Company from 25.39% to 29.82%.
6.	27 May 2013	The Offeror announced that the consideration paid for the above transaction should be S\$0.166 for each Share.
7.	1 Jul 2013	The Company announced that the completion of the purchase of the business hotel in Naha, Okinawa, in Japan.
8.	31 Jul 2013	The Company announced its unaudited consolidated financial statements for the second quarter ended 30 June 2013. The Company reported revenue of S\$23.7 million and net profit attributable to equity owners of the Company of S\$5.5 million (as compared to revenue of S\$2.5 million and net loss attributable to equity owners of the Company of S\$1.2 million for the previous corresponding quarter).
9.	11 Oct 2013	The Company announced the completion of the purchase of a business hotel in Osaka, Japan.
10.	31 Oct 2013	The Company announced its unaudited consolidated financial statements for the third quarter ended 30 September 2013. The Company reported revenue of S\$3.5 million and net profit attributable to equity owners of the Company of S\$401,000 (as compared to revenue of S\$2.9 million and net loss attributable to equity owners of the Company of S\$338,000 for the previous corresponding quarter).
11.	28 Jan 2014	The Company announced its unaudited consolidated financial statements for the financial year ended 31 December 2013. The Company reported revenue of S\$46.9 million, other gains of S\$19.8 million and net profit attributable to equity owners of the Company of S\$18.2 million (as compared to revenue of S\$17.1 million, other gains of S\$6.1 million and net profit attributable to equity owners of the Company of S\$4.8 million for the previous financial year). The Company recommended a final dividend of 0.25 cent and a special dividend of 0.10 cent for each Share.
12.	11 Apr 2014	The Company announced that the books closure date for the dividend recommended for financial year ended 31 December 2013 will be 8 May 2014.
13.	30 Apr 2014	The Company announced its unaudited consolidated financial statements for the first quarter ended 31 March 2014. The Company reported revenue of S\$7.5 million, other losses of S\$1.0 million and net loss attributable to equity owners of the Company of S\$1.6 million (as compared to revenue of S\$2.6 million, other gains of S\$5.6 million and net profit attributable to equity owners of the Company of S\$4.6 million for the previous corresponding quarter).
14.	31 Jul 2014	The Company announced its unaudited consolidated financial statements for the second quarter ended 30 June 2014. The Company reported revenue of S\$9.5 million and net loss attributable to equity owners of the Company of S\$1.8 million (as compared to revenue of S\$23.7 million and net profit attributable to equity owners of the Company of S\$5.4 million for the previous corresponding quarter).

---

## APPENDIX 1: LETTER FROM XANDAR CAPITAL TO THE INDEPENDENT DIRECTORS

---

No.	Date	Event
15.	30 Oct 2014	The Company announced its unaudited consolidated financial statements for the third quarter ended 30 September 2014. The Company reported revenue of S\$9.2 million and net profit attributable to equity owners of the Company of S\$3.7 million (as compared to revenue of S\$3.5 million and net profit attributable to equity owners of the Company of S\$401,000 for the previous corresponding quarter).
16.	26 Dec 2014	The Company announced the sale of two hotels in Sapporo, Japan for a consideration of approximately S\$29.6 million, realising a gain of approximately S\$10.5 million from the transaction.
17.	2 Feb 2015	The Company announced its unaudited consolidated financial statements for the financial year ended 31 December 2014. The Company reported revenue of S\$33.4 million, other gains of S\$38.8 million and net profit attributable to equity owners of the Company of S\$28.6 million (as compared to revenue of S\$46.9 million, other gains of S\$19.8 million and net profit attributable to equity owners of the Company of S\$18.2 million for the previous financial year). The Company recommended a final dividend of 0.25 cent and a special dividend of 0.35 cent for each Share.
18.	3 Mar 2015	The Company announced the Proposed Share Consolidation to comply with the minimum trading price of S\$0.20 required for SGX-ST Mainboard listed stocks.
19.	6 Mar 2015	The Company announced that it received the approval in-principle from the SGX-ST for the Proposed Share Consolidation.
20.	30 Mar 2015	The Company announced that it is in negotiation with a party for the sale of the Group's remaining hotels in Japan at a proposed sale price in the region of S\$150 million (the " <b>30 March 2015 Announcement</b> ").
21.	1 Apr 2015	CIMB Bank Berhad, Singapore Branch, announced the Offer Announcement for and on behalf of the Offeror.
22.	13 Apr 2015	The Company announced that the books closure date for the dividends recommended for financial year ended 31 December 2014 will be 8 May 2015.
23.	17 Apr 2015	CIMB Bank Berhad, Singapore Branch, announced the despatch of the Offer Document for and on behalf of the Offeror.

*Source: Company announcements from SGXNET.*

## APPENDIX 1: LETTER FROM XANDAR CAPITAL TO THE INDEPENDENT DIRECTORS

The volume-weighted average price (“VWAP”), lowest and highest closing prices and average daily traded volume of the Shares and other trading statistics are set out as follow:

	VWAP <sup>(1)</sup> (S\$)	Premium/ (Discount) of Offer Price to VWAP (%)	Closing Price-Lowest / Highest (S\$)	Trading Price-Lowest / Highest (S\$)	Average daily traded volume <sup>(1)</sup> (000)	Average daily traded volume as percentage of free float <sup>(2)</sup> (%)
<u>Periods up to 31 March 2015 (the last trading day before the Offer Announcement Date (“Last Trading Day”))</u>						
Last 24 months	0.1583	7.41	0.1340 / 0.1710	0.1330 / 0.1770	1,676	0.36
Last 12 months	0.1540	10.37	0.1340 / 0.1660	0.1330 / 0.1710	1,414	0.31
Last 6 months	0.1583	7.42	0.1340 / 0.1660	0.1340 / 0.1710	1,259	0.27
Last 3 months	0.1612	5.46	0.1480 / 0.1660	0.1460 / 0.1710	1,990	0.43
Last 1 month	0.1627	4.47	0.1500 / 0.1660	0.1460 / 0.1710	4,562	0.99
Last Trading Day	0.1655	2.72	0.1660	0.1640 / 0.1670	4,771	1.03
The Offer Announcement Date	0.1703	(0.18)	0.1720	0.1720 / 0.1730	9,982	2.16
<u>Periods after the Offer Announcement Date</u>						
Up to the Latest Practicable Date	0.1894	(10.26)	0.1750 / 0.2000	0.1750 / 0.2100	26,552	5.74
As at the Latest Practicable Date	0.1761	(3.46)	0.1750	0.1750 / 0.1780	8,276	1.79

Source: Bloomberg L.P.

**Notes:**

- (1) The VWAPs and the average daily traded volumes set out above are calculated based on the total number of Shares traded and the total market days during that period. Total traded volume on the Offer Announcement Date excludes the 6,319,200 Shares, which were the subject of the Acquisition.
- (2) Free float refers to the number of Shares other than those held by Directors, substantial Shareholders and their associates which amounted to 462,337,285 Shares, representing 54.21% of the issued share capital of the Company as at the Latest Practicable Date.

We note the following with regard to the prices of the Shares:

- (a) For the last 24 months period up to the Last Trading Day, the Shares were traded between a low of S\$0.133 and a high of S\$0.177;
- (b) The Offer Price represents premiums of 7.41%, 10.37%, 7.42%, 5.46%, 4.47% and 2.72% to the VWAPs for the 24-month, 12-month, 6-month, 3-month, 1-month periods up to the Last Trading Day and the Last Trading Day respectively;
- (c) The Offer Price represents a slight premium of 2.41% to the closing price of S\$0.166 on the Last Trading Day;
- (d) The Offer Price represents a negligible discount of 0.18% to the VWAP of S\$0.1703 and a slight discount of 1.16% to the closing price of S\$0.1720 on the Offer Announcement Date;

## APPENDIX 1: LETTER FROM XANDAR CAPITAL TO THE INDEPENDENT DIRECTORS

- (e) For the period after the Offer Announcement Date up to the Latest Practicable Date, the Shares were traded between a low of S\$0.1750 and a high of S\$0.2100 and the Offer Price represents a discount of 10.26% to the VWAP of the Shares for the aforesaid period; and
- (f) The Offer Price represents a discount of 3.46% to the VWAP of S\$0.1761 and a discount of 2.86% to the closing price of S\$0.1750 on the Latest Practicable Date.

We also note the following with regard to the trading liquidity of the Shares:

- (i) The average daily traded volume of the Shares for the 24-month, 12-month, 6-month, 3-month and 1-month period up to the Last Trading Day represents 0.36%, 0.31%, 0.27%, 0.43% and 0.99% of the free float, respectively. Average daily traded volume was more than one (1) million Shares;
- (ii) For the 24-month period up to the Last Trading Day, the Shares were traded on 501 days out of a total of 504 market trading days;
- (iii) The traded volume of the Shares on the Last Trading Day represents 1.03% of the free float;
- (iv) The traded volume of the Shares on the Offer Announcement Date (excluding the 6,319,200 Shares, which were the subject of the Acquisition) represents 2.16% of the free float. This could be attributed to the Acquisition;
- (v) The average daily traded volume of the Shares for the period after the Offer Announcement Date up to the Latest Practicable Date represents 5.74% of the free float. The increase in trading volume of the Shares subsequent to the Offer Announcement Date is likely to be attributable to the 30 March 2015 Announcement as well as the Offer Announcement; and
- (vi) The average daily traded volume of the Shares on the Latest Practicable Date represents 1.79% of the free float.

Based on the above, the Shares are relatively liquid.

In addition, to assess the relative performance of the Shares versus the Singapore equity market, we have compared the relative returns (daily basis) of the Shares against that of the FTSSTI Mainboard Index (“**FSSTI Index**”) for the 24 months prior to the Offer Announcement Date (including the Offer Announcement Date) up to the Latest Practicable Date.



Source: Bloomberg L.P.

Company/ Index	Closing Price on 1 April 2013	Closing Price on Offer Announcement Date	Percentage Change (%)
Company	S\$0.142	S\$0.172	21.13
FSSTI	3,307.58	3,447.02	4.22

## APPENDIX 1: LETTER FROM XANDAR CAPITAL TO THE INDEPENDENT DIRECTORS

Company/ Index	Closing Price on Offer Announcement Date	Closing Price on Latest Practicable Date	Percentage Change (%)
Company	S\$0.172	S\$0.175	1.74
FSSTI	3,447.02	3,496.24	1.43

We note that the Shares had generally outperformed the FSSTI Index for the aforesaid periods.

Shareholders should, however, note that the historical trading performance of the Shares is not indicative of the future price levels, which will be governed by factors beyond the scope of our evaluation.

### 7.2 THE NET ASSET VALUE AND REVALUED NET ASSET VALUE OF THE GROUP

A summary of the latest audited financial position of the Group as at 31 December 2014 (as obtained from the Company's annual report), is set out below:

(S\$'000)	As at 31 December 2014
Current assets	177,733
Non-current assets	158,188
Total assets	335,921
Current liabilities	73,315
Non-current liabilities	49,622
Total liabilities	122,937
Net assets	212,984
Less: Non-controlling interests	(4,764)
Net assets attributable to Shareholders	208,220

#### (a) NAV per Share

As set out above, the net asset value of the Group ("**NAV**") attributable to the Shareholders was S\$208.2 million as at 31 December 2014. Based on the issued share capital of 852,920,638 Shares as at the Latest Practicable Date, the NAV per Share as at 31 December 2014 was S\$0.2441, and the Offer Price represents a discount of 30.36% to the NAV per Share, or a P/NAV Ratio of 0.70 times.

#### (b) Composition of Assets

The Group had current assets of S\$177.7 million and non-current assets of S\$158.2 million as at 31 December 2014.

The current assets of the Group as at 31 December 2014 comprised mainly cash and cash equivalents of S\$101.3 million and properties developed for sale of S\$71.1 million. The non-current assets of the Group as at 31 December 2014, comprised mainly investment properties of S\$118.1 million, financial assets available-for-sale of S\$22.1 million, property, plant and equipment of S\$7.2 million, land held for development of S\$6.4 million and prepaid leasehold properties of S\$4.2 million.



## APPENDIX 1: LETTER FROM XANDAR CAPITAL TO THE INDEPENDENT DIRECTORS

The list of the Group's property development projects and property investments and their classifications in the Group's financial statements is set out below:

Property development projects / Property investments	Interest attributable to the Group	Classification in the Group's financial statements
Xu Ri Wan Huan Yuan (comprising hotel, kindergarten and car park)	100%	Properties developed for sale
Xu Ri Wan Huan Yuan (club house)	100%	Property, plant and equipment – Leasehold land, building and improvements, and prepaid leasehold properties
Seven business hotels in Japan	89% to 98.5%	Investment properties
Two property development projects in PRC (including Aenon International Plaza)	10% to 19%	Financial assets, available for sale
Ju Ren Da Sha	24%	Land held for development
Oiso Condominium Units	100%	Properties developed for sale

### Xu Ri Wan Hua Yuan

The Group's major property development project in PRC is Xu Ri Wan Hua Yuan (旭日湾花园) in Zhuhai, PRC. As at 31 December 2014, the aggregate net book value of Xu Ri Wan Hua Yuan (旭日湾花园) was S\$77.4 million (representing 23.04% of the Group's total assets). Xu Ri Wan Hua Yuan is classified into three asset categories in the Group's financial statements, namely properties developed for sale of S\$66.5 million, property, plant and equipment of S\$6.7 million and prepaid leasehold properties of S\$4.2 million as at 31 December 2014. Based on the valuation conducted by Zhuhai Rongzheng Land Real Estate Assets Assessment Co. Ltd ("ZHRZ"), the open market value of Xu Ri Wan Hua Yuan held by the Group amounted to RMB443.8 million as at 31 December 2014. No sale of units/area in Xu Ri Wan Hua Yuan was registered between 31 December 2014 and the Latest Practicable Date. ZHRZ has, in the ZHRZ Letter, confirmed that there is no material change to the value of Xu Ri Wan Hua Yuan held by the Group as at 17 April 2015. Based on the closing exchange rate of S\$1 to RMB4.5925 on the market day prior to the Latest Practicable Date (as extracted from Bloomberg), the open market value of Xu Ri Wan Hua Yuan held by the Group amounted to S\$96.6 million, representing a revaluation surplus of S\$19.2 million to the Group. We note that the Group's PRC subsidiary holding the interests in Xu Ri Wan Hua Yuan has unutilised tax losses which can be utilised to offset tax payable from the sale of such properties. After taking into consideration such unutilised tax losses, the additional potential tax liabilities that may be incurred by the Group on the hypothetical disposal of Xu Ri Wan Hua Yuan is approximately S\$10.0 million.

### Business hotels in Japan

The other major assets of the Group are its investment properties, comprising the seven (7) business hotels in Japan held by the Group for rental yields and/or capital appreciation, which were carried at fair value of S\$118.1 million (representing 35.16% of the Group's total assets) as at 31 December 2014. Based on the valuation conducted by Assets Research and Development Inc. ("ARD"), the aggregate open market value of the seven hotels amounted to JPY10.4 billion. ARD has, in the ARD Letters, confirmed that there is no material change to the value of these hotels as at 16 April 2015. We note that no additional potential tax liabilities needs to be provided for as the Group has already made provision for potential tax liabilities to be incurred by its Japan subsidiary in the event that its Japan subsidiary sells the investment properties at valuation in its financial statements. As at



---

## APPENDIX 1: LETTER FROM XANDAR CAPITAL TO THE INDEPENDENT DIRECTORS

---

31 December 2014, the deferred income tax liabilities for the disposal of the investment properties at valuation amounted to S\$10.4 million. We note that there has been a slight appreciation of 2.20% in Japanese Yen against Singapore dollars from a closing exchange rate of S\$1 to JPY90.47 as at 31 December 2014 to JPY88.52 on the market day prior to the Latest Practicable Date (as extracted from Bloomberg). Accordingly, the Group may register a foreign exchange gain of approximately S\$2.6 million based on the exchange rate as at the Latest Practicable Date. We also note that the Company had announced on 30 March 2015 that it was in negotiation with a party for the sale of these investment properties at a proposed sale price in the region of S\$150 million. In the event that the transaction materialises at the proposed sale price, the Company may register a gain of S\$31.9 million (before minority interest). We note that there were no updates from the Company on the transaction since it was announced on 30 March 2015 up till the Latest Practicable Date, accordingly, no adjustments have been made to the net book value of these investment properties in this IFA Letter.

### Financial assets, available-for-sale

The financial assets available-for-sale, comprised mainly quoted securities of S\$13.5 million (representing 4.02% of the Group's total assets) and unquoted securities (of less than 20% equity interest) by the Group in two property development companies in PRC of S\$8.6 million (representing 2.55% of the Group's total assets) as at 31 December 2014.

In respect of quoted securities, the Company confirmed that there is no material change to the investment portfolio between 31 December 2014 and the Latest Practicable Date. Based on the last traded prices of these securities as at the Latest Practicable Date, the market value of these securities amounted to approximately S\$14.2 million, representing a surplus of S\$0.7 million to fair value as at 31 December 2014.

In respect of the Group's investment in unquoted securities of the two property development companies in PRC, the Company had, for purposes of its FY2014 audit, commissioned valuations of the development projects undertaken by the property development companies. Based on the valuations, no impairment was made to the Group's investment in these two property development companies which were recorded at cost as at 31 December 2014. The Company confirmed that the projects are still in progress and there were no return of capital or distribution of profits from the two property development companies between 1 January 2015 and the Latest Practicable Date. Accordingly, no valuation of the two development projects was obtained in connection with the Offer.

### Ju Ren Da Sha

Under land held for development, the Group has a 24% interest in Ju Ren Da Sha (巨人大厦), a deserted property development project in Zhuhai, PRC, which had a net book value of S\$6.4 million (representing 1.91% of the Group's total assets) as at 31 December 2014. The Company confirmed that there is no change to the status of the project between 31 December 2014 and the Latest Practicable Date. We note from internet searches that the construction of Ju Ren Da Sha has been halted since 1997. We also note that there was insignificant change in the value of the land as at 31 December 2013 and 31 December 2014 as valued by an independent valuer for purposes of its FY2013 and FY2014 audit. Accordingly, no valuation was obtained for Ju Ren Da Sha in connection with the Offer.

---

## APPENDIX 1: LETTER FROM XANDAR CAPITAL TO THE INDEPENDENT DIRECTORS

---

### Oiso Condominium Units

Under properties developed for sale, the Group also had unsold units in a condominium project in Oiso, Japan, which had an aggregate net book value of S\$4.6 million as at 31 December 2014. The Company informed that majority of the units were sold between 31 December 2014 and the Latest Practicable Date with sale revenue above book value. The Company confirmed that the remaining units were still marketable. As the aggregate net book value of these unsold units amounted to only 1.36% of the Group's total assets as at 31 December 2014 and only a few units remained unsold as at the Latest Practicable Date, no valuation was obtained for the balance unsold units in connection with the Offer.

### (c) **Composition of Liabilities**

The Group had current liabilities of S\$73.3 million and non-current liabilities of S\$49.6 million as at 31 December 2014. The current liabilities of the Group as at 31 December 2014 comprised mainly borrowings of S\$64.2 million and trade and other payables of S\$8.5 million. The non-current liabilities of the Group as at 31 December 2014 comprised borrowings of S\$39.2 million and deferred income tax liabilities of S\$10.4 million.

For FY2014, the Company recommended a final tax exempt (one-tier) dividend of 0.25 cents per share amounting to a total of S\$2,132,000 and a special tax exempt (one-tier) dividend of 0.35 cents per share amounting to a total of S\$2,985,000, subject to Shareholders' approval at the annual general meeting to be held on 28 April 2015. The Group's financial statements as at 31 December 2014 did not reflect this FY2014 Dividend.

### (d) **The RNAV per Share**

Save as disclosed above, the Company confirmed that there is no other event subsequent to 31 December 2014 which would materially affect the NAV of the Group as at the Latest Practicable Date.

Based on the above, we made the following adjustments to the Group's NAV:

(S\$'million)	As Adjusted
Group's NAV as at 31 December 2014	208.2
Add: Revaluation surplus – Xu Ri Wan Hua Yuan (net of additional potential tax liabilities)	9.2
Add: Revaluation surplus – Quoted securities	0.7
Less: FY2014 Dividends	(5.1)
Group's Revalued NAV (“RNAV”)	<u>213.0</u>
RNAV per Share	S\$0.2498
Discount represented by the Offer Price to RNAV per Share	31.95%

The P/RNAV Ratio based on the Offer Price of S\$0.17 is 0.68 times.

As mentioned above, the Company had announced on 30 March 2015 that it was in negotiation with a party for the sale of these investment properties at a proposed sale price in the region of S\$150 million. As there were no updates from the Company on the transaction since it was announced on 30 March 2015 up till the Latest Practicable Date, no adjustments have been made to the net book value of these investment properties in this IFA Letter. In the event that the transaction materialises at the proposed sale price, the Company may register a gain of S\$31.9 million (before minority interest). This will translate to approximately S\$0.0374 per Share (before minority interest).

---

## APPENDIX 1: LETTER FROM XANDAR CAPITAL TO THE INDEPENDENT DIRECTORS

---

The Shareholders should note that the above analysis on RNAV provides an estimate of the value of the Group assuming the hypothetical sale of all assets of the Group as at the Latest Practicable Date. However, such a hypothetical scenario is made without considering factors such as, *inter alia*, time value of money, market conditions, availability of buyers which may affect the actual realised value of the assets.

**(e) NTA per Share**

We note that the Group has no intangible assets and accordingly, the Group's NAV is the same as its net tangible assets ("**NTA**").

**(f) Adjustment to Offer Price after FY2014 Dividend Distribution Record Date**

As mentioned above, assuming the Offer has become or been declared unconditional as to acceptances and the Offer Settlement Date (being the date on which the Offer Shares tendered in acceptance by Shareholders pursuant to the Offer are transferred to the Offeror) in respect of Offer Shares validly tendered by a Shareholder in acceptance of the Offer falls after the Distribution Record Date (being 7 May 2015), the Offeror will pay such accepting Shareholder S\$0.164 for each Offer Share (or S\$1.64 for each Offer Share which is a Consolidated Share) as the Offeror will not receive the FY2014 Dividends in respect of such Offer Shares (the "**Net Offer Price**").

The P/NAV and P/RNAV of the Company based on the Net Offer Price will be 0.67 times and 0.66 times, respectively.

### 7.3 COMPARISON OF THE VALUATION MEASURES OF THE COMPANY IMPLIED BY THE OFFER PRICE AGAINST THOSE OF COMPARABLE COMPANIES

The Company is a property development and investment company with its investment properties and property development projects in PRC and Japan. Comparison is therefore made to companies listed in Singapore whose business is comparable to the Group ("**Comparable Companies**") to assess the Offer Price in relation to the valuation of the Comparable Companies as implied by their last traded prices as at the Latest Practicable Date.

We recognised, however, that the list of our Comparable Companies is not exhaustive and the identified Comparable Companies may not be directly comparable to the Group in terms of asset base, business activities, scale of operations, geographical markets, risk profile, track record, future prospects and other relevant criteria. Comparisons may also be affected, *inter alia*, by differences in their accounting policies. In particular, earnings of such property companies may fluctuate significantly depending on the timing of their development projects. Our analysis has not adjusted for such differences.

In view of the above, it should be noted that any comparison made with respect to the Comparable Companies merely serves as an illustration and that the conclusions drawn from the comparisons may not necessarily reflect the perceived market valuation of the Company as at the Latest Practicable Date.

---

## APPENDIX 1: LETTER FROM XANDAR CAPITAL TO THE INDEPENDENT DIRECTORS

---

For the comparison of Comparable Companies, we have referred to various valuation measures to provide an indication of current market expectations with regard to the valuation of these companies as below:

Valuation Measure	General Description
Price-to-NAV Ratio (“ <b>P/NAV Ratio</b> ”)	<p>This ratio illustrates the market price of a company’s shares relative to the NAV per share as recorded in its financial statements.</p> <p>The NAV is defined as total assets less total liabilities, and excludes, where applicable, minority or non-controlling interests. The NAV figure provides an estimate of the value of a company assuming the sale of all its assets at its book value, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders.</p> <p>Comparisons of companies using NAVs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.</p>
Price-to-Revalued NAV Ratio (“ <b>P/RNAV Ratio</b> ”)	<p>Where the value of a company’s key assets are adjusted to their current market values, this adjusted NAV is referred to as “Revalued NAV” or “RNAV”.</p>
Historical Price-to-Earnings Ratio (“ <b>PER</b> ”)	<p>This is the ratio of the market capitalisation of a company divided by the historical consolidated net profits attributable to shareholders.</p> <p>PER is affected by, <i>inter alia</i>, the capital structure of a company, its tax position as well as its accounting policies relating to among others, depreciation and amortisation.</p>
Enterprise Value-to-Earnings Before Interest, Tax, Depreciation and Amortisation (“ <b>EV/EBITDA Ratio</b> ”)	<p>“<b>EV</b>” or “<b>Enterprise Value</b>” is the sum of a company’s market capitalisation, preferred equity, independent interests, consolidated short and long term debts inclusive of finance lease liabilities less its consolidated cash and cash equivalents.</p> <p>“<b>EBITDA</b>” is the consolidated earnings before interest, tax, depreciation and amortisation expenses, inclusive of share of associates’ and joint ventures’ income but excluding exceptional items as recorded in its financial statements.</p> <p>The EV/EBITDA ratio illustrates the ratio of the market value of a company’s business relative to its historical pre-tax consolidated operating cashflow performance, without regard to its capital structure.</p>

As mentioned above, earnings of property-related companies may fluctuate significantly depending on the timing of their property projects. Accordingly, comparison of PER and EV/EBITDA of property-related companies may not be as meaningful as asset-based valuation methods such as P/NAV and P/RNAV.

---

## APPENDIX 1: LETTER FROM XANDAR CAPITAL TO THE INDEPENDENT DIRECTORS

---

We set out in the table below the list of Comparable Companies listed in Singapore, together with a brief description of their business activities which are considered **broadly** comparable to the Group. For a more meaningful comparison, we have excluded companies with low profits as well as those with market capitalization above S\$1.0 billion.

Comparable Companies	Business Activities
Goodland Group Limited (" <b>Goodland</b> ")	Goodland Group Limited, an investment holding company, engages in real estate development activities in Singapore. The company operates through three segments: sale of development properties, construction, and investment properties. It purchases and develops residential and commercial properties for sale; develops and constructs properties; and purchases and develops properties for leases.
Heeton Holdings Limited (" <b>Heeton</b> ")	Heeton Holdings Limited, an investment holding company, engages in the property development and investment activities in Singapore. The company develops and sells private residential properties, including apartments and condominiums; and leases residential, retail, and commercial properties. It also provides administrative and management services.
Hong Fok Corporation Limited (" <b>Hong Fok</b> ")	Hong Fok Corporation Limited, an investment holding company, engages in the investment, development, construction, and management of properties primarily in Singapore. The company develops retail and residential units, as well as sells residential units; and provides property maintenance and management services.
SingHaiyi Group Ltd. (" <b>SingHaiyi</b> ")	SingHaiyi Group Ltd., an investment holding company, engages in the investment, development, and management of real estate properties primarily in Singapore, Hong Kong, and the United States. The company also owns and operates mall, as well as offers property agency and property development advisory services.
TEE Land Limited (" <b>TEE Land</b> ")	TEE Land Limited, an investment holding company, develops and sells real estate properties in Singapore, New Zealand, Malaysia, Australia, Thailand, and Vietnam. The company undertakes residential, commercial, and industrial property development projects. It also operates a 120-room 3-star hotel situated in Australia; and provides rental accommodation services.

*Source: Bloomberg L.P.*

## APPENDIX 1: LETTER FROM XANDAR CAPITAL TO THE INDEPENDENT DIRECTORS

The statistics of the Comparable Companies are computed based on the last traded prices as at the Latest Practicable Date and latest publicly available financial results. We set out in the table below the financial ratios of the Comparable Companies as at the Latest Practicable Date.

Comparable Companies	Latest Full Year Financials Reported	Market Capitalisation (S\$m)	Net Profit attributable to equity holders (S\$m) <sup>(1)</sup>	NAV <sup>(2)</sup> (S\$m)	PER (times)	P/NAV Ratio (times)	EV/ EBITDA Ratio <sup>(3)</sup> (times)
Goodland	30-Sep-14	105.1	21.06	89.36	4.99	1.18	10.10
Heeton	31-Dec-14	166.5	9.46	306.96	17.61	0.54	33.11
Hong Fok	31-Dec-14	744.0	48.09	1,321.57	15.47	0.56	21.02
SingHaiyi	31-Dec-14	443.9	23.16	416.34	19.17	1.07	13.78
TEE Land	31-May-14	125.1	11.25	147.72	11.12	0.85	21.69
Maximum					19.17	1.18	33.11
Minimum					4.99	0.54	10.10
Mean					13.67	0.84	19.94
Median					15.47	0.85	21.02
The Company (at Offer Price)	31-Dec-2014	145.0	28.63	208.2	5.06	0.70	3.78
The Company (at Offer Price and RNAV)		145.0	28.63	213.0	5.06	0.68	3.78
The Company (at closing price on Latest Practicable Date)		149.3	28.63	208.2	5.21	0.72	3.89
The Company (at the closing price on the Latest Practicable Date and the RNAV)		149.3	28.63	213.0	5.21	0.70	3.89

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

### Notes:

- (1) Based on last traded prices of the respective counters as at the Latest Practicable Date.
- (2) Based on latest available full year net profits and net equity attributable to owners as announced by the respective companies.
- (3) The EV/EBITDA Ratio of the Comparable Companies are based on (i) their market capitalisation as at the Latest Practicable Date and the consolidated net debt and non-controlling interests figures for the latest available financial year and (ii) the latest available full year consolidated EBITDA, as announced by the respective companies.

For illustrative purpose only, based on the above ratio analysis, we note that:

- (a) the PER of the Company based on the Offer Price is 5.06 times and is within the range of the PER of the Comparable Companies but much lower than the mean and median PER of the Comparable Companies;

---

## APPENDIX 1: LETTER FROM XANDAR CAPITAL TO THE INDEPENDENT DIRECTORS

---

- (b) the P/NAV Ratio of the Company based on the Offer Price is 0.70 times and is within the range of the P/NAV Ratio the Comparable Companies but lower than the mean and median P/NAV Ratio of the Comparable Companies. After adjusting for revaluation surpluses and FY2014 Dividends as set out in Section 7.2 of this IFA Letter, the P/RNAV of the Company based on the Offer Price is 0.68, and is also within the range of the P/NAV Ratio the Comparable Companies but lower than the mean and median P/NAV Ratio of the Comparable Companies;
- (c) the EV/EBITDA Ratio of the Company as implied by the Offer Price is 3.78 times and is below the range of EV/EBITDA Ratios of the Comparable Companies; and
- (d) the PER, P/NAV Ratio, P/RNAV Ratio and EV/EBITDA Ratio of the Company based on the Offer Price are lower than that implied by the closing price of the Company as at the Latest Practicable Date.

### 7.4 COMPARISON WITH RECENT COMPLETED NON-PRIVATISATION TRANSACTIONS FOR COMPANIES LISTED ON THE SGX-ST

As set out in Section 9 of the Offer Document, the Offeror has stated his current intention is to maintain the listing status of the Company on the Mainboard of the SGX-ST but reserves the right to re-evaluate his position in the event that the percentage of Shares (excluding any Shares held in treasury) held in public hands falls below 10% and the SGX-ST suspends trading of the Shares. As set out in Section 9.2 of the Offer Document, the Offeror is not entitled to invoke the compulsory acquisition procedure under Section 215(1) of the Companies Act as the Offeror is an individual.

Therefore, in our assessment of the Offer Price, we have compared the financial terms of the Offer vis-à-vis those of recent completed offers for companies listed on the SGX-ST which were announced in the 24-month prior to the Offer Announcement Date and which specified that the listing status is to be preserved (“**Non-Privatisation Transactions**”) as offers made to privatise or de-list a company would typically incorporate a premium to compensate shareholders for the loss of the listing status.

The list of Non-Privatisation Transactions set out below is not directly comparable to the Offer as, amongst others, the Company is not directly comparable to the target companies involved in the Non-Privatisation Transactions in terms of asset base, business activities, scale of operations, geographical markets, risk profile, track record, future prospects and other relevant criteria. As such, this comparison is used to illustrate the premiums/discounts represented by each of the respective offer prices over/to the average traded prices prior to the announcements of such Non-Privatisation Transactions and each offer should be assessed on its own merits. Shareholders should note that the offer price in each case may also vary depending on, *inter alia*, the trading liquidity of the target company’s shares and prevailing market expectations. Hence, the comparison below is strictly limited in scope and for illustrative purpose only. Analysis made from the comparison may not necessarily reflect any perceived market valuation of the Company.



## APPENDIX 1: LETTER FROM XANDAR CAPITAL TO THE INDEPENDENT DIRECTORS

Companies	Offer announcement dates	Premium/ (Discount) of offer price over (%)			P/NTA Ratio (times)
		Closing price prior to announcement dates	VWAP for 1-month period prior to announcement dates	VWAP for 3-month period prior to announcement dates	
LCD Global Investments Ltd	12 January 2015	10.0	11.5	13.4	1.2 <sup>(1)</sup>
Hafary Holdings Limited	30 December 2014	9.1	11.1	11.1	1.3
CH Offshore Ltd	11 December 2014	6.5	8.1	5.4	1.1 <sup>(1)</sup>
Kian Ho Bearings Limited	4 June 2014	(6.0)	9.0	10.5	0.7
LCD Global Investments Ltd	21 April 2014	11.8	16.4	18.1	0.6 <sup>(1)</sup>
Hotel Properties Limited	14 April 2014	29.4	33.8	35.1	1.3 <sup>(1)</sup>
Olam International Limited	14 March 2014	11.8	24.3	33.0	1.8
Global Premium Hotels Limited	13 March 2014	13.4	16.7	21.4	0.5 <sup>(1)</sup>
Communication Design International Limited	18 February 2014	2.4	0.0	0.0	2.0
Boardroom Limited	22 January 2014	(0.9)	2.7	(2.9)	1.7 <sup>(1)</sup>
Youyue International Limited	18 November 2013	(34.2)	(34.2)	(19.5)	1.1
Singapore Medical Group Limited	14 October 2013	4.0	1.4	2.4	5.2
Singapore Windsor Holdings Limited	13 September 2013	28.6	39.2	41.2	0.9
China Minzhong Food Corporation Limited	2 September 2013	10.3	5.5	6.9	0.7 <sup>(1)</sup>
Dynamic Colours Limited	3 May 2013	2.8	19.0	28.8	1.0
Maximum		29.4	39.2	41.2	5.2
Minimum		(34.2)	(34.2)	(19.5)	0.5
Mean		6.6	11.0	13.7	1.4
Median		9.1	11.1	11.1	1.1
Company (based on Offer Price and NAV)		2.4	4.5	5.5	0.7

Source: Circulars to shareholders in relation to the respective companies

**Note:**

(1) Based on the P/NAV Ratio stated in the circulars of the respective companies.



## APPENDIX 1: LETTER FROM XANDAR CAPITAL TO THE INDEPENDENT DIRECTORS

Based on the above comparison, we note that the premiums based on the Offer Price for all three categories (closing price prior to announcement date, one-month VWAP and three-month VWAP) are all within the range but lower than the mean and median for the Non-Privatisation Transactions. The P/NTA Ratio based on the Offer Price is also within the range but lower than the mean and median P/NTA Ratio for the Non-Privatisation Transactions.

### 7.5 FINANCIAL PERFORMANCE OF THE GROUP

A summary of the consolidated financial results of the Group for the financial years ended 31 December 2012 (“FY2012”), 2013 (“FY2013”) as well as 2014 (“FY2014”), are set out below:

(S\$'000)	FY2012 Audited	FY2013 Audited	FY2014 Audited
Sales	17,065	46,939	33,366
Profit before income tax	6,563	22,872	37,070
Total profit	5,246	18,765	30,873
Profit attributable to equity holders of the Company	4,770	18,232	28,634

*Source: Annual reports of the Company.*

We note that the Group had been profitable in the last three completed financial years and the profit attributable to equity holders of the Company has increased by 282.22% from FY2012 to FY2013 and increased by 57.05% from FY2013 to FY2014.

We also note that the Company announced on 30 March 2015 that it was in negotiation with a party for the sale of the Group’s remaining hotels in Japan at a proposed sale price in the region of S\$150 million. If the sale materialises at the proposed sale price, the Company will have a realised gain of S\$31.9 million (before minority interest) based on the fair value of these hotels as recorded in the books of the Group as at 31 December 2014.

### 7.6 DIVIDEND TRACK RECORD OF THE COMPANY

A summary of the dividends declared in respect of FY2012, FY2013 and FY2014 is set out below:

	FY2012	FY2013	FY2014
Total dividends declared for the financial year (cents)	0.25	0.35	0.60
Dividend yield implied by the Offer Price	1.47%	2.06%	3.53%
12 months fixed deposit rate as at the Latest Practicable Date			0.25%

*Source: Annual reports of the Company and websites of Singapore banks, namely DBS, OCBC and UOB as at the Latest Practicable Date.*

The Company confirms that it does not have a fixed dividend policy although we note that the Company has been declaring dividends annually since FY2004.

Based on the analysis above, the dividend yield of the Company (based on the Offer Price) is significantly higher than the fixed deposit rate offered by Singapore banks.

Shareholders should note that the above analysis is not an indication of the future dividends of the Company and there is no assurance that the Company will continue to pay dividends in the future and/or maintain the level of dividends paid in the past.

---

## APPENDIX 1: LETTER FROM XANDAR CAPITAL TO THE INDEPENDENT DIRECTORS

---

### 7.7 OTHER CONSIDERATIONS

#### (a) Mandatory Conditional Offer

The Offer is being made by the Offeror in compliance with the requirements of the Code as the Offeror acquired Shares resulting in the Offeror holding more than 30% of the Company.

The Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and his Concert Parties (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and his Concert Parties holding such number of Shares carrying more than 50% of the voting rights attributable to the Shares (excluding any Shares held in treasury) as at the close of the Offer.

The Offeror and his Concert Parties own or control in aggregate 260,651,200 Shares, representing approximately 30.56% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, as at the Latest Practicable Date, the Offer has not become unconditional as to acceptances. As at the Latest Practicable Date, the Closing Date of the Offer is 15 May 2015.

The Offeror has not given notice that the Offer Price is final and will not be revised; and the Offeror has also not given notice that the Offer may or may not be extended.

The Offeror reserves the right to extend the Closing Date but the Offeror is not obliged to extend the Offer if the condition of the Offer (as set out above is not fulfilled by the Closing Date).

If the Closing Date is not extended and the Offer does not become or is not declared unconditional in all respects by the Closing Date, the Offer Shares accepted by Shareholders will be return to the Shareholders. Please refer to Appendices 1 and 2 to the Offer Document for further details regarding the Offer and the procedures for acceptance of Offer.

#### (b) Offeror is the single largest shareholder of the Company

As mentioned above, the Offeror and his Concert Parties own or control in aggregate 260,651,200 Shares, representing approximately 30.56% of the issued share capital of the Company as at the Latest Practicable Date.

In the event that the condition of the Offer is met, the Offeror will gain statutory control of the Company, which mean that the Offeror will be in a position to influence the outcome of ordinary resolutions which require Shareholders' approval (provided that the Offeror and his associates do not have an interest in such resolutions).

Nevertheless, although the Offeror has not gained statutory control of the Company as at the Latest Practicable Date, with 30.56% of the issued share capital of the Company, the Offeror is the single largest shareholder of the Company with the next largest shareholder being Essex Investment (Singapore) Pte Ltd which holds 75,581,149 Shares, representing 8.9% of the issued share capital of the Company as at the Latest Practicable Date.

#### (c) Offeror's Intentions for the Group

As set out in Section 8 of the Offer Document, the Offeror intends to undertake a review of the business of the Group following the close of the Offer with a view to identifying areas in which the strategic direction and operations of the Group can be enhanced. As part of the review, the Offeror may undertake an assessment of the human resource requirements of the Group in line with the future corporate direction of the Group. Additionally, the Offeror retains the flexibility at any time to consider any options in relation to the Group which may present themselves and which he may regard to be in the interests of the Company.

---

## APPENDIX 1: LETTER FROM XANDAR CAPITAL TO THE INDEPENDENT DIRECTORS

---

Save as disclosed above, the Offeror presently has no intentions to (a) introduce any major changes to the existing business of the Group, (b) re-deploy the fixed assets of the Group, or (c) discontinue the employment of existing employees of the Group, in each case, other than in the ordinary course of business.

**(d) Intention of the Directors in respect of their Shares**

As disclosed in Section 4.9 of Appendix 2 to the Circular, the Directors who hold Shares in the capital of the Company have expressed their intention not to tender acceptance of the Offer.

**(e) Listing Status**

As set out in Section 9.1 of the Offer Document, it is the current intention of the Offeror to maintain the listing status of the Company on the SGX-ST following completion of the Offer. However, in the event that the percentage of Shares (excluding any Shares held in treasury) held in public hands falls below 10% and the SGX-ST suspends trading of the Shares, the Offeror reserves the right to re-evaluate his position, taking into account, amongst other things, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time.

**(f) Compulsory Acquisition**

As set out in Section 9.2 of the Offer Document, the Offeror is not entitled to invoke the compulsory acquisition procedure under Section 215(1) of the Companies Act as the Offeror is an individual.

**(g) No Alternative Offer and Subsequent Offer**

The Directors have confirmed that, as at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer has been received. We also note that there is no publicly available evidence of any alternative offer for the Shares from any third party.

### 8. OUR ADVICE

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Offer. We have carefully considered as many factors as we deemed essential and balanced them before arriving at our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

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

- (a) The Offer Price represents premiums of 7.41%, 10.37%, 7.42%, 5.46%, 4.47% and 2.72% to the VWAPs for the 24-month, 12-month, 6-month, 3-month, 1-month periods up to the Last Trading Day and the Last Trading Day respectively and represents discounts of 10.26% and 3.46% to the VWAPs for the period after the Offer Announcement Date up to the Latest Practicable Date and the Latest Practicable Date respectively;
- (b) The average daily traded volume of the Shares range from 0.27% to 1.03% of the free float for the periods up to the Last Trading Day (including the Last Trading Day) as set out in Section 7.1 of this IFA Letter. The Shares were traded on 501 days out of a total of 504 market trading days for the last 24-month period up to the Last Trading Day and the average daily traded volume was more than one (1) million Shares. Therefore, the Shares are relatively liquid;
- (c) The Shares had generally outperformed the FSSTI Index in relative terms for the 24-month period prior to Offer Announcement Date and the period after the Offer Announcement Date up to the Latest Practicable Date;

---

## APPENDIX 1: LETTER FROM XANDAR CAPITAL TO THE INDEPENDENT DIRECTORS

---

- (d) The Offer Price represents a discount of 30.36% to the NAV per Share and a discount of 31.95% to the RNAV per Share;
- (e) Based on the last traded price of Comparable Companies as at the Latest Practicable Date, the PER and P/NAV Ratio of the Company based on the Offer Price are all within the range of Comparable Companies but lower than the mean and median of the Comparable Companies whereas the EV/EBITDA Ratio based on the Offer Price is much lower than its Comparable Companies;
- (f) We note that the premiums based on the Offer Price for all three categories (closing price prior to announcement date, one-month VWAP and three-month VWAP) are all within the range but lower than the mean and median for the Non-Privatisation Transactions. The P/NTA Ratio based on the Offer Price is also within the range but lower than the mean and median P/NTA Ratio for the Non-Privatisation Transactions;
- (g) The Group has been profitable in the last three completed financial years with improving profits and increasing dividend payout per Share; and
- (h) Other relevant consideration as set out in Section 7.7 of this IFA Letter.

**Accordingly, after taking into account the above factors, we are of the opinion as of the date hereof that the financial terms of the Offer, on balance, are not fair and not reasonable and accordingly, advise the Independent Directors to recommend Shareholders to REJECT the Offer.**

This IFA Letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the financial terms of the Offer, but the recommendation made by them to the Shareholders shall remain their responsibility. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

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

Yours truly  
For and on behalf of  
**XANDAR CAPITAL PTE. LTD.**

LOO CHIN KEONG  
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN  
HEAD OF CORPORATE FINANCE

---

## APPENDIX 2: ADDITIONAL GENERAL INFORMATION

---

### 1. DIRECTORS

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

Name	Address	Description
Mr. Ngiam Mia Je Patrick	23 Tai Seng Drive, #06-00 Deutsche Telekom Centre, Singapore 535224	Executive Director, Chairman & Chief Executive Officer
Mr. Ngiam Mia Kiat Benjamin	8 Brizay Park, Singapore 279952	Executive Director & Managing Director
Ms. Lauw Hui Kian	8 Swettenham Close, Singapore 248139	Executive Director
Mr. Ngiam Mia Hai Bernard	3B Avon Road, Singapore 439794	Executive Director
Mr. Ngiam Mia Hong Alfred	20 Yarwood Avenue, Kilburn Estate, Singapore 587992	Executive Director
Mr. Lee Joo Hai	3 Meyer Place, #17-02, Meyer Residence, Singapore 437991	Independent Director
Mr. Lee Soo Hoon Phillip	10 Jalan Jendela, Woodlands Park, Singapore 739691	Independent Director
Mr. Seah Seow Kang Steven	51 West Coast Way, #12-03, Carabelle, Singapore 127015	Lead Independent Director
Ms. Li Ling Xiu	261 Seabee Lane, Discovery Bay, Hong Kong	Non-Independent & Non-Executive Director
Mr. Lien Kait Long	78 Meyer Road, Singapore 437904	Independent Director

### 2. HISTORY AND PRINCIPAL ACTIVITIES

The Company is a limited liability company and was incorporated in Singapore on 8 May 1985. The Company has been listed on the Mainboard of the SGX-ST since 21 May 1993. The Company's registered office is 23 Tai Seng Drive, #06-00 Deutsche Telekom Centre, Singapore 535224.

The principal activities of the Company are investment holding, property investment and property development. The principal activities of the Group are investment holding, property investment and property development, investing and reselling properties, property consulting, hospitality services and sale and distribution of telecommunication products.

### 3. SHARE CAPITAL

#### 3.1 Issued Shares

As at the Latest Practicable Date, the issued and paid-up share capital of the Company is S\$169,982,780 comprising 852,920,638 Shares, and the Company does not hold any Shares in treasury.

Shareholders should note that as stated in the Share Consolidation Circular, on the assumption that there will be no new Shares issued by the Company up to the Share Consolidation Books Closure Date and subject to Shareholders' approval being obtained for the Proposed Share Consolidation, following the Proposed Share Consolidation, the Company will have an issued and paid-up share capital of S\$169,982,780 comprising approximately 85,292,063 Consolidated Shares (subject to rounding). Shareholders should refer to the Share Consolidation Circular and announcements released by the Company on the SGX-ST for further details on the Proposed Share Consolidation.

## APPENDIX 2: ADDITIONAL GENERAL INFORMATION

As at the Latest Practicable Date, no new Shares have been issued since the end of FY2014, being the last financial year of the Company.

### 3.2 Convertible Securities

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

### 3.3 Rights in Respect of Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Articles. For ease of reference, selected extracts of the Articles in respect of capital, dividends and voting have been extracted and reproduced in **Appendix 3** to this Circular. Capitalised terms and expressions not defined in the extracts shall have the meanings ascribed to them in the Articles.

## 4. DISCLOSURE OF INTEREST

### 4.1 Interest of the Company in the Offeror Securities

As the Offeror is an individual, there are no Offeror Securities.

### 4.2 Dealings in the Offeror Securities by the Company

As the Offeror is an individual, there are no Offeror Securities.

### 4.3 Interest of Directors in Offeror Securities

As the Offeror is an individual, there are no Offeror Securities.

### 4.4 Dealings in the Offeror Securities by the Directors

As the Offeror is an individual, there are no Offeror Securities.

### 4.5 Interests of the Directors in the Company Securities

Save as disclosed below, as at the Latest Practicable Date, none of the Directors has any direct or deemed interest in the Company Securities:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
<b>Directors</b>						
Ngiam Mia Je Patrick <sup>(2)</sup>	10,639,812	1.25	87,178,939	10.22	97,818,751	11.47
Ngiam Mia Kiat Benjamin <sup>(3)</sup>	10,536,811	1.24	75,581,149	8.86	86,117,960	10.10
Lauw Hui Kian <sup>(4)</sup>	11,597,790	1.36	86,220,961	10.11	97,818,751	11.47
Ngiam Mia Hai Bernard	10,960,290	1.29	–	–	10,960,290	1.29
Ngiam Mia Hong Alfred	10,585,290	1.24	–	–	10,585,290	1.24
Seah Seow Kang Steven	31,011	0.0036	–	–	31,011	0.0036

#### Notes:

(1) Based on 852,920,638 Shares in the share capital of the Company as at the Latest Practicable Date.

(2) Deemed interest in 75,581,149 Shares held by Essex Investment (Singapore) Pte Ltd (“**Essex**”) by virtue of Section 7 of the Companies Act and 11,597,790 Shares held by Ms. Lauw Hui Kian.

(3) Deemed interest in 75,581,149 Shares held by Essex by virtue of Section 7 of the Companies Act.

(4) Deemed interest in 75,581,149 Shares held by Essex by virtue of Section 7 of the Companies Act and 10,639,812 Shares held by Mr. Ngiam Mia Je Patrick.

---

## APPENDIX 2: ADDITIONAL GENERAL INFORMATION

---

### 4.6 Dealings in the Company Securities by the Directors

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

### 4.7 Company Securities owned or controlled by Xandar Capital

None of Xandar Capital or funds whose investments are managed by Xandar Capital on a discretionary basis owns or controls any Company Securities as at the Latest Practicable Date.

### 4.8 Dealings in the Company Securities by Xandar Capital

None of Xandar Capital or funds whose investments are managed by Xandar Capital on a discretionary basis has dealt for value in any Company Securities during the period commencing six months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

### 4.9 Intention of the Directors in respect of their interests in the Shares

As at the Latest Practicable Date, each of the Directors who hold Shares (being Mr. Ngiam Mia Je Patrick, Mr. Ngiam Mia Kiat Benjamin, Ms. Lauw Hui Kian, Mr. Ngiam Mia Hai Bernard, Mr. Ngiam Mia Hong Alfred and Mr. Seah Seow Kang Steven) has informed the Company that he/she does not intend to accept the Offer in respect of any of his/her respective Shares and/or his/her beneficial shareholdings in respect of the same.

## 5. OTHER DISCLOSURES

### 5.1 Directors' Service Contracts

As at the Latest Practicable Date:

- (a) there are no service contracts between any of the Directors or proposed directors with the Company or any of its subsidiaries which have more than twelve months to run and which are not terminable by the employing company within the next twelve months without paying any compensation; and
- (b) there are no such contracts entered into or amended during the period commencing six months prior to the Offer Announcement Date, and ending on the Latest Practicable Date.

### 5.2 Arrangements Affecting Directors

- (a) As at the Latest Practicable Date, it is not proposed that any payment or other benefit shall be made or given to any Director or director of any other corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer.
- (b) As at the Latest Practicable Date, there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer.

### 5.3 Material Contracts with Directors

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

## 6. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries has entered into any material contracts with persons who are Interested Persons (other than those entered into in the ordinary course of business) during the period beginning three years before the Offer Announcement Date.



## APPENDIX 2: ADDITIONAL GENERAL INFORMATION

### 7. MATERIAL LITIGATION

As at the Latest Practicable Date, the Directors are not aware of any material litigation, claims or proceedings pending or threatened against, or made by, the Company or any of its subsidiaries or any facts likely to give rise to any such material litigation, claims or proceedings, which might materially and adversely affect the financial position of the Company and any of its subsidiaries, taken as a whole.

### 8. FINANCIAL INFORMATION

#### 8.1 Consolidated Income Statement

Certain financial information extracted from the audited consolidated statements of comprehensive income of the Group for FY2012, FY2013 and FY2014 is summarised below. The summary set out below should be read together with the annual reports of the Company for the relevant financial periods and their respective accompanying notes. Copies of these are available for inspection at the registered address of the Company at 23 Tai Seng Drive, #06-00 Deutsche Telekom Centre, Singapore 535224 during normal business hours for the period during which the Offer remains open for acceptance.

	← Audited →		
	FY2014	FY2013	FY2012
	S\$'000	S\$'000	S\$'000
Turnover	33,366	46,939	17,065
Exceptional items	0	0	0
Net profit before tax	37,070	22,872	6,563
Net profit after tax	30,873	18,765	5,246
Minority interests	2,239	533	476
Net earnings per Share (cents)	3.36	2.14	0.66

Set out below is also a summary of the net dividend per Share declared by the Company in respect of each of FY2012, FY2013 and FY2014. This information has been extracted from the annual reports of the Company for the relevant financial periods.

Dividend	cents
In respect of FY2014	0.60
In respect of FY2013	0.35
In respect of FY2012	0.25

#### 8.2 Consolidated Balance Sheet

The audited statement of financial position of the Group as at 31 December 2014 is summarised below. The summary set out below should be read together with the annual report of the Company for FY2014 and their respective accompanying notes. Copies of these are available for inspection at the registered address of the Company at 23 Tai Seng Drive, #06-00 Deutsche Telekom Centre, Singapore 535224 during normal business hours for the period during which the Offer remains open for acceptance.

## APPENDIX 2: ADDITIONAL GENERAL INFORMATION

	Group as at 31 December 2014 S\$'000	Company as at 31 December 2014 S\$'000
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	101,311	53,697
Trade and other receivables	4,475	303
Tax recoverable	802	–
Properties developed for sale	71,092	–
Properties under development	–	–
Other assets	53	–
<b>Total current assets</b>	<b>177,733</b>	<b>54,000</b>
<b>Non-current assets:</b>		
Financial assets, available-for-sale	22,092	13,480
Other receivables	–	60,279
Prepayment	10	–
Investments in associated companies	–	–
Investment properties	118,081	–
Investments in subsidiaries	–	98,827
Prepaid leasehold properties	4,243	–
Land held for development	6,422	6,422
Property, plant and equipment	7,186	93
Deferred income tax assets	1	–
Other assets	153	–
<b>Total non-current assets</b>	<b>158,188</b>	<b>179,101</b>
<b>Total assets</b>	<b>335,921</b>	<b>233,101</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Trade and other payables	8,507	1,366
Current income tax liabilities	611	–
Borrowings	64,197	40,923
<b>Total current liabilities</b>	<b>73,315</b>	<b>42,289</b>
<b>Non-current liabilities:</b>		
Borrowings	39,230	–
Deferred income tax liabilities	10,392	–
<b>Total non-current liabilities</b>	<b>49,622</b>	<b>–</b>
<b>Total liabilities</b>	<b>122,937</b>	<b>42,289</b>
<b>NET ASSETS</b>	<b>212,984</b>	<b>190,812</b>
<b>EQUITY</b>		
<b>Capital and reserves attributable to equity holders of the Company:</b>		
Share capital	169,658	169,658
Currency translation reserve	(20,513)	–
Fair value reserve	1,820	1,249
Retained earnings	57,255	19,905
Non-controlling interests	4,764	–
<b>Total equity</b>	<b>212,984</b>	<b>190,812</b>

---

## APPENDIX 2: ADDITIONAL GENERAL INFORMATION

---

### 8.3 Material Change in Financial Position and Information

As at the Latest Practicable Date, save as disclosed in this Circular and any other information on the Company which is publicly available (including without limitation the announcements released by the Company on the SGX-ST), there has been no known material change in the financial position of the Company since 31 December 2014, being the date of the Company's last published audited financial statements.

Save as disclosed in this Circular and any other information on the Group and the Offer which is publicly available, there has been no material change in any information previously published by or on behalf of the Company during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date.

### 8.4 Significant Accounting Policies

The significant accounting policies of the Group which are disclosed in Note 2 of the FY2014 Financial Statements are reproduced in **Appendix 4** to this Circular.

### 8.5 Changes in Accounting Policies

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.

## 9. VALUATION ON THE SUBJECT PROPERTIES

### 9.1 Valuation Reports

The Company had commissioned the Valuers to conduct independent valuations of the Subject Properties in connection with the preparation of the FY2014 Financial Statements and had obtained valuations of the Subject Properties as at 31 December 2014 (the "**2014 Valuation Reports**"). The Company has, in connection with the Offer, obtained from the Valuers confirmations that there are no material changes in the relevant values of the respective Subject Properties which had been valued as at 31 December 2014 (the "**Valuation Update Confirmations**").

The Valuation Update Confirmations, together with summaries of the 2014 Valuation Reports (collectively, the "**Valuation Reports**") in respect to the Subject Properties are set out in **Appendix 5** to this Circular.

### 9.2 Potential tax liability

Under Rule 26.3 of the Code, the Company is required 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.

- (a) With respect to the properties located in the PRC which have been classified as "properties developed for sale", "prepaid lease hold properties" and "property, plant and equipment" in the FY2014 Financial Statements, potential tax liabilities of approximately S\$10 million (taking into account the unutilized tax losses of the subsidiary of the Group located in the PRC holding the said properties which can be used to offset tax payable from the sale of the said properties) would arise if these properties were to be sold at the valuation amounts stipulated in the relevant Valuation Reports. The Company expects the aforesaid tax liabilities to crystallise as and when the Group disposes of its interests in these properties located in the PRC.

---

## APPENDIX 2: ADDITIONAL GENERAL INFORMATION

---

- (b) With respect to the Subject Properties located in Japan which have been classified as “investment properties” in the FY2014 Financial Statements, there has been a provision in the aforesaid financial statements for deferred income tax liabilities of S\$10.4 million, if the subsidiary of the Group holding interests in these Subject Properties were to sell these Subject Properties at the valuation amounts stipulated in the relevant Valuation Reports. Accordingly, there will be no foreseeable material tax liabilities that may be incurred by the Group on the hypothetical disposal of the Subject Properties located in Japan at the valuation amounts stipulated in the relevant Valuation Reports.

### 10. GENERAL

- 10.1 All expenses and costs incurred by the Company in relation to the Offer will be borne by the Company.
- 10.2 Xandar Capital has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular, its advice to the Independent Directors set out in Section 10.3 of this Circular, the IFA Letter set out in **Appendix 1** of this Circular and all references thereto, in the form and context in which they appear in this Circular.
- 10.3 Each of the Valuers has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion herein of its name, the Valuations Reports and all references thereto in the form and context in which they appear in this Circular.

### 11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company during normal business hours for the period during which the Offer remains open for acceptance:

- (a) the Memorandum and Articles;
- (b) the annual reports of the Company for FY2012, FY2013 and FY2014;
- (c) the IFA Letter as set out in **Appendix 1** to this Circular;
- (d) the Valuation Reports on the respective Subject Properties as set out in **Appendix 5**; and
- (e) the letters of consent of Xandar Capital and the Valuers referred to in paragraphs 10.2 and 10.3 of this **Appendix 2** above.

---

## APPENDIX 3: EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF THE COMPANY

---

The provisions in the Articles relating to the rights of Shareholders in respect of capital, dividends and voting are set out below.

### 1. RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL

#### *“ISSUE OF SHARES*

4. (A) *Subject to these Articles, no shares may be issued by the Directors without the prior approval of the Company in General Meeting pursuant to Section 161 of the Act, but subject thereto and the terms of such approval, and to Article 5, and to any special rights attached to any shares for the time being issued, the Directors may allot (with or without conferring a right of renunciation) or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and whether or not subject to the payment of any part of the amount thereof in cash or otherwise as the Directors may think fit, and any shares may, subject to compliance with Sections 70 and 75 of the Act, be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions, whether as regards dividend, return of capital, participation in surplus assets and profits, voting, conversion or otherwise, as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors in accordance with the Act, Provided Always that no shares shall be issued at a discount or options granted over unissued shares except in accordance with the Statutes and the Designated Stock Exchange’s listing rules.*
- (B) *The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder, 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.*
- (C) *Except so far as otherwise provided by the conditions of issue or by these presents, all new shares shall be issued subject to the provisions of the Statutes and of these presents with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture or otherwise. The shares shall be allotted within 10 market days of the final applications closing date for an issue of shares.*
5. (A) *Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted by the rules of the Designated Stock Exchange, all new shares shall before issue be offered to such persons who as at the date (as determined by the Directors) of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 5(A).*
- (B) *The Company may, notwithstanding Article 5(A) above, authorize the Directors not to offer new shares to members to whom by reason of foreign securities laws, such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such members on such terms and conditions as the Company may direct.*

---

## APPENDIX 3: EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF THE COMPANY

---

6. *The Company may exercise the power of paying commissions in respect of subscription for shares which is conferred by the Act to the full extent thereby permitted, Provided Always that the amount or rate of the commissions paid or agreed to be paid and the number of shares to be subscribed for absolutely shall be disclosed in the manner required by the Act, in the relevant prospectus, statement, circular or notice as the case may be. Such commissions may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful subject to disclosure of the amount or rate thereof in the manner required by the Act in the relevant prospectus, statement, circular or notice as the case may be.*
7. *Where any shares are issued for the purpose of raising money to defray the expense of the construction of any works or buildings, or the provision of any plant which cannot be made profitable for a lengthened period, the Company may pay interest on so much of that share capital as is for the time being paid up for the period and subject to the conditions and restrictions mentioned in the Act and may charge the same to capital as part of the cost of the construction of the works or buildings or the provision of the plant.*
8. (A) *The rights attached to shares issued upon special conditions shall be clearly defined in the Memorandum of Association of the Company and these Articles and the rights attaching to shares of a class other than ordinary shares shall be expressed. In the event of preference shares being issued the total nominal value of issued preference shares shall not at any time exceed the total nominal value of the issued ordinary shares and preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing 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 arrear.*
- (B) *The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.*

### VARIATION OF RIGHTS

9. (A) *Whenever the share capital of the Company is divided into different classes of shares, the variation or abrogation of the special rights attached to any class may, subject to the provisions of the Act, be made either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so made either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these Articles relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two or more persons holding at least one-third in nominal value of the issued shares of the class present in person or by proxy or attorney and that any holder of shares of the class present in person or by proxy or attorney may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him where the class is a class of equity shares within the meaning of Section 64(1) of the Act or at least one vote for every share of the class where the class is a class of preference shares within the meaning of Section 180(2) of the Act, Provided Always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, the consent in writing, if obtained from the holders of three-quarters in nominal value of the issued shares of the class concerned within two months of such General Meeting, shall be as valid and effectual as a Special Resolution carried at such General Meeting.*



---

## APPENDIX 3: EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF THE COMPANY

---

- (B) *The provisions in Article 9(A) shall mutatis mutandis apply to any repayment of preference capital (other than redeemable preference capital) and any variation or abrogation of the rights attached to preference shares or any class thereof.*
- (C) *The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.*

### ALTERATION OF SHARE CAPITAL

- 10. *The Company may from time to time by Ordinary Resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe.*
- 11. *The Company may by Ordinary Resolution:-*
  - (a) *consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;*
  - (b) *cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person and diminish the amount of its capital by the amount of the shares so cancelled;*
  - (c) *sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the provisions of the Statutes), and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares;*
  - (d) *subject to the provisions of the Statutes, convert any class of shares into any other class of shares.*
- 12. (A) *The Company may reduce its share capital or any capital redemption reserve fund, share premium account or other undistributable reserve in any manner permitted, and with, and subject to, any incident authorized, and consent or confirmation required, by law.*
  - (B) *The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Statutes and any other relevant rule, law, regulation or guidelines enacted, promulgated or issued by any relevant competent authority (including the Designated Stock Exchange (if applicable)) from time to time (hereafter, the "Relevant Laws"), on such terms and subject to such conditions as the Company may in general meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid shall be dealt with in accordance with the Relevant Laws."*

### "CALLS ON SHARES

- 18. *The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or, when permitted, by way of premium) but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.*



---

## APPENDIX 3: EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF THE COMPANY

---

19. *Each member shall (subject to receiving at least 14 days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.*
20. *If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding ten per cent. per annum) as the Directors determine but the Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part.*
21. *Any sum (whether on account of the nominal value of the share or by way of premium) which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of these presents be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In case of non-payment all the relevant provisions of these presents as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.*
22. *The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment.*
23. *The Directors may if they think fit receive from any member willing to advance the same all or any part of the moneys (whether on account of the nominal value of the shares or by way of premium) uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish pro tanto the liability upon the shares in respect of which it is made and upon the money so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent. per annum) as the member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not while carrying interest confer a right to participate in profits.*

### FORFEITURE AND LIEN

24. *If a member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.*
25. *The notice shall name a further day (not being less than fourteen days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be made forfeit.*
26. *If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be made forfeit by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeit share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be made forfeit hereunder.*
27. *A share so made forfeit or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to transfer a forfeit or surrendered share to any such other person as aforesaid.*

---

## APPENDIX 3: EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF THE COMPANY

---

28. *A member whose shares have been made forfeit or surrendered shall cease to be a member in respect of the shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares with interest thereon at eight per cent. per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for the value of the shares at that time of forfeiture or surrender or waive payment in whole or in part.*
29. *The Company shall have a first and paramount lien on every share (not being a fully paid share) and dividends from time to time declared in respect of such shares. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the member or deceased member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Article 29.*
30. *The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.*
31. *The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities and any residue shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assigns, as he may direct. For the purpose of giving effect to any such sale the Directors may authorise some person to transfer the shares sold to the purchaser.*
32. *A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly made forfeit or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt by the Company of the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, the Depository Register) or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be registered as the holder of the share, or where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.”*

### “STOCK

44. *The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares of any denomination.*
45. *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 previous to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units (not being greater than the nominal amount of the shares from which the stock arose) as the Directors may from time to time determine.*

---

## APPENDIX 3: EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF THE COMPANY

---

46. *The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted."*

### **"WINDING UP**

146. *The Directors shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.*
147. *If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the Liquidator may, with the authority of a Special Resolution, divide among the members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members of different classes of members. The Liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the Liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability."*

## **2. RIGHTS OF SHAREHOLDERS IN RESPECT OF VOTING**

### **"TRANSMISSION OF SHARES**

38. (A) *In the case of the death of a member whose name is registered in the Register of Members, the survivors or survivor, where the deceased was a joint holder, and the executors or administrators of the deceased, where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.*
- (B) *In the case of the death of a member who is a Depositor, the survivors, or survivor, where the deceased is a joint holder, and the executors or administrators of the deceased, where he was a sole or only surviving holder and where such executors or administrators are entered into the Depository Register in respect of any shares to the deceased member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.*
- (C) *Nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.*
39. *Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share either be registered himself as holder of the share upon giving to the Company notice in writing of such his desire or transfer such share to some other person. All the limitations, restrictions and provisions of these presents relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer executed by such member.*

---

## APPENDIX 3: EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF THE COMPANY

---

40. *Save as otherwise provided by or in accordance with these presents, a person becoming entitled to a share in consequence of the death or bankruptcy of a member (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the registered holder of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to meetings of the Company until he shall have been registered as a member in respect of the share.*
41. *There shall be paid to the Company in respect of the registration of any probate or letters of administration or certificate of death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares such fee not exceeding S\$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require.*

### CENTRAL DEPOSITORY SYSTEM

42. *A reference to a member shall be a reference to a registered holder of shares in the Company, or where such registered holder is CDP, the Depositors on behalf of whom CDP holds the shares, Provided that:-*
- (a) *a Depositor shall only be entitled to attend any General Meeting and to speak and vote thereat if his name appears on the Depository Register maintained by CDP forty-eight (48) hours before the General Meeting as a Depositor on whose behalf CDP holds shares in the Company, the Company being entitled to deem each such Depositor, or each proxy of a Depositor who is to represent the entire balance standing to the Securities Account of the Depositor to represent such number of shares as is actually credited to the Securities Account of the Depositor as at such time, according to the records of CDP as supplied by CDP to the Company, and where a Depositor has apportioned the balance standing to his Securities Account between two proxies, to apportion the said number of shares between the two proxies in the same proportion as previously specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the proportion of Depositor's shareholding specified in the instrument of proxy, or where the balance standing to a Depositor's Securities Account has been apportioned between two proxies the aggregate of the proportions of the Depositor's shareholding they are specified to represent, and the true balance standing to the Securities Account of a Depositor as at the time of the General Meeting, if the instrument is dealt with in such manner as is provided above;*
  - (b) *the payment by the Company to CDP of any dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment;*
  - (c) *the delivery by the Company to CDP of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement; and*
  - (d) *the provisions in these Articles relating to the transfers, transmissions or certification of shares shall not apply to the transfer of book-entry securities (as defined in the Statutes).*

---

## APPENDIX 3: EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF THE COMPANY

---

### EXCLUSION OF EQUITIES

43. *Except as required by the Statutes or law, no person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognize (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 the Statutes or law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder and nothing in these Articles contained relating to CDP or to Depositors or in any depository agreement made by the Company with any common depository for shares shall in any circumstances be deemed to limit, restrict or qualify the above.”*

### “PROCEEDINGS AT GENERAL MEETING

53. *The Chairman of the Board of Directors, failing whom the Deputy Chairman, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither be present within five minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the meeting.*
54. *No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two members present in person or by proxy.*
55. *If within thirty minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place or such other day, time or place as the directors may by not less than ten days’ notice appoint.*
56. *The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty days or more or sine die, not less than seven days’ notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.*
57. *Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.*
58. *If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.*



---

## APPENDIX 3: EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF THE COMPANY

---

59. *At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:-*
- (a) *the chairman of the meeting; or*
  - (b) *not less than two members present in person or by proxy and entitled to vote; or*
  - (c) *any member present in person or by proxy, or where such a member has appointed two proxies any one of such proxies, or any number or combination of such members or proxies, holding or representing as the case may be not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or*
  - (d) *any member present in person or by proxy, or where such a member has appointed two proxies any one of such proxies, or any number or combination of such members or proxies, holding or representing as the case may be shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid on all the shares conferring that right;*

*Provided Always that no poll shall be demanded on the choice of a chairman of the meeting or on a question of adjournment. A demand for a poll may be withdrawn only with the approval of the meeting.*

60. *Unless a poll is required a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.*
61. *In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote.*
62. *A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.*

### VOTES OF MEMBERS

63. *Subject to any special rights or restrictions as to voting attached by or in accordance with these Articles to any class of shares, on a show of hands every member who is present in person or by proxy shall have one vote, the chairman of the meeting to determine which proxy shall be entitled to vote where a member is represented by two proxies, and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder. A member who is bankrupt shall not, while his bankruptcy continues, be entitled to exercise his rights as a member, or attend, vote or act at any meeting of the Company.*

---

### APPENDIX 3: EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF THE COMPANY

---

64. *In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or, as the case may be, the order in which the names appear in the Depository Register in respect of the joint holding.*
65. *Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.*
66. *No member shall be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid.*
67. *No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.*
68. *On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.*
69. (A) *A member shall not be entitled to appoint more than two proxies to attend and vote at the same General Meeting, Provided that if a member shall nominate two proxies then the member shall specify the proportion of his shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.*
- (B) *A proxy need not be a member of the Company.*
70. (A) *An instrument appointing a proxy for any member shall be in writing in any usual or common form or in any other form which the Directors may approve and:-*
- (a) *in the case of an individual member, shall be signed by the member or his attorney duly authorised in writing; and*
- (b) *in the case of a member which is a corporation shall be either given under its common seal or signed on its behalf by an attorney duly authorised in writing or a duly authorized officer of the corporation.*
- (B) *The signatures on an instrument of proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of a member by an attorney, the letter or power of attorney or a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the next following Article, failing which the instrument of proxy may be treated as invalid.*



---

## **APPENDIX 3: EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF THE COMPANY**

---

71. *An instrument appointing a proxy must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office) not less than forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates, Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates.*
72. *An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll and to speak at the meeting.*
73. *A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.*
74. *Subject to these Articles and the Statutes, the Directors may, at their sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow members who are unable to vote in person at any general meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.*

### **CORPORATIONS ACTING BY REPRESENTATIVES**

75. *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 such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of these presents be deemed to be present in person at any such meeting if a person so authorised is present thereat."*

### **3. RIGHTS OF SHAREHOLDERS IN RESPECT OF DIVIDENDS**

#### **"RESERVES**

123. *The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same the Directors shall comply with the provisions of the Statutes.*

---

## APPENDIX 3: EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF THE COMPANY

---

### DIVIDENDS

124. *The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.*
125. *If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.*
126. *Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Article no amount paid on a share in advance of calls shall be treated as paid on the share.*
127. *No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes or, pursuant to Section 69 of the Act and in the form of stock dividends, out of the share premium account. Any dividend unclaimed after six (6) years from the date of declaration shall be made forfeit and revert to the Company.*
128. *No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.*
129. (A) *The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.*
- (B) *The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.*
130. *The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.*
131. *The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.*

---

## APPENDIX 3: EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF THE COMPANY

---

132. Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of the member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person and such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.
133. If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.
134. 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.

### CAPITALISATION OF PROFITS AND RESERVES

135. The Directors may, with the sanction of an Ordinary Resolution of the Company (including any Ordinary Resolution passed pursuant to Article 4(A)), capitalize any sum standing to the credit of any of the Company's reserve accounts as representing profits available for distribution under the provisions of the Statutes or, pursuant to Sections 69 or 70 of the Act, the Company's share premium account or capital redemption reserve, by appropriating such sum to the persons registered as the holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on the date of the resolution (or such other date as may be specified therein or determined as therein provided) in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares or (subject to any special rights previously conferred on any shares or class of shares for the time being issued) unissued shares of any other class not being redeemable shares, for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid. The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalization, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorize any person to enter on behalf of all the members interested into an agreement with the Company providing for any such capitalization and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned."

---

## APPENDIX 4: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

---

### 2. Significant accounting policies

#### 2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

#### ***Interpretations and amendments to published standards effective in 2014***

On 1 January 2014, the Group adopted the new or amended FRS and Interpretations to FRS (“INT FRS”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

#### FRS 112 Disclosures of Interest in Other Entities

The Group has adopted the above new FRS on 1 January 2014. The amendment is applicable for annual periods beginning on or after 1 January 2014. It sets out the required disclosures for entities reporting under the new FRS 110 Consolidated Financial Statements and FRS 111 Joint Arrangements, and replaces the disclosure requirements currently found in FRS 27 (revised 2011) Separate Financial Statements and FRS 28 (revised 2011) Investments in Associates and Joint Ventures.

The Group has applied FRS 112 retrospectively in accordance with the transitional provisions (as amended subsequent to the issuance of FRS 112 in September 2011) in FRS 112. The Group has incorporated the additional required disclosures into the financial statements.

#### 2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group’s activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group’s activities are met as follows:

##### (a) *Sale of goods*

Revenue from sale of goods is recognised when the goods are delivered to the customers and it is probable that the goods will not be returned.

---

## APPENDIX 4: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

---

### 2. Significant accounting policies (continued)

#### 2.2 Revenue recognition (continued)

(b) *Sale of development properties*

Revenue from sale of development properties is recognised when the properties are delivered to the buyers.

(c) *Rendering of services*

Revenue from rendering of services is recognised when the services are rendered.

(d) *Hotel revenue*

Revenue from letting out of rooms, food and beverages sales and other hotel related services is recognised at the time when services are rendered.

(e) *Interest income*

Interest income is recognised using the effective interest method.

(f) *Dividend income*

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

(g) *Rental income*

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(h) *Membership fee*

Membership fee is recognised on a straight-line basis over the membership term.

#### 2.3 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

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

As defined under Financial Reporting Standards 110 - Consolidated Financial Statements ("FRS 110"), the Group identified that it has existing rights that give it the current ability to direct relevant activities of the TK operators established in Japan, is exposed to variable returns from its involvement with the TK operators and has the ability to affect those returns through the existing rights over the TK operators. The Group accordingly consolidates their financial statements for reporting purpose. TK operators are principally engaged in property-related businesses.

A TK operator is consolidated from the date on which the Group has met requirements under FRS 110. It is deconsolidated from the date that these requirements are not met.

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

---

## APPENDIX 4: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

---

### 2. Significant accounting policies (continued)

#### 2.3 Group accounting (continued)

##### (a) Subsidiaries (continued)

###### (i) Consolidation (continued)

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

###### (ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

###### (iii) Disposals

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

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

##### (b) Transactions with non-controlling interests

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



---

## APPENDIX 4: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

---

### 2. Significant accounting policies (continued)

#### 2.3 Group accounting (continued)

##### (c) *Associated companies*

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of these profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Investments in associated companies are derecognised when the Group loses significant influence. If the retained interest in the associated company is a financial asset, the retained interest is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value and any proceeds on partial disposal is recognised in profit or loss.

The accounting policy on investments in subsidiaries and associated companies in the separate financial statements of the Company is as included in Note 2.11.

#### 2.4 Property, plant and equipment

##### (a) *Measurement*

###### (i) *Land and buildings*

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at cost less accumulated impairment losses. Leasehold land and buildings are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

###### (ii) *Other property, plant and equipment*

All other property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

###### (iii) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (Note 2.8).

---

## APPENDIX 4: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

---

### 2. Significant accounting policies (continued)

#### 2.4 Property, plant and equipment (continued)

##### (b) *Depreciation*

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold land and buildings	50 - 99 years
Leasehold improvements	5 - 20 years
Plant and equipment	3 - 20 years
Furniture, fixtures and fittings	1 - 20 years
Office equipment	3 - 5 years
Motor vehicles	3 - 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

##### (c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when 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. All other repair and maintenance expense is recognised in profit or loss when incurred.

##### (d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

#### 2.5 Land held for development

Land held for development includes the costs for obtaining the right to occupy and use land, certain fees for altering the intended use of land and resettlement costs, and are stated at cost less accumulated impairment losses.

#### 2.6 Development properties

##### (a) *Properties under development*

Development properties are stated at cost, less foreseeable losses. An allowance is made where the estimated net realisable value of the properties has fallen below their carrying value.

Cost includes cost of land and other direct and related expenditure, including interest on borrowings, incurred in developing the properties. Interest and other related expenditure are capitalised as and when the activities that are necessary to get the asset ready for its intended development are in progress.

The interest on borrowings capitalised is arrived at by reference, where appropriate, to the actual rate payable on borrowings for development purposes.

When the development of these properties is completed, these properties are transferred and accounted for as properties developed for sale.

##### (b) *Properties developed for sale*

Properties developed for sale are carried at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

---

## APPENDIX 4: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

---

### 2. Significant accounting policies (continued)

#### 2.7 Properties held for sale

Properties held for sale are carried at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

#### 2.8 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under constructions.

#### 2.9 Prepaid leasehold properties

Prepaid leasehold properties are properties under operating leases where substantially all risks and rewards incidental to ownership are retained by the lessor. They are carried initially at cost and subsequently amortised on a straight-line basis over the lease periods.

#### 2.10 Investment properties

Investment properties comprise of acquired business hotels that are held for rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by an independent and qualified valuer on the highest and best use basis. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

#### 2.11 Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

#### 2.12 Impairment of non-financial assets

*Property, plant and equipment*

*Land held for development*

*Investments in subsidiaries and associated companies*

Property, plant and equipment, land held for development and investments in subsidiaries and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

---

## APPENDIX 4: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

---

### 2. Significant accounting policies (continued)

#### 2.12 Impairment of non-financial assets (continued)

*Property, plant and equipment (continued)*

*Land held for development (continued)*

*Investments in subsidiaries and associated companies (continued)*

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

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

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

#### 2.13 Financial assets

##### (a) *Classification*

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### (i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the end of reporting period which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the statement of financial position.

##### (ii) *Financial assets, available-for-sale*

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the end of reporting period.

##### (b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

##### (c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

---

## APPENDIX 4: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

---

### 2. Significant accounting policies (continued)

#### 2.13 Financial assets (continued)

##### (d) *Subsequent measurement*

For financial assets, available-for-sale that are subsequently carried at fair value, changes in the fair values are recognised in other comprehensive income and accumulated in the fair value reserve. For equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, the investments are carried at cost less impairment losses. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on financial assets, available-for-sale are recognised separately in profit or loss. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences, if any, are recognised in profit or loss and the other changes are recognised in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

##### (e) *Impairment*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

##### (i) *Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

##### (ii) *Financial assets, available-for-sale*

In addition to the objective evidence of impairment described in Note 2.13(e)(i), significant or prolonged decline in the fair value of an equity security below its cost and the disappearance of an active trading market for the security are objective evidence that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is recognised to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

---

## APPENDIX 4: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

---

### 2. Significant accounting policies (continued)

#### 2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting period.

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 profit or loss over the period of the borrowings using the effective interest method.

#### 2.15 Trade and other payables

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

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

#### 2.16 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the end of the reporting period. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Where appropriate quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

#### 2.17 Operating lease

(a) *When the Group is the lessee:*

The Group leases office space, hostels and motor vehicle under operating leases from non-related parties.

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

(b) *When the Group is the lessor:*

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

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

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

Contingent rents are recognised as income in profit or loss when earned.



---

## APPENDIX 4: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

---

### 2. Significant accounting policies (continued)

#### 2.18 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probably that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

#### 2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

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

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

#### 2.20 Employee compensation

##### (a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

##### (b) *Employee leave entitlement*

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

---

## APPENDIX 4: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

---

### 2. Significant accounting policies (continued)

#### 2.21 Currency translation

##### (a) *Functional and presentation currency*

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

##### (b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss, unless they arise from borrowings in foreign currencies and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

All foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains/(losses), net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

##### (c) *Translation of Group entities' financial statements*

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

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

#### 2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM") whose members are responsible for allocating resources and assessing performance of the operating segments.

#### 2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions less restricted cash which are subject to an insignificant risk of change in value.

#### 2.24 Share capital

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

#### 2.25 Dividends to Company's shareholders

Dividends to Company's shareholders are recognised when the dividends are approved for payment.

---

## APPENDIX 5: VALUATION REPORTS

---

This **Appendix 5** sets out the Valuation Reports in respect of the Subject Properties as set out in the list below. Copies of the Valuation Reports of the respective Subject Properties are available for inspection at the registered address of the Company at 23 Tai Seng Drive, #06-00 Deutsche Telekom Centre, Singapore 535224 during normal business hours for the period during which the Offer remains open for acceptance.

### **List of Subject Properties**

<b>Name of property</b>	<b>Location</b>	<b>Valuer</b>
Xu Ri Wan Hua Yuan (comprising hotel, kindergarten and car park)	Zhuhai, PRC	Zhuhai Rongzheng Land Real Estate Assets Assessment Co. Ltd.
Xu Ri Wan Hua Yuan (club house)	Zhuhai, PRC	
Smile Hotel Tokyo Asagaya	Asagaya, Tokyo, Japan	Assets Research and Development Inc.
Smile Hotel Asakusa	Asakusa, Tokyo, Japan	
Comfort Hotel Okayama	Okayama, Japan	
Matsuyama Washington Hotel Plaza	Matsuyama, Japan	
nest HOTEL kumamoto	Kumamoto, Japan	
nest HOTEL naha	Naha, Japan	
nest HOTEL osaka shinsaibashi	Osaka, Japan	

---

## APPENDIX 5: VALUATION REPORTS

---

Date: 17 April 2015

To: IPC Property Development (Zhuhai)Ltd.

Re: Kindergarten(Xu Ri Wan Hua Yuan)  
Clubhouse(Xu Ri Wan Hua Yuan)  
Hotel(Xu Ri Wan Hua Yuan)  
Carpark(Xu Ri Wan Hua Yuan)

Kindly be advised that there are no material changes in the value of the above mentioned properties which had been valued as at 31st December 2014.

Attached herewith the “ Valuation Summary” as at 31 December 2014.

Purpose of this letter : “For the mandatory conditional cash offer of the Company announced on 1 April 2015.”

徐建设 贺民

Zhuhai Rongzheng Land Real Estate Assets Assessment Co.Ltd.



---

珠海荣正土地房地产与资产评估有限公司  
地址：中国广东省珠海市吉大景山路92号东大商业中心六楼601室  
电话 Tel:86--756-3321632 传真 Fax:86-756-3341632

Zhuhai Rongzheng Land Real Estate Assets Assessment Co. Ltd.  
Add: 601,6/F,Torita Trade Center,No.92 Jingshan Road ,Jida, Zhuhai,  
Guangdong Province, China



## APPENDIX 5: VALUATION REPORTS

### VALUATION SUMMARY

Client:	IPC Property Development (Zhuhai) Ltd.
Name and address of property:	Xu Ri Wan Hua Yua No. 11 Tangqi Road, Tangjiawan Town Zhuhai, China
Tenure:	60 years commencing from August 2004
Use of property:	Hotel
Brief Description:	The hotel consists of 12 floors and one basement, with high-end interior decoration. There are 217 rooms.
Site Area:	2752.23 square meters
Gross Floor Area:	16237.36 square meters
Valuation Methodologies:	Combination of Market Comparison Approach and Income Approach
Valuation Date:	31 <sup>st</sup> December 2014
Valuation:	Open Market Value RMB266,617,451

贺 氏 建 设



珠海荣正土地房地产与资产评估有限公司  
地址：中国广东省珠海市吉大景山路92号东大商业中心六楼601室  
电话 Tel:86-756-3321632 传真 Fax:86-756-3341632

Zhuhai Rongzheng Land Real Estate Assets Assessment Co. Ltd.  
Add: 601,6/F,Torita Trade Center,No.92 Jingshan Road ,Jida, Zhuhai,  
Guangdong Province, China



## APPENDIX 5: VALUATION REPORTS

### VALUATION SUMMARY

Client:	IPC Property Development (Zhuhai) Ltd.
Name and address of property:	Xu Ri Wan Hua Yua Kindergarten, No. 5 Tangqi Road ,Tangjiawan Town Zhuhai, China
Tenure:	60 years commencing from May 2007
Use of property:	Kindergarten
Brief Description:	The kindergarten consists of 3 floors. It is moderate decorated.
Site Area:	1037.72 square meters
Gross Floor Area:	2727.24 square meters
Valuation Methodologies:	Combination of Market Comparison Approach and Income Approach
Valuation Date:	31 <sup>st</sup> December 2014
Valuation:	Open Market Value RMB30,136,002

熊建设 贺民



珠海荣正土地房地产与资产评估有限公司  
地址：中国广东省珠海市吉大景山路92号东大商业中心六楼601室  
电话 Tel:86-756-3321632 传真 Fax:86-756-3341632

Zhuhai Rongzheng Land Real Estate Assets Assessment Co. Ltd.  
Add: 601,6/F,Torita Trade Center,No.92 Jingshan Road ,Jida, Zhuhai,  
Guangdong Province, China



## APPENDIX 5: VALUATION REPORTS

### VALUATION SUMMARY

Client:	IPC Property Development (Zhuhai) Ltd.
Name and address of property:	Xu Ri Wan Hua Yua Basement 1, No. 9 Tangqi Road, Tangjiawan Town Zhuhai, China
Tenure:	60 years commencing from 2005
Use of property:	Carpark
Brief Description:	407 parking lots
Site Area:	4789.73 square meters
Gross Floor Area:	4789.73 square meters
Valuation Methodologies:	Combination of Market Comparison Approach and Income Approach
Valuation Date:	31 <sup>st</sup> December 2014
Valuation:	Open Market Value RMB77,354,140

贺建设



珠海荣正土地房地产与资产评估有限公司  
地址：中国广东省珠海市吉大景山路92号东大商业中心六楼601室  
电话 Tel:86-756-3321632 传真 Fax:86-756-3341632

Zhuhai Rongzheng Land Real Estate Assets Assessment Co. Ltd.  
Add: 601,6/F,Torita Trade Center,No.92 Jingshan Road ,Jida, Zhuhai,  
Guangdong Province, China



## APPENDIX 5: VALUATION REPORTS

### VALUATION SUMMARY

Client:	IPC Property Development (Zhuhai) Ltd.
Name and address of property:	Xu Ri Wan Hua Yua Clubhouse, No. 7 Tangqi Road, Tangjiawan Town Zhuhai, China
Tenure:	60 years commencing from February 2004
Use of property:	Clubhouse
Brief Description:	It is a three-storey building with a basement, with a restaurant and a indoor swimming pool on the 1st floor, a gym on the 2nd floor and offices on the 3rd floor. The basement is used as store room.
Site Area:	1658.22 square meters
Gross Floor Area:	4859.98 square meters
Valuation Methodologies:	Combination of Market Comparison Approach and Income Approach
Valuation Date:	31 <sup>st</sup> December 2014
Valuation:	Open Market Value RMB69,740,713

贺 民 建 设



珠海荣正土地房地产与资产评估有限公司  
地址：中国广东省珠海市吉大景山路 92 号东大商业中心六楼 601 室  
电话 Tel:86--756-3321632 传真 Fax:86-756-3341632

Zhuhai Rongzheng Land Real Estate Assets Assessment Co. Ltd.  
Add: 601,6/F,Torita Trade Center,No.92 Jingshan Road ,Jida, Zhuhai,  
Guangdong Province, China

---

**APPENDIX 5: VALUATION REPORTS**

---



**Assets Research and Development Inc.**

Nishikura LK Bldg.8F  
16-6 tomihisacho, Shinjuku-ku, Tokyo, Japan , 162-0067  
PHONE: +81.3.5366.0421 FAX: +81.3.5366.0423

April 16, 2015

To Godo Kaisha Palladio Hospitality

Re: Smile Hotel Tokyo Asagaya and Smile Hotel Asakusa

Kindly be advised that there are no material changes in the value of the above mentioned properties which had been valued as at 31st December 2014.

Attached herewith the “Valuation Summary” as at 31 December 2014.

Purpose of this letter: For the mandatory conditional cash offer of the Company announced on 1 April 2015

Kunihiro Kitagawa, Licensed real estate appraiser

Assets Research and Development Inc.



## APPENDIX 5: VALUATION REPORTS



**Assets Research and Development Inc.**

Nishikura LK Bldg.8F  
 16-6 tomihisacho, Shinjuku-ku, Tokyo, Japan , 162-0067  
 PHONE: +81.3.5366.0421 FAX: +81.3.5366.0423

### Valuation Summary

Name of the hotel	Smile Hotel Tokyo Asagaya	Smile Hotel Asakusa
Prefecture	Tokyo	Tokyo
Address (Residence indication)	3-37-11, Asagayaminami, Suginami-ku	6-35-8, Asakusa, Taito-ku
Address (Registration)	780-1, 3-chome, Asagayaminami, Suginami-ku	621-2, 620-2, 622-1,6-chome, Asakusa, Taito-ku
Land Area (Registration)	919.72 sqm	361.38 sqm
Total Floor Area (Registration)	2732.47 sqm	1793.43 sqm
Structure (Registration) (main building)	Reinforced concrete	Steel frame and reinforced concrete
Floors (Registration)	5F	10F
Base floors (Registration)	B1F	-
Year built (main building)	Jan-93	Sep-92
Guest rooms, # of total rooms	112	96
Tenure	Freehold	Freehold
Valuation date	31-Dec-14	31-Dec-14
Valuation methodology	Direct capitalisation approach ("DCA") and discounted cash flow method ("DCF")	
Valuation (Open market value)	2,250,000,000	852,000,000

---

## APPENDIX 5: VALUATION REPORTS

---



**Assets Research and Development Inc.**

Nishikura LK Bldg.8F  
16-6 tomihisacho, Shinjuku-ku, Tokyo, Japan , 162-0067  
PHONE: +81.3.5366.0421 FAX: +81.3.5366.0423

April 16, 2015

To Godo Kaisha Palladio Hospitality One

Re: Comfort Hotel Okayama and Matsuyama Washington Hotel Plaza

Kindly be advised that there are no material changes in the value of the above mentioned properties which had been valued as at 31st December 2014.

Attached herewith the "Valuation Summary" as at 31 December 2014.

Purpose of this letter: For the mandatory conditional cash offer of the Company announced on 1 April 2015

Kunihiro Kitagawa, Licensed real estate appraiser

Assets Research and Development Inc.





## APPENDIX 5: VALUATION REPORTS



**Assets Research and Development Inc.**

Nishikura LK Bldg.8F  
 16-6 tomihisacho, Shinjuku-ku, Tokyo, Japan , 162-0067  
 PHONE: +81.3.5366.0421 FAX: +81.3.5366.0423

### Valuation Summary

Name of the hotel	Comfort Hotel Okayama	Matsuyama Washington Hotel Plaza
Prefecture	Okayama	Ehime
Address (Residence indication)	1-1-13 Marunouchi, Kita-ku, Okayama-shi	1-7-1 Niban-cho, Matsuyama-shi
Address (Registration)	1-150, 1-151, 1-152, 1-153, 1-154, 1-155, 1-156, 1-chome, Marunouchi, Kita-ku, Okayama-shi	7-6, 7-1, 7-7, 7-8, 1-chome, Niban-cho, Matsuyama-shi 11-6, 1-chome, Katsuyama-cho, Matsuyama-shi
Land Area (Registration)	986.26 sqm	1692.01 sqm
Total Floor Area (Registration)	5543.70 sqm	6671.94 sqm for the registered building
Structure (Registration) (main building)	Steel frame and reinforced concrete	Reinforced concrete
Floors (Registration)	10F	11F
Base floors (Registration)	-	-
Year built (main building)	Nov-83	Nov-88
Guest rooms, # of total rooms	208	190
Tenure	Freehold	Freehold
Valuation date	31-Dec-14	31-Dec-14
Valuation methodology	Direct capitalisation approach ("DCA") and discounted cash flow method ("DCF")	
Valuation (Open market value)	859,000,000	1,250,000,000



---

## APPENDIX 5: VALUATION REPORTS

---



**Assets Research and Development Inc.**

Nishikura LK Bldg.8F  
16-6 tomihisacho, Shinjuku-ku, Tokyo, Japan , 162-0067  
PHONE: +81.3.5366.0421 FAX: +81.3.5366.0423

April 16, 2015

To Godo Kaisha Palladio Hospitality Two

Re: nest HOTEL osaka shinsaibashi, nest HOTEL kumamoto and nest HOTEL naha

Kindly be advised that there are no material changes in the value of the above mentioned properties which had been valued as at 31st December 2014.

Attached herewith the “Valuation Summary” as at 31 December 2014.

Purpose of this letter: For the mandatory conditional cash offer of the Company announced on 1 April 2015

Kunihiro Kitagawa, Licensed real estate appraiser

Assets Research and Development Inc.



## APPENDIX 5: VALUATION REPORTS



**Assets Research and Development Inc.**

Nishikura LK Bldg.8F  
16-6 tomihisacho, Shinjuku-ku, Tokyo, Japan , 162-0067  
PHONE: +81.3.5366.0421 FAX: +81.3.5366.0423

### Valuation Summary

Name of the hotel	nest HOTEL osaka shinsaibashi	nest HOTEL kumamoto
Prefecture	Osaka	Kumamoto
Address (Residence indication)	2-4-10 Minamisenba, Chuo-ku, Osaka-shi	4-39 Karashima-cho, Chuo-ku, Kumamoto-shi
Address (Registration)	8-4, 7-8, 9-2, 29-4, 30-1, 31, 2-chome, Minamisenba, Chuo-ku, Osaka-shi	4-13, 4-12, 4-11, 4-17, Karashima-cho, Chuo-ku, Kumamoto-shi
Land Area (Registration)	1072.78 sqm	1074.39 sqm
Total Floor Area (Registration)	8057.26 sqm	6404.36 sqm
Structure (Registration) (main building)	Steel frame and reinforced concrete	reinforced concrete + Steel frame and reinforced concrete
Floors (Registration)	13F	10F
Base floors (Registration)	-	B1F
Year built (main building)	Aug-84	Aug-84
Guest rooms, # of total rooms	302	201
Tenure	Freehold	Freehold
Valuation date	31-Dec-14	31-Dec-14
Valuation methodology	Direct capitalisation approach ("DCA") and discounted cash flow method ("DCF")	
Valuation (Open market value)	2,970,000,000	857,000,000

Name of the hotel	nest HOTEL naha
Prefecture	Okinawa
Address (Residence indication)	1-6-1 Nishi, Naha-shi
Address (Registration)	6-5, 6-4, 1-chome, Nishi, Naha-shi
Land Area (Registration)	2322.62 sqm
BTL ratio (building-to-land)	90%
FAR (floor-area ratio)	400%
zoning	Commercial Area
Building	
Total Floor Area (Registration)	9240.20 sqm
Structure (Registration) (main building)	Steel frame and reinforced concrete
Floors (Registration)	11F
Base floors (Registration)	-
Year built (main building)	Feb-75
Guest rooms, # of total rooms	193
Tenure	Freehold
Valuation date	31-Dec-14
Valuation methodology	Direct capitalisation approach ("DCA") and discounted cash flow method ("DCF")
Valuation (Open market value)	1,320,000,000