

Appendix I - Dissenting views of the resigning Director who was the Audit Committee Chairman with regards to unaudited financial statements for the year ended 31 December 2015

Reference is made to the Company's announcement on 29 February 2016 in relation to the unaudited financial statements for the year ended 31 December 2015 and subsequent announcement on 21 March 2016 in response to the SGX's queries dated 14 March 2016 on the same subject matter, the Company wishes to announce that there are dissenting views of the resigning Director who was the Audit Committee Chairman ("Resigning Director") with the external auditors on the accounting treatment of:-

- (1) Application of the equity accounting to an associated company following the transfer of the Group's economic rights in the associated company to a former subsidiary; and
- (2) The carrying amount of a bank loan of a subsidiary

For item (1), the Resigning Director together with a member of the Audit Committee were of the view that as the Group had previously restructured its debts and surrendered most of the economic benefits relating to its interests in associate company, the Group should discontinue equity accounting of the associated company. The management has consulted the auditors and the auditors have advised the management that their view is that the investment in associate company meets the definition of paragraph 5 and 12 of FRS 28 and accordingly, the investment has to be accounted for as an associate and equity accounting would apply under the provisions of FRS 28.

For item (2), the Resigning Director together with a member of the Audit Committee were of the view that the Loan ought to be fair-valued to zero as it requires no repayment. The management has consulted the auditors and the auditors have advised the management that their view is that the loan granted to a subsidiary should be consolidated into the financial statements in accordance with paragraph 20 of FRS 110 because the holding company has control over the subsidiary through its 100% shareholdings and representation on the board of directors in the subsidiary. In addition, the subsidiary has not discharged all its obligations and has received no notice from the bank for a waiver thus, the Loan should remain as a liability of the Group.

The issues were discussed during the Board and Audit Committee Meetings held on 25 February 2016 and in order to comply with the timelines prescribed by the relevant listing rules to release the financial results, the Board of Directors had approved the release of the unaudited financial results for the year ended 31 December 2015 via a majority decision.