

CIRCULAR DATED 24 AUGUST 2018

THIS CIRCULAR IS ISSUED BY WHEELOCK PROPERTIES (SINGAPORE) LIMITED (THE "COMPANY"). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE RECOMMENDING DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF PRIMEPARTNERS CORPORATE FINANCE PTE. LTD. (AS THE INDEPENDENT FINANCIAL ADVISER TO THE RECOMMENDING DIRECTORS) TO THE RECOMMENDING DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

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

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

The SGX-ST (as defined herein) assumes no responsibility for the correctness of any of the statements made, reports contained, opinions expressed or advice given in this Circular.

WHEELOCK

PROPERTIES

WHEELOCK PROPERTIES (SINGAPORE) LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 197201797H)

CIRCULAR TO SHAREHOLDERS

in relation to the

VOLUNTARY UNCONDITIONAL GENERAL OFFER

by

DBS BANK LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No.: 196800306E)

for and on behalf of

STAR ATTRACTION LIMITED

(Incorporated in the British Virgin Islands)
(Company Registration No.: 150267)

to acquire all the Offer Shares (as defined herein)

Independent Financial Adviser to the Recommending Directors



PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No.: 200207389D)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 7 SEPTEMBER 2018, OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN)

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DEFINITIONS

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

"1HFY2018"	:	Half year ended 30 June 2018
"2QFY2018"	:	Second quarter ended 30 June 2018
"ACRA"	:	The Accounting and Corporate Regulatory Authority of Singapore
"Business Day"	:	A day (other than a Saturday, a Sunday or a gazetted public holiday) on which commercial banks are open for business in Singapore
"CDP"	:	The Central Depository (Pte) Limited
"Circular"	:	This circular to Shareholders dated 24 August 2018 in relation to the Offer, enclosing, <i>inter alia</i> , the IFA Letter
"Closing Date"	:	5.30 p.m. (Singapore time) on 7 September 2018, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer
"Code"	:	The Singapore Code on Take-overs and Mergers
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore
"Company"	:	Wheelock Properties (Singapore) Limited (Company Registration Number: 197201797H), a company incorporated in Singapore and listed on the Main Board of the SGX-ST
"Company Securities"	:	(a) Shares; (b) securities which carry voting rights in the Company; and (c) convertible securities, warrants, options (including any options granted under any employee share scheme of the Company) and derivatives in respect of any Shares or securities which carry voting rights in the Company
"Constitution"	:	The constitution of the Company
"CPF"	:	The Central Provident Fund
"CPFIS"	:	Central Provident Fund Investment Scheme
"CPFIS Investors"	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS

DEFINITIONS

“DBS Bank”	:	DBS Bank Ltd., the financial adviser to the Offeror in relation to the Offer
“Directors”	:	The directors of the Company as at the Latest Practicable Date, and “Director” means any one of them
“FAA”	:	Form of Acceptance and Authorisation for Offer Shares which is issued to Shareholders whose Shares are deposited with CDP and which forms part of the Offer Document
“FAT”	:	Form of Acceptance and Transfer for Offer Shares which is issued to Shareholders whose Shares are not deposited with CDP and which forms part of the Offer Document
“FY”	:	Financial year ended or ending, as the case may be, 31 December of a particular year as stated
“FY2015”	:	Financial year ended 31 December 2015
“FY2016”	:	Financial year ended 31 December 2016
“FY2017”	:	Financial year ended 31 December 2017
“Group”	:	The Company and its subsidiaries
“HKSE”	:	The Stock Exchange of Hong Kong Limited
“IFA”	:	PrimePartners Corporate Finance Pte. Ltd., the independent financial adviser to the Recommending Directors in connection with the Offer
“IFA Letter”	:	Has the meaning ascribed to it in Section 10.1 of this Circular
“Interested Person”	:	As defined in Note on Rule 24.6 of the Code and read with Note on Rule 23.12 of the Code, an interested person, in relation to a company, 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;

DEFINITIONS

- (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
- “Latest Practicable Date”** : 14 August 2018, being the latest practicable date prior to the printing of this Circular
- “Listing Manual”** : The listing manual of the SGX-ST in force as at the Latest Practicable Date
- “Market Day”** : A day on which the SGX-ST is open for trading of securities
- “Non-Recommend­ing Directors”** : Mr. Stephen Tin Hoi Ng and Mr. Horace Wai-Chung Lee
- “Offer”** : The voluntary unconditional general offer by DBS Bank, for and on behalf of the Offeror, to acquire all the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT
- “Offer Announcement”** : The announcement issued by DBS Bank on the Offer Announcement Date, for and on behalf of the Offeror, in relation to the Offer
- “Offer Announcement Date”** : 19 July 2018
- “Offer Document”** : The offer document issued by DBS Bank, for and on behalf of the Offeror, in respect of the Offer
- “Offer Price”** : S\$2.10 in cash for each Offer Share

DEFINITIONS

“Offer Shares”	:	Issued and paid-up ordinary shares in the share capital of the Company, other than those Shares already owned or agreed to be acquired by the Offeror as at the date of the Offer
“Offeror”	:	Star Attraction Limited, a company incorporated in the British Virgin Islands
“Offeror Securities”	:	Ordinary shares in the capital of the Offeror, equity share capital of the Offeror and other securities which carry substantially the same rights in the Offeror, and convertible securities, warrants, options and derivatives in respect of such shares or securities
“Overseas Shareholders”	:	Shareholders whose addresses are outside Singapore, as shown on the Register or in the records of CDP, as the case may be
“Recommending Directors”	:	The Directors who are considered independent for the purposes of the Offer, namely, Mr. Colm Martin McCarthy, Mr. David Tik En Lim, Mr. Kevin Khien Kwok, Mr. Richard Lap Fung Li, Ms. Tan Bee Kim and Mr. Tan Zing Yan
“Register”	:	The register of members of the Company, as maintained by the Registrar
“Registrar”	:	M & C Services Private Limited located at 112 Robinson Road #05-01, Singapore 068902
“Relevant Acceptance Forms”	:	The FAA and/or the FAT (as the case may be)
“Relevant Period”	:	The period commencing on 19 April 2018, being the date falling three months prior to the Announcement Date, and ending on the Latest Practicable Date
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SGXNET”	:	A system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
“Shareholders”	:	Holder of Shares (including persons whose Shares are deposited with CDP or who have purchased Shares on the SGX-ST)

DEFINITIONS

“Shares”	:	Issued and paid-up ordinary shares in the share capital of the Company
“SIC”	:	The Securities Industry Council of Singapore
“SRS”	:	The Supplementary Retirement Scheme
“SRS Investors”	:	Investors who have purchased Shares using their SRS contributions pursuant to the SRS
“Substantial Shareholder”	:	A person who has an interest in not less than five per cent. (5%) of the total number of issued voting shares
“WCL”	:	Wheelock and Company Limited, a company incorporated in Hong Kong and listed on HKSE
“WIL”	:	Wheelock Investments Limited, a company incorporated in Hong Kong
“WPHK”	:	Wheelock Properties (Hong Kong) Limited

Units and currencies

“S\$” and “cents”	:	Singapore dollars and cents respectively, the lawful currency of Singapore
“%” or “per cent.”	:	Per centum or percentage

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

Announcements and Notices. References to the making of an announcement or the giving of notice by the Company shall include the release of an announcement by the Company or its agents, for and on behalf of the Company, to the press or the delivery of or transmission by telephone, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified to the SGX-ST simultaneously.

Capitalised Terms in Extracts. Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Constitution are set out in this Circular within quotes and italics, and capitalised terms used within these reproduced statements and not defined herein shall bear the same meanings as attributed to them in the Offer Document, the IFA Letter and the Constitution respectively.

Depository Related Terms. The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Expressions. Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing a single gender shall, where applicable, include any or all genders. References to persons shall, where applicable, include corporations.

DEFINITIONS

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

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

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

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

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

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

Total number of Shares and Percentage as at the Latest Practicable Date. In this Circular, the total number of Shares is a reference to a total of 1,196,559,876 Shares in issue as at the Latest Practicable Date (excluding treasury shares) based on a search conducted at the ACRA, unless the context otherwise requires. Unless otherwise specified, all references to a percentage shareholding in the capital of the Company in this Circular are based on 1,196,559,876 Shares in issue as at the Latest Practicable Date (excluding treasury shares) based on a search conducted at the ACRA. As at the Latest Practicable Date, there are no treasury shares held in the share capital of the Company.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

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

INDICATIVE TIMETABLE

Date of despatch of the Offer Document	:	10 August 2018
Date of despatch of this Circular	:	24 August 2018
Closing Date	:	5.30 p.m. (Singapore time) on 7 September 2018 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.
Date of settlement of consideration for valid acceptances of the Offer	:	Subject to the receipt by the Offeror of valid acceptances and all relevant documents, remittances in the form of S\$ cheques for the appropriate amounts will be despatched as soon as practicable and in any case within seven (7) Business Days of the date of such receipt.

Please refer to paragraph 1 of Appendix I to the Offer Document for further information.

LETTER TO SHAREHOLDERS

WHEELOCK PROPERTIES (SINGAPORE) LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 197201797H)

Board of Directors:

Mr. Stephen Tin Hoi Ng
Mr. Horace Wai-Chung Lee
Mr. Colm Martin McCarthy
Mr. David Tik En Lim
Mr. Kevin Khien Kwok
Mr. Richard Lap Fung Li
Ms. Tan Bee Kim
Mr. Tan Zing Yan

Registered Office:

501 Orchard Road #11-01
Wheelock Place
Singapore 238880

24 August 2018

To: The Shareholders of Wheelock Properties (Singapore) Limited

Dear Sir/Madam

VOLUNTARY UNCONDITIONAL GENERAL OFFER BY DBS BANK, FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES

1. INTRODUCTION

- 1.1. **Offer Announcement.** On 19 July 2018, DBS Bank, for and on behalf of the Offeror, announced that the Offeror intends to make a voluntary unconditional general offer for the Offer Shares.
- 1.2. **Offer Document.** Shareholders should by now have received a copy of the Offer Document and the Relevant Acceptance Forms, which set out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out on pages 7 to 9 of the Offer Document. **Shareholders are advised to read the terms and conditions of the Offer contained in the Offer Document carefully.**

The Offer Announcement and Offer Document are available for download from the website of the SGX-ST at www.sgx.com.

- 1.3. **Purpose of this Circular.** The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Company and the Offer, the advice of the IFA to the Recommending Directors and the recommendation of the Recommending Directors with regard to the Offer.

Shareholders should read the Offer Document, this Circular and the IFA Letter carefully and consider the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors on the Offer before deciding on whether to accept or reject the Offer. 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.

LETTER TO SHAREHOLDERS

2. THE OFFER

- 2.1. **Terms of the Offer.** The Offer is made by DBS Bank, for and on behalf of the Offeror, on the principal terms set out in paragraphs 2.1 to 2.6 of the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

“2. THE OFFER

2.1 Consideration

*For each Offer Share: S\$2.10 in cash (the “**Offer Price**”).*

2.2 Offer Shares

*The Offer is extended, on the same terms and conditions, to all the Shares, other than those Shares already owned or agreed to be acquired by the Offeror as at the date of the Offer (the “**Offer Shares**”).*

2.3 No Encumbrances

The Offer Shares will be acquired (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all Distributions, if any, which may be announced, declared, paid or made by the Company in respect of the Offer Shares on or after the Offer Announcement Date).

2.4 Adjustment for Distributions

Without prejudice to the foregoing, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distribution that may be declared, paid or made by the Company on or after the Offer Announcement Date.

Accordingly, in the event any Distribution is or has been declared, paid or made by the Company in respect of the Offer Shares on or after the Offer Announcement Date, 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, depending on when the settlement date in respect of the Offer Shares tendered in acceptance of the Offer by such accepting Shareholder falls, as follows:

- (a) if such settlement date falls on or before the books closure date for the determination of entitlements to the Distribution (the “**Books Closure Date**”), the Offer Price for each Offer Share shall be S\$2.10, as the Offeror will receive the Distribution in respect of such Offer Share from the Company; or*
- (b) if such settlement date falls after the Books Closure Date, the Offer Price for each Offer Share shall be reduced by an amount which is equal to the amount of the Distribution in respect of each Offer Share, as the Offeror will not receive the Distribution in respect of such Offer Share from the Company.*

LETTER TO SHAREHOLDERS

2.5 **Unconditional Offer**

The Offer is unconditional in all respects. Shareholders who accept the Offer before the close of the Offer can expect to receive payment of the Offer Price within seven (7) business days of the date of receipt of their valid acceptances by the Offeror.

2.6 **Warranty**

Acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all Distributions which may be announced, declared, paid or made by the Company in respect of the Offer Shares on or after the Offer Announcement Date)."

- 2.2. **Duration of the Offer.** The duration of the Offer is set out in paragraph 2.7 of the Offer Document, extracts of which are set out below.

"2.7 **Duration of the Offer**

(a) **Closing Date**

Except insofar as the Offer may be withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder, the Offer will remain open for acceptances by Shareholders for a period of at least 28 days from the date of posting of this Offer Document.

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 7 September 2018 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

(b) **Offer to Remain Open for 14 Days thereafter**

Pursuant to Rule 22.6 of the Code, as the Offeror has not stated in this Offer Document that the Offer will not be extended beyond the first closing date, the Offer will remain open for a period of not less than 14 days after the date on which the Offer would otherwise have closed.

The final closing date of the Offer will be announced by DBS Bank, for and on behalf of the Offeror, at the appropriate time in accordance with Rule 22.6 of the Code.

(c) **Revision**

Pursuant to Rule 20.1 of the Code, the Offer, if revised, will remain open for acceptance for a period of 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 Shareholder, including those who had previously accepted the Offer.

LETTER TO SHAREHOLDERS

(d) **Subsequent Closing Date**

If there is an extension of the Offer, pursuant to Rule 22.4 of the Code, any announcement of an extension of the Offer will state the next closing date or if the Offer is unconditional as to acceptances, a statement may be made that the Offer will remain open until further notice. In the latter case, those Shareholders who have not accepted the Offer will be notified in writing at least 14 days before the Offer is closed.”

- 2.3. **Details of the Offer.** The details of the Offer are set out in paragraph 2.8 of and Appendix I to the Offer Document, extracts of which are set out below.

“2.8 Details of the Offer

Appendix I to this Offer Document sets out further details on (a) the settlement of the consideration for the Offer, (b) the requirements relating to the announcement of the level of acceptances of the Offer, and (c) the right of withdrawal of acceptances of the Offer.

...

APPENDIX I – DETAILS OF THE OFFER

1. SETTLEMENT

Subject to the receipt by the Offeror of valid acceptances, complete in all respects and in accordance with the instructions given in this Offer Document, the FAA, the FAT and/or the terms and conditions for Electronic Acceptance (as the case may be) and in the case of a depositor, the receipt by the Offeror of confirmation satisfactory to it that the relevant number of Offer Shares are standing to the credit of the “Free Balance” of the depositor’s Securities Account at the relevant time(s), remittances in the form of S\$ cheques drawn on a bank in Singapore for the appropriate amounts will be despatched, pursuant to Rule 30 of the Code, to the accepting Shareholder (or, in the case of a Shareholder holding share certificate(s) which is/are not deposited with CDP, his designated agent (if any)) by ordinary post and at the risk of the accepting Shareholder or in such manner as he may have agreed with CDP for payment of any cash distribution as soon as practicable but in any event within seven (7) business days of the date of such receipt.

2. ANNOUNCEMENTS

- (a) *Pursuant to Rule 28.1 of the Code, by 8.00 a.m. (Singapore time) on the dealing day (the “**Relevant Day**”) immediately after the day on which the Offer is due to expire, or is revised or extended (if applicable), the Offeror will announce and simultaneously inform the SGX-ST of the total number of Offer Shares (as nearly as practicable):*
- (i) *in respect of which valid acceptances of the Offer have been received;*
 - (ii) *held by the Offeror and any party acting in concert with it before the Offer Period; and*

LETTER TO SHAREHOLDERS

(iii) *acquired or agreed to be acquired by the Offeror and any party acting in concert with it during the Offer Period,*

and will specify the percentages of the issued share capital of the Company represented by such numbers.

(b) *Under Rule 28.2 of the Code, if the Offeror is unable, within the time limit, to comply with paragraph 2(a) above, the SIC will consider requesting the SGX-ST to suspend dealings in the Shares until the relevant information is given.*

(c) *In this Offer Document, references to the making of any announcement or the giving of notice by the Offeror include the release of an announcement by DBS Bank or advertising agents, for and on behalf of the Offeror, to the press or the delivery of or transmission by telephone or facsimile or through SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.*

(d) *In computing the number of Offer Shares represented by acceptances, the Offeror will at the time of making an announcement take into account acceptances which are valid in all respects.*

3. RIGHT OF WITHDRAWAL

Except as expressly provided in this Offer Document and the Code, acceptances of the Offer shall be irrevocable.”

2.4. **Procedures for Acceptance.** The procedures for acceptance are set out in paragraph 2.9 and Appendix II of the Offer Document, extracts of which are set out below.

“2.9 Procedures for Acceptance

Appendix II to this Offer Document sets out the procedures for acceptance of the Offer.”

...

APPENDIX II – PROCEDURES FOR ACCEPTANCE

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER BY DEPOSITORS WHOSE SECURITIES ACCOUNTS ARE AND/OR WILL BE CREDITED WITH OFFER SHARES

(a) Depositors whose Securities Accounts are credited with Offer Shares

*If you have Offer Shares standing to the credit of your Securities Account, you are entitled to receive this Offer Document together with the FAA. If you wish to accept the Offer, you should complete and sign the accompanying FAA in accordance with the provisions and instructions in this Offer Document and the provisions and instructions printed on the FAA (which provisions and instructions shall be deemed to form part of the terms of the Offer) and submit the duly completed and signed original FAA, either **BY HAND** to:*

LETTER TO SHAREHOLDERS

STAR ATTRACTION LIMITED

*c/o The Central Depository (Pte) Limited
9 North Buona Vista Drive
#01-19/20
The Metropolis
Singapore 138588*

or **BY POST** in the enclosed pre-addressed envelope **AT YOUR OWN RISK**, to:

STAR ATTRACTION LIMITED

*c/o The Central Depository (Pte) Limited
Robinson Road Post Office
P.O. Box 1984
Singapore 903934*

so as in either case to arrive **NOT LATER THAN 5.30 P.M. (SINGAPORE TIME) ON THE CLOSING DATE.**

*If you have sold or transferred all your Offer Shares, you need not forward this Offer Document and/or the FAA to the purchaser or the transferee (the "**Purchaser**") as arrangements will be made by CDP for a separate Offer Document and FAA to be sent to the Purchaser. Purchasers should note that CDP will, on behalf of the Offeror, send a copy of this Offer Document and the FAA by ordinary post at the Purchasers' own risk to their respective addresses as they appear in the records of CDP.*

If you wish to accept the Offer, you must insert in Part A of the FAA the number of Offer Shares already standing to the credit of the "Free Balance" of your Securities Account in respect of which the Offer is accepted.

*If you are a depository agent as defined under Section 81 SF of the SFA, you may accept the Offer via the SGX-SSH Service provided by CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents ("**Electronic Acceptance**"). Such Electronic Acceptances must be submitted **NOT LATER THAN 5.30 P.M. (SINGAPORE TIME) ON THE CLOSING DATE.** CDP has been authorised by the Offeror to receive Electronic Acceptances on its behalf. Such Electronic Acceptances submitted will be deemed irrevocable and subject to each of the terms and conditions contained in the FAA and this Offer Document as if the FAA has been duly completed, signed in its originality and submitted to CDP.*

*Subject to paragraph 1(b) below, if the number of Offer Shares inserted in Part A of the FAA or submitted through Electronic Acceptance exceeds the number of Offer Shares standing to the credit of the "Free Balance" of your Securities Account as at 5.00 p.m. (Singapore time) on the date of receipt of the FAA by CDP (the "**Date of Receipt**") or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date (provided always that the Date of Receipt is on or before the Closing Date) or, if no such number of Offer Shares is inserted in Part A, then you are deemed to have accepted the Offer in respect of **ALL** the Offer Shares already standing to the credit of the "Free Balance" of your Securities Account as at 5.00 p.m. (Singapore time) on the Date of Receipt or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date (provided always that the Date of Receipt is on or before the Closing Date).*

LETTER TO SHAREHOLDERS

(b) **Depositors whose Securities Accounts will be credited with Offer Shares**

If you purchase Offer Shares on the SGX-ST and such Offer Shares are in the process of being credited to the "Free Balance" of your Securities Account, you should also receive this Offer Document together with a FAA. If you wish to accept the Offer in respect of such Offer Shares, you should, **AFTER** the "Free Balance" of your Securities Account has been credited with such number of Offer Shares, complete, sign and submit the duly completed and signed original of the accompanying FAA in accordance with the provisions and instructions in this Offer Document and the provisions and instructions printed on the FAA (which provisions and instructions shall be deemed to form part of the terms of the Offer) and return the duly completed and signed original of the FAA, either **BY HAND** to:

STAR ATTRACTION LIMITED

c/o The Central Depository (Pte) Limited
9 North Buona Vista Drive
#01-19/20
The Metropolis
Singapore 138588

or **BY POST** in the enclosed pre-addressed envelope **AT YOUR OWN RISK**, to:

STAR ATTRACTION LIMITED

c/o The Central Depository (Pte) Limited
Robinson Road Post Office
P.O. Box 1984
Singapore 903934

so as in either case to arrive **NOT LATER THAN 5.30 P.M. (SINGAPORE TIME) ON THE CLOSING DATE.**

(c) **Depositors whose Securities Accounts are and will be credited with Offer Shares**

If you already have Offer Shares standing to the credit of the "Free Balance" of your Securities Account, and if you have also purchased additional Offer Shares on the SGX-ST that are in the process of being credited to your Securities Account, you may accept the Offer in respect of the Offer Shares standing to the credit of the "Free Balance" of your Securities Account but in respect of the additional Offer Shares purchased which are in the process of being credited to your Securities Account, you may accept the Offer in respect of such additional Offer Shares only **AFTER** the "Free Balance" of your Securities Account has been credited with such number of Offer Shares. The provisions set out above shall apply in the same way to your acceptance(s).

LETTER TO SHAREHOLDERS

(d) **Rejection**

If you purchase Offer Shares on the SGX-ST, your acceptance in respect of such Offer Shares will be **REJECTED** if the “Free Balance” of your Securities Account is not credited with such Offer Shares by 5.00 p.m. (Singapore time) on the Date of Receipt (if the FAA is received by the CDP prior to the Closing Date) or 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date).

NONE OF THE OFFEROR, DBS BANK OR CDP ACCEPTS ANY RESPONSIBILITY OR LIABILITY IN RELATION TO SUCH REJECTION, INCLUDING THE CONSEQUENCES THEREOF.

(e) **Suspense Account**

CDP will, upon receipt on behalf of the Offeror of the duly completed and signed original of the FAA or Electronic Acceptance, and all other relevant documents (if any), transfer the Offer Shares in respect of which you have accepted the Offer from the “Free Balance” of your Securities Account to a “Suspense Account” until the consideration for the Offer Shares has been despatched to you.

EXCEPT AS SPECIFICALLY PROVIDED FOR IN THIS OFFER DOCUMENT AND THE CODE, ACCEPTANCE OF THE OFFER IS IRREVOCABLE.

(f) **General**

For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares in your Securities Account. You can verify the number of Offer Shares in your Securities Account (i) through CDP Online if you have registered for CDP Internet Access Service, or (ii) through CDP Phone Service if you have a T-Pin.

No acknowledgement will be given for submissions made by post, deposited at boxes located at CDP’s premises or by hardcopies at CDP’s counters. All communications, notices, documents and payments will be sent by ordinary post at the risk of the person(s) entitled thereto to the mailing address appearing in the records of CDP. Settlement of the consideration under the Offer will be subject to the receipt of confirmation satisfactory to the Offeror that the Offer Shares to which the FAA relates are credited to the “Free Balance” of your Securities Account and such settlement cannot be made until all relevant documents have been properly completed and lodged with **STAR ATTRACTION LIMITED** c/o The Central Depository (Pte) Limited, **by hand** at 9 North Buona Vista Drive, #01-19/20, The Metropolis, Singapore 138588 or **by post** at your own risk using the enclosed pre-addressed envelope at Robinson Road Post Office P.O. Box 1984 Singapore 903934.

CDP will send you a notification letter stating the number of Offer Shares debited from your Securities Account together with payment of the Offer Price by way of a cheque in S\$ drawn on a bank in Singapore for the appropriate amount, or in such other manner as you may have agreed with CDP for the payment of any cash distributions.

LETTER TO SHAREHOLDERS

If you do not have any existing Securities Account in your name at the time of acceptance of the Offer, your acceptance as contained in the FAA will be rejected.

If you are a depositor whose Securities Account is or will be credited with Offer Shares but you do not receive this Offer Document and/or the FAA, you may obtain this Offer Document and/or the FAA upon production of satisfactory evidence that you are a Shareholder or have purchased the Offer Shares on the SGX-ST (as the case may be), from The Central Depository (Pte) Limited, at 9 North Buona Vista Drive, #01-19/20, The Metropolis, Singapore 138588.

2. PROCEDURES FOR ACCEPTANCE OF THE OFFER BY SHAREHOLDERS WHO HOLD OFFER SHARES WHICH ARE NOT DEPOSITED WITH CDP

(a) Acceptance

*If you hold Offer Shares which are not deposited with CDP, you are entitled to receive this Offer Document together with the FAT. If you wish to accept the Offer, you should complete and sign the FAT in accordance with the provisions and instructions in this Offer Document including the provisions and instructions printed on the FAT (which provisions and instructions shall be deemed to form part of the terms of the Offer) and forward with the relevant share certificate(s) and/or other document(s) of title and/or any other relevant document(s) required by the Offeror **BY HAND** or **BY POST** in the enclosed pre-addressed envelope **AT YOUR OWN RISK** to:*

STAR ATTRACTION LIMITED
c/o M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

*so as to arrive **NOT LATER THAN 5.30 P.M. (SINGAPORE TIME) ON THE CLOSING DATE.***

If the number of Offer Shares in respect of acceptances for the Offer as inserted by you in the FAT exceeds the number of Offer Shares represented by the share certificate(s) and/or other document(s) of title accompanying the FAT, or if no such number of Offer Shares is inserted by you, then you shall be deemed to have accepted the Offer in respect of all the Offer Shares as represented by the share certificate(s) and/or other document(s) of title accompanying the FAT.

(b) General

If your Offer Shares are represented by share certificate(s) which are not registered with the Company in your own name, you must send in, at your own risk, the relevant share certificate(s), other document(s) of title and/or other relevant documents required by the Offeror together with a duly completed and signed original FAT accompanied by transfer form(s), duly completed and executed by the person(s) registered with the Company as the holder of the Offer Shares and stamped, with the particulars of the transferee left blank (to be completed by the Offeror or a person authorised by it).

LETTER TO SHAREHOLDERS

It is your responsibility to ensure that the FAT is properly completed in all respects. The Offeror, DBS Bank and/or M & C Services Private Limited will be entitled in their sole and absolute discretion to reject any acceptance which does not comply with the provisions and instructions contained herein and in the FAT, or (subject to the preceding paragraph) which is not accompanied by the relevant share certificate(s), other document(s) of title and/or any other relevant document(s) required by the Offeror, or which is otherwise incomplete, incorrect, unsigned, signed but not in its originality or invalid in any respect. Any decision to reject the FAT on the grounds that it has been incompletely, incorrectly or invalidly signed, completed or submitted, unsigned or signed but not in its originality will be final and binding, and none of the Offeror, DBS Bank or M & C Services Private Limited accepts any responsibility or liability for the consequences of such a decision.

EXCEPT AS SPECIFICALLY PROVIDED FOR IN THIS OFFER DOCUMENT AND THE CODE, ACCEPTANCE OF THE OFFER IS IRREVOCABLE.

No acknowledgement of receipt of any FAT, share certificate(s), other document(s) of title, transfer form(s) and/or any other relevant document(s) required by the Offeror will be given.

All communications, notices, certificates, documents and remittances will be sent by ordinary post at the risk of the person(s) entitled thereto.

Payment will be sent to you (or your designated agent or, in the case of joint accepting Shareholders who have not designated any agent, to the one first named in the register of members of the Company) by ordinary post at your address as it appears in the register of members of the Company at your own risk (or to such different name and address as may be specified by you in the FAT and at your own risk), by way of a cheque in S\$ drawn on a bank in Singapore for the appropriate amount.

If you are a Shareholder who holds Offer Shares which are not deposited with CDP but you do not receive the FAT, you may obtain such a FAT upon production of satisfactory evidence that you are a Shareholder, from M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902.

3. OTHER RELEVANT INFORMATION IN RESPECT OF THE PROCEDURES FOR ACCEPTANCE

(a) Scripless and Scrip Offer Shares

*If you hold some Offer Shares in CDP and the others in scrip form, you are required to complete the FAT in respect of the Offer Shares represented by share certificate(s) and the FAA in respect of the Offer Shares which are deposited with CDP, if you wish to accept the Offer in respect of **ALL** such Offer Shares. Both the FAT and the FAA must be completed, signed and accompanied by the relevant documents and sent to the Offeror in accordance with the respective procedures for acceptance set out in paragraphs 1 and 2 of this **Appendix II** to this Offer Document.*

LETTER TO SHAREHOLDERS

If you hold share certificate(s) of the Offer Shares beneficially owned by you and you wish to accept the Offer in respect of such Offer Shares, you should not deposit the share certificate(s) with CDP during the period commencing on the date of this Offer Document and ending on the Closing Date (both dates inclusive) as your Securities Account may not be credited with the relevant number of Offer Shares in time for you to accept the Offer.

(b) Discretion

If you wish to accept the Offer, it is your responsibility to ensure that the FAA and/or FAT, as the case may be, is properly completed in all respects, submitted with original signature(s) and all required documents are provided. The Offeror, DBS Bank, CDP and/or M & C Services Private Limited will be entitled, at their sole and absolute discretion, to reject any acceptance which does not comply with the provisions and instructions contained herein and in the FAA and/or FAT, as the case may be, or which is otherwise incomplete, incorrect, unsigned, signed but not in its originality or invalid in any respect.

ANY DECISION TO REJECT ANY ACCEPTANCE WILL BE FINAL AND BINDING, AND NONE OF THE OFFEROR, DBS BANK, CDP OR M & C SERVICES PRIVATE LIMITED ACCEPTS ANY RESPONSIBILITY OR LIABILITY FOR THE CONSEQUENCES OF SUCH A DECISION.

(c) Acceptances received on Saturday, Sunday or public holiday

Acceptances in the form of the FAA and/or FAT received by the Offeror, DBS Bank, CDP and/or M & C Services Private Limited, on a Saturday, Sunday or public holiday will only be processed and validated on the next business day.

(d) Evidence of Title

Submission of the duly completed and signed original of the FAA and/or FAT through CDP and/or M & C Services Private Limited and/or, as the case may be, the Offeror or DBS Bank, shall be conclusive evidence in favour of the Offeror, DBS Bank, CDP and M & C Services Private Limited of the right and title of the persons signing it to deal with the same and with the Offer Shares to which it relates.

(e) Personal Data Privacy

*By completing and delivering a FAA and/or a FAT, each person (i) consents to the collection, use and disclosure of his personal data by M & C Services Private Limited, Securities Clearing and Computer Services (Pte) Ltd, CDP, CPF Board, the SGX-ST, the Offeror, DBS Bank and the Company (the "**Relevant Persons**") for the purpose of facilitating his acceptance of the Offer, and in order for the Relevant Persons to comply with any applicable laws, listing rules, regulations and/or guidelines, (ii) warrants that where he discloses the personal data of another person, such disclosure is in compliance with applicable law, and (iii) agrees that he will indemnify the Relevant Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his breach of such warranty."*

LETTER TO SHAREHOLDERS

- 2.5. **Closing Date.** The Offer will close at **5.30 p.m. (Singapore time) on 7 September 2018** or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

3. INFORMATION ON THE OFFEROR, WIL AND WCL

Paragraph 3 of the Offer Document sets out certain information on the Offeror, WIL and WCL, extracts of which are set out below. Additional information on the Offeror extracted from Appendix III to the Offer Document, and additional information on WCL extracted from Appendix IV to the Offer Document, are set out in Appendix C1 and Appendix C2 to this Circular respectively.

“3. INFORMATION ON THE OFFEROR, WIL AND WCL

3.1 The Offeror

The Offeror is incorporated in the British Virgin Islands and is the immediate holding company of the Company. As at the Latest Practicable Date, the Offeror holds 911,926,746 Shares, representing approximately 76.21% of the total number of issued Shares. The Offeror is a wholly-owned subsidiary of WIL, a company incorporated in Hong Kong, which is in turn a wholly-owned subsidiary of WCL.

Appendix III to this Offer Document sets out certain additional information on the Offeror.

3.2 WCL

WCL is incorporated and headquartered in Hong Kong and listed on HKSE. It is principally engaged in investment holding and its principal subsidiaries are engaged in ownership of properties for development and letting, investment holding and container terminals in Hong Kong, Mainland China and Singapore.

Appendix IV to this Offer Document sets out certain additional information on WCL.”

4. RATIONALE FOR THE OFFER

The full text of the rationale for the Offer has been extracted from paragraph 5 of the Offer Document, extracts of which are set out below.

“5. RATIONALE FOR THE OFFER

5.1 Opportunity for Shareholders to Realise their Entire Investment in Cash at a Compelling Price and Favourable Valuation Without Incurring Brokerage Costs

- (a) *The Offer Price is at an attractive premium to the historical share prices in the last 12 months preceding the Offer Announcement Date*

The Offer Price values the Company at over S\$2.5 billion. It represents a premium of approximately 20.7% over the last transacted price per Share of S\$1.74 on the Last Trading Day.

LETTER TO SHAREHOLDERS

When compared to the benchmark prices of the Shares up to and including the Last Trading Day, the Offer Price also represents a premium of approximately 29.0%, 22.8%, 17.8% and 13.3% over the VWAP per Share for the 1-month, 3-month, 6-month and 12-month periods, respectively.



Note:

⁽¹⁾ Based on data extracted from Bloomberg L.P., rounded to the nearest two decimal places.

- (b) The Offer Price is attractive even when compared to historical closing share prices dating back 10 years⁽¹⁾

Apart from brief periods in January 2010, the Offer Price is higher than the closing prices of the Shares in the last 10 years. The Offer Price exceeds the highest closing price of the Shares since 22 January 2010.



Note:

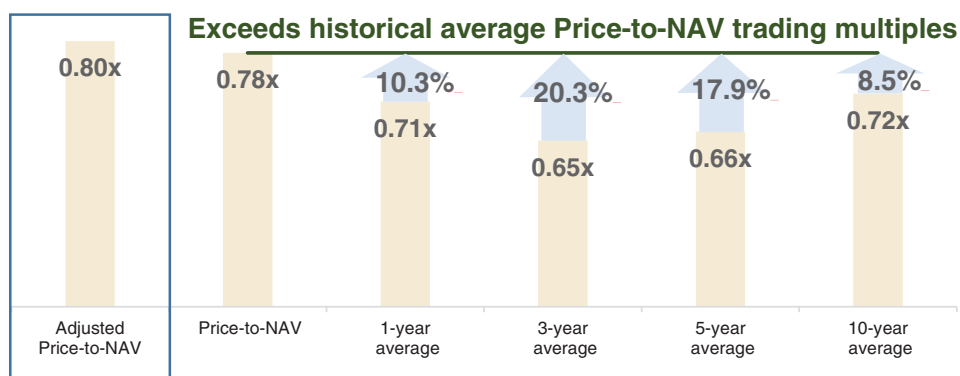
⁽¹⁾ Based on data extracted from Bloomberg L.P..

- (c) The Company's Price-to-NAV and ex-cash⁽¹⁾ Price-to-NAV multiples implied by the Offer Price exceed its historical averages⁽²⁾

The price-to-NAV multiple as implied by the Offer Price is 0.78x ("**Price-to-NAV**"), which is higher when compared to the historical averages for the past 1, 3, 5 and 10 years, up to and including the Last Trading Day.

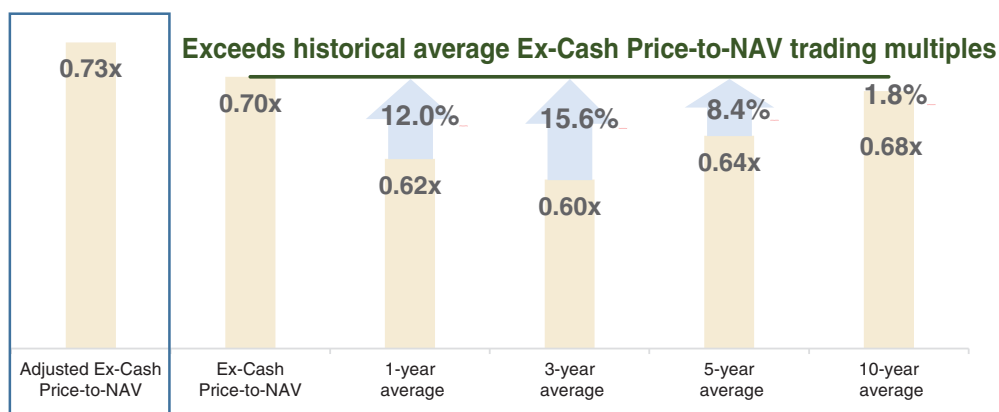
LETTER TO SHAREHOLDERS

The Company paid out its final dividend of S\$0.06 per Share for FY2017 on 14 May 2018 (“**FY17 Dividend**”). The price-to-NAV multiple as implied by the Offer Price after adjusting the NAV per Share of S\$2.68 for the payment of the FY17 Dividend would be 0.80x (“**Adjusted Price-to-NAV**”).



The ex-cash⁽¹⁾ price-to-NAV multiple as implied by the Offer Price is 0.70x (“**Ex-Cash Price-to-NAV**”), which is higher when compared to the historical averages for the past 1, 3, 5 and 10 years, up to and including the Last Trading Day.

The ex-cash⁽¹⁾ price-to-NAV multiple as implied by the Offer Price after adjusting for the payment of the FY17 Dividend of S\$0.06 per Share would be 0.73x (“**Adjusted Ex-Cash Price-to-NAV**”). In arriving at this multiple, the NAV per Share and the Company’s cash and cash equivalents net of total borrowings per share as of 1Q2018 were adjusted by the FY17 Dividend payment amount.



Notes:

- (1) “Ex-cash” means adjusting for the Company’s cash and cash equivalents net of total borrowings as of 1Q2018.
- (2) Based on data extracted from Bloomberg L.P. and the Company’s quarterly reports from the second quarter ended 30 June 2008 to the first quarter ended 31 March 2018.

LETTER TO SHAREHOLDERS

- (d) Opportunity for Shareholders to exit their entire investment in the Company, which may otherwise be difficult due to the low trading liquidity of the Shares

The trading liquidity of the Shares has been low. The average daily trading volume of the Shares for the 1-month, 3-month, 6-month and 12-month periods preceding the Offer Announcement Date represents less than 0.08% of the total number of issued Shares.

	1-month	3-months	6-months	12-months
Average daily trading volume as a percentage of total number of issued Shares⁽¹⁾	0.071%	0.058%	0.056%	0.053%

Note:

⁽¹⁾ Based on data extracted from Bloomberg L.P., rounded to the nearest three decimal places.

5.2 Greater Flexibility to Manage the Business of the Company

The Offeror intends to delist the Company from the Official List of the SGX-ST if, inter alia, the Free Float Requirement is not satisfied. It will also exercise any rights of compulsory acquisition that may arise under Section 215(1) of the Companies Act.

If the Offeror is able to delist the Company, it would, together with the management of the Company, have a longer time horizon to manage and plan its business. A delisting will also provide the Offeror and the management of the Company more flexibility to manage the business of the Company, optimise the use of its management and capital resources and facilitate the implementation of any operational change.”

5. OFFEROR’S INTENTIONS IN RELATION TO THE COMPANY

The full text of the Offeror’s intentions in relation to the Company has been extracted from paragraph 6 of the Offer Document, extracts of which are set out below. **Shareholders are advised to read the extracts below carefully and note the Offeror’s future plans for the Company.**

“6. OFFEROR’S INTENTIONS IN RELATION TO THE COMPANY

The Offeror has no current intentions to (a) introduce any major changes to the existing business of the Company, (b) re-deploy the fixed assets of the Company, or (c) discontinue the employment of the existing employees of the Company or its subsidiaries, in each case, other than in the ordinary and usual course of business. However, the Offeror retains the flexibility at any time to further consider any options or opportunities in relation to the Company which may present themselves and which the Offeror may regard to be in the interests of the Company and the WCL Group.

Furthermore, the Offeror is not aware of and has not discussed any plans to undertake any redevelopment projects with HPL around the vicinity of Wheelock Place.”

LETTER TO SHAREHOLDERS

6. LISTING STATUS AND COMPULSORY ACQUISITION

Paragraph 7 of the Offer Document sets out the intentions of the Offeror relating to the listing status of the Company and compulsory acquisition, extracts of which are set out below.

“7. LISTING STATUS AND COMPULSORY ACQUISITION

7.1 Listing Status

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

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

7.2 Compulsory Acquisition

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

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

LETTER TO SHAREHOLDERS

7.3 Offeror's Intentions

The Offeror does not intend to preserve the listing status of the Company. In the event that, inter alia, the Free Float Requirement is not satisfied, the Offeror intends to delist the Company and does not intend to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted. Furthermore, the Offeror, if and when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act."

7. CONFIRMATION OF FINANCIAL RESOURCES

Paragraph 9 of the Offer Document sets out certain information on the confirmation of financial resources, extracts of which are set out below.

"9. CONFIRMATION OF FINANCIAL RESOURCES

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

8. DISCLOSURES

Appendix VI to the Offer Document sets out certain information relating to disclosure of interests, extracts of which are set out below.

"APPENDIX VI – ADDITIONAL GENERAL INFORMATION

1. DISCLOSURE OF INTERESTS

- (a) *As at the Latest Practicable Date, save as disclosed below, none of the Offeror or any party acting in concert with it owns, controls or has agreed to acquire any (i) Shares, (ii) securities which carry voting rights in the Company, or (iii) convertible securities, warrants, options or derivatives in respect of such Shares or securities (collectively, the "Company Securities"):*

<u>Name</u>	<u>Number of Shares</u>	<u>%⁽¹⁾</u>
Offeror	911,926,746	76.21
Mr. Chan Wing Cheng ⁽²⁾	3,000	n.m. ⁽³⁾
Total	911,929,746	76.21

Note:

- (1) *The percentage shareholding interest is based on the issued and paid-up share capital of 1,196,559,876 Shares as at the Latest Practicable Date, rounded to the nearest two (2) decimal places.*
- (2) *Mr. Chan Wing Cheng is a brother-in-law of Mr. Winston Kwok Wai Leong, a director of WCL.*
- (3) *"n.m." means not meaningful.*

LETTER TO SHAREHOLDERS

- (b) *None of the Offeror or any party acting in concert with it has dealt for value in the Company Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.*
- (c) *As at the Latest Practicable Date, none of the Offeror or any party acting in concert with it has received any irrevocable undertaking from any other party to accept or reject the Offer.*
- (d) *As at the Latest Practicable Date, none of the Offeror or any party acting in concert with it has entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code, including indemnity or option arrangements and any agreement or understanding, formal or informal, of whatever nature, relating to the Company Securities which may be an inducement to deal or refrain from dealing in the Company Securities.*
- (e) *As at the Latest Practicable Date, none of the Offeror or any party acting in concert with it has (i) granted a security interest over any Company Securities to another person, whether through a charge, pledge or otherwise, (ii) borrowed from another person any Company Securities (excluding borrowed Company Securities which have been on-lent or sold), or (iii) lent any Company Securities to another person.*
- (f) *As at the Latest Practicable Date, there is no agreement, arrangement or understanding between (i) the Offeror or any party acting in concert with it, and (ii) any of the current or recent directors of the Company, or any of the current or recent Shareholders or any other person having any connection with or is dependable upon the Offer.*
- (g) *As at the Latest Practicable Date, there is no agreement, arrangement or understanding whereby any of the Offer Shares acquired by the Offeror pursuant to the Offer will or may be transferred to any other person. The Offeror, however, reserves the right to transfer any of the Offer Shares to any of its related corporations (as defined in the Companies Act) or for the purpose of granting security in favour of financial institutions which may extend credit facilities to it from time to time.*
- (h) *As at the Latest Practicable Date, there is no agreement, arrangement or understanding between (i) the Offeror and (ii) any of the directors of the Company or any other person in connection with or conditional upon the outcome of the Offer or otherwise in connection with the Offer.*
- (i) *As at the Latest Practicable Date, there is no agreement, arrangement or understanding for payment or other benefit being made or given to any director of the Company or any of its related corporations (as defined in the Companies Act), as compensation for loss of office or as consideration for, or in connection with, his retirement from office or otherwise in connection with the Offer.*
- (j) *Save as disclosed in this Offer Document, there has been no material change in any information previously published by or on behalf of the Offeror during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date.”*

LETTER TO SHAREHOLDERS

9. DIRECTORS' INTERESTS

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

10. ADVICE AND RECOMMENDATIONS

10.1. **General.** Shareholders should read and carefully consider the recommendations of the Recommending Directors and the advice of the IFA to the Recommending Directors dated 24 August 2018, which is set out in Appendix A to this Circular ("**IFA Letter**"), before deciding whether to accept or reject the Offer.

10.2. **Independence of Directors.** The following Directors are Non-Recommending Directors for the reasons as set out below:

- (i) Mr. Stephen Tin Hoi Ng is a director of the Offeror and the Deputy Chairman of WCL; and
- (ii) Mr. Horace Wai-Chung Lee is a director and Group Financial Controller of Wheelock Corporate Services Limited and WPHK, both of which are the wholly-owned subsidiaries of WCL. Mr. Lee is also a member of WCL's Finance Committee and a member of WPHK's Management Committee. He assumes responsibilities for WCL's finance, banking, investor relations, human resources, corporate communications and IT systems functions.

Accordingly, each of the Non-Recommending Directors is a party presumed to be acting in concert with the Offeror under the Code and would face, or may reasonably be perceived to face, a conflict of interest, that would render each of them inappropriate to join the Recommending Directors in making a recommendation on the Offer to the Shareholders.

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

All of the Recommending Directors consider themselves independent for the purposes of making a recommendation on the Offer. For completeness, the shareholdings (if any) of the Recommending Directors in the Company are as set out in Appendix B to this Circular.

10.3. Advice of the IFA to the Recommending Directors

- (a) **IFA.** PrimePartners Corporate Finance Pte. Ltd. has been appointed as the independent financial adviser to advise the Recommending Directors in respect of the Offer. Shareholders should consider carefully the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors before deciding whether to accept or reject the Offer. PrimePartners Corporate Finance Pte. Ltd.'s advice is set out in its letter dated 24 August 2018, which is set out in Appendix A to this Circular.

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- (b) **Factors taken into consideration by the IFA.** In arriving at its recommendation, the IFA has taken into account several key considerations, set forth in paragraph 9 of the IFA Letter. Shareholders should read paragraph 9 of the IFA Letter in conjunction with, and in the context of, the full text of the IFA Letter.
- (c) **Advice of the IFA.** After having regard to the considerations set out in the IFA Letter, an extract of which is set out below, and based on the circumstances of the Company and the information as at the Latest Practicable Date, the IFA has made certain recommendations to the Recommending Directors. Shareholders should read the extract below in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise defined or the context otherwise requires, all terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter.

9. OPINION

In arriving at our opinion on the Offer, we have taken into account the following key considerations (which should be read in conjunction with, and in the context of, the full text of this letter):

Factors in favour of the Offer Price:

- (a) *Revenue has decreased significantly across the Period Under Review as majority of the completed development properties have been sold. The Company has not added any new property development projects during the Period Under Review;*
- (b) *Notwithstanding that the discount to NAV as implied by the Offer Price is 19.2%, the discount is lesser than the range of discounts at which the Shares had consistently traded at over the 1-year period up to and including the Last Trading Day. Similarly, the discount to Ex-cash NAV as implied by the Ex-cash Offer Price is 26.5% and is near the low end of the range of discounts over the same period;*
- (c) *The Shares have not traded above the Offer Price of S\$2.10 per Share since 14 July 2017 up to the Offer Announcement Date and the last transacted price of the Shares on the Last Trading Day was S\$1.74;*
- (d) *The Offer Price represents premia of 13.3%, 17.8%, 22.7% and 29.0% over the 1-year, 6-month, 3-month and 1-month VWAP of the Shares respectively;*
- (e) *The Offer Price represents respective premia of 22.7% and 20.7% over the VWAP and the closing price of the Shares on the Last Trading Day;*
- (f) *During the 1-year period up to and including the Last Trading Day, the Shares have traded thinly at an average daily trading volume of approximately 634,000 Shares representing approximately 0.22% of the Company's free float. While there appears to be a ready market for the Shares as indicated by the regular frequency of transactions, the absolute*

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trading volume of the Shares is nevertheless very thin which renders the Shares illiquid for investors who wish to undertake transactions in larger amounts of Shares;

(g) As compared to the relative performance of the market indices, the current market price and the trading volume of the Shares may have been underpinned by the Offer subsequent to the Announcement Date. As such, there is no assurance that the market price and trading volume of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Offer;

(h) In comparison with the Comparable Companies:

(i) The LTM EV/EBITDA ratio of the Company is 13.7 times and is within the range of the EV/EBITDA ratios of the Comparable Companies, higher than the median of 10.9 times but below the mean of 15.3 times;

(ii) The LTM PER of the Company is 20.3 times and is within the range of the PER of the Comparable Companies, and higher than both the mean and median PER of 13.3 times and 11.0 times respectively;

(iii) The P/NAV ratio of the Company of 0.81 times is within the range of the P/NAV ratios of the Comparable Companies, and higher than both the mean and median P/NAV ratios of 0.66 times and 0.61 times respectively;

(iv) The Ex-cash P/NAV ratio of the Company is 0.74 times and is within the range of the Ex-cash P/NAV ratios of the Comparable Companies, and higher than both the mean and median Ex-cash P/NAV ratios of 0.60 times and 0.48 times respectively; and

(v) The P/RNAV ratio of the Company of 0.84 times is above the range of the P/RNAV ratios of the Comparable Companies;

(i) In comparison with the Comparable Precedent Transactions:

(i) The premium of approximately 22.7% implied by the Offer Price over the VWAP of the Last Trading Day is within the range and above the mean and median premia of 20.7% and 17.5% respectively as implied by the respective offer prices paid over the VWAP of the shares on their respective last trading days;

(ii) The premium of approximately 29.0% implied by the Offer Price over the 1-month VWAP of the Shares up to and including the Last Trading Day is within the range and above the mean and median premia of 28.7% and 21.0% respectively as implied by the respective offer price over 1-month VWAP of the shares;

(iii) The implied P/RNAV ratio of 0.84 times as implied by the Offer Price is within the range of the P/RNAV ratios and is above the respective mean and median P/RNAV ratios of 0.81 times and 0.80 times;

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- (j) *In comparison with the Precedent Privatisations:*
- (i) *The premium of 29.0% implied by the Offer Price over the 1-month VWAP of the Shares up to and including the Last Trading Day is within the range, and above the median but below the mean premia of 24.6% and 29.9% respectively as implied by the respective offer prices paid over the 1-month VWAP of the shares with respect to the Precedent Privatisations;*
- (k) *The LTM dividend yield of the Company is below that of the STI ETF, suggesting that Shareholders who accept the Offer may potentially experience an increase in dividend income if they re-invest the proceeds from the Offer in the shares of other investments including, but not limited to, the STI ETF. There is however, no assurance that the Company or any of the above selected alternative investments will continue to pay dividends in the future and/or maintain the level of dividends paid in past periods;*

Factors against the Offer Price:

- (l) *The Offer Price represents a discount of 19.2% to the unaudited NAV per Share as at 30 June 2018 and the Ex-cash Offer Price is S\$1.39 which represents a discount of 26.5% to the Ex-cash NAV per Share;*
- (m) *The Offer Price represents a discount of approximately 10.6% to the average price target of S\$2.35 released by three brokers;*
- (n) *The Offer Price represents respective discounts of 4.4% and 4.5% to the VWAP of S\$2.196 and the closing price of S\$2.20 of the Shares on the Latest Practicable Date. It should be noted that there is no certainty that the Shares will continue to trade above the Offer Price during the duration of the Offer;*
- (o) *While the Offer Price represents a discount of approximately 16.0% to the RNAV per Share of S\$2.50, we wish to highlight that the RNAV per Share calculated is based on the estimated net profits on units of development properties offset by the deficit over book value for investments in HPL and does not take into account factors such as, inter alia, time value of money, market conditions, legal fees, liquidation costs, contractual obligations, regulatory requirements and availability of potential buyers, which may in theory, alter the RNAV that can be realised;*
- (p) *In comparison with the Comparable Precedent Transactions:*
- (i) *The premium of approximately 22.7% implied by the Offer Price over the 3-month VWAP of the Shares up to and including the Last Trading Day is within the range but below the mean and the median premia of 23.6% and 24.2% respectively as implied by the respective offer price over the 3-month VWAP of the shares of the Comparable Precedent Transactions;*

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(q) *In comparison with the Precedent Privatisations:*

(i) *The premium of 22.7% implied by the Offer Price over the VWAP of the Shares on the Last Trading Day is within the range but below the respective mean and median premia of 24.0% and 22.9% implied by the respective offer prices paid over the VWAP of the shares on their respective last trading days with respect to the Precedent Privatisations; and*

(ii) *The premium of 22.7% implied by the Offer Price over the 3-month VWAP of the Shares up to and including the Last Trading Day is within the range but below the respective mean and the median premia of 34.1% and 27.5% as implied by the respective offer prices paid over the 3-month VWAP of the shares with respect to the Precedent Privatisations;*

(r) *The LTM dividend yield of the Company is higher than that of the Comparable Companies, suggesting that Shareholders who accept the Offer may potentially experience a decrease in dividend income if they re-invest the proceeds from the Offer in the shares of, inter alia, the Comparable Companies. There is however, no assurance that the Company or any of the above selected alternative investments will continue to pay dividends in the future and/or maintain the level of dividends paid in past periods;*

Other factors:

(s) *As at the Latest Practicable Date, the Offeror and the parties acting in concert with it collectively hold approximately 76.2% of the Shares and the Company has confirmed that there is no alternative or competing offer available to the Shareholders. As the Offeror and parties acting in concert with it have majority control of the Company and the Offer is unconditional in all respects, the likelihood of a competing offer is remote;*

(t) *The intention of the Offeror to exercise any rights of compulsory acquisition in the event that the Offeror acquires not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the Offer Announcement Date);*

(u) *In the event of a Suspension due to the Free Float Requirement not being met, the Offeror had stated in the Offer Document that it intends to delist the Company and does not intend to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted; and*

(v) *The Offeror has no present intention to make any major changes to the existing business of the Company.*

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Having considered the aforesaid points including the various factors set out in this letter and summarised in this section, we are of the opinion that the financial terms of the Offer are fair and reasonable, but not compelling, and are not prejudicial to the interests of minority shareholders. Accordingly, we advise the Recommending Directors to recommend that Shareholders accept the Offer, unless Shareholders are able to obtain a price higher than the Offer Price on the open market, taking into account all brokerage commissions or transactions costs in connection with open market transactions. ”

- 10.4. **Recommendations of the Recommending Directors.** The Recommending Directors, having considered carefully the terms of the Offer and the advice given by PrimePartners Corporate Finance Pte. Ltd. (the IFA) in the IFA Letter, concur with the advice of the IFA in respect of the Offer and accordingly recommend that Shareholders **ACCEPT** the Offer, unless Shareholders are able to obtain a price higher than the Offer Price on the open market, taking into account all brokerage commissions or transactions costs in connection with open market transactions.
- 10.5. **No regard to specific objectives.** In rendering the advice and the recommendations above, both the IFA and the Recommending Directors have not had regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Recommending Directors recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

SHAREHOLDERS ARE ADVISED TO READ THE FULL TEXT OF THE IFA LETTER WHICH IS SET OUT IN APPENDIX A TO THIS CIRCULAR CAREFULLY.

11. OVERSEAS SHAREHOLDERS

- 11.1. **Availability of Offer.** The availability of the Offer to Shareholders whose addresses are outside Singapore, as shown on the Register or in the Depository Register (as the case may be), being the Overseas Shareholders, may be affected by the laws of the relevant overseas jurisdiction.

Overseas Shareholders should refer to paragraph 8 of the Offer Document, extracts of which are set out below.

“8. OVERSEAS SHAREHOLDERS

*The availability of the Offer to Shareholders whose addresses are outside Singapore as shown on the register of members of the Company or in the records of CDP (as the case may be) (each, an “**Overseas Shareholder**”) may be affected by the laws of the relevant overseas jurisdictions in which they are located. Accordingly, Overseas Shareholders should inform themselves of, and observe, any applicable requirements in the relevant overseas jurisdictions. Overseas Shareholders should also exercise caution in relation to the Offer, as this Offer Document, the FAA and the FAT have not been reviewed by any regulatory authority in any overseas jurisdiction. **Where there are potential restrictions on sending this Offer Document, the FAAs and/or the FATs to any overseas jurisdiction, the Offeror, DBS Bank and CDP each reserves***

LETTER TO SHAREHOLDERS

the right not to send these documents to Shareholders in such overseas jurisdictions. For the avoidance of doubt, the Offer is open to all Shareholders, including those to whom this Offer Document, the FAAs and/or the FATs have not been, or may not be, sent.

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

The 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.

Overseas Shareholders may, nonetheless, obtain copies of this Offer Document, the FAA and/or the FAT and any related documents, during normal business hours and up to 5.00 p.m. (Singapore time) on the Closing Date, from the Offeror through its receiving agent, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902, or CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

Alternatively, an Overseas Shareholder may write to the Offeror through M & C Services Private Limited at the address listed above or CDP at Robinson Road Post Office, P.O. Box 1984, Singapore 903934 to request for this Offer Document, the FAA and/or the FAT and any related documents to be sent to an address in Singapore by ordinary post at the Overseas Shareholder's own risk, up to three (3) Market Days prior to the Closing Date.

*It is the responsibility of any Overseas Shareholder who wishes to (a) request for this Offer Document, the FAA and/or the FAT and/or any related documents, or (b) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including DBS Bank) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments as the Offeror and/or any person acting on its behalf (including DBS Bank) may be required to pay. In (i) requesting for this Offer Document, the FAA and/or the FAT and/or any related documents and/or (ii) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror and DBS Bank that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. **Any***

LETTER TO SHAREHOLDERS

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

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

- 11.2. **Copies of Circular.** This Circular may not be sent to Overseas Shareholders due to potential restrictions on sending such documents to the relevant overseas jurisdictions. Any affected Overseas Shareholder may, nevertheless, obtain copies of this Circular during normal business hours up to the Closing Date, from the offices of the Registrar at 112 Robinson Road #05-01, Singapore 068902, download a copy of this Circular from the website of the SGX-ST at www.sgx.com, or make a request to the Registrar for this Circular to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.

12. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

Paragraph 10.3 of the Offer Document sets out information pertaining to CPFIS Investors and SRS Investors, extracts of which are set out below.

“10.3 Information pertaining to CPFIS and SRS Investors

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

13. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who **wish to accept the Offer** must do so not later than the Closing Date or such later date(s) as may be announced from time to time by or on behalf to the Offeror, abiding by the procedures for the acceptance of the Offer as set out in Appendix II to the Offer Document, and in the accompanying FAA and/or FAT.

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received, on behalf of the Offeror, by the CDP (in respect of the FAA) or the Registrar (in respect of the FAT), as the case may be, not later than the Closing Date or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

LETTER TO SHAREHOLDERS

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

14. CONSENTS

PrimePartners Corporate Finance Pte. Ltd., named as the IFA, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter set out in Appendix A to this Circular and the letter dated 13 August 2018 prepared by the IFA in respect of the unaudited results of the Group for 2QFY2018 and 1HFY2018, as set out in page 27 of Appendix E to this Circular, and the references thereto, in the form and context in which they appear in this Circular.

Savills Valuation and Professional Services (S) Pte. Ltd., and Savills Valuation and Professional Services Limited, named as the valuers in the valuation reports for the Appraised Properties (as defined in Section 11 of Appendix B to this Circular), have given and have not withdrawn their written consents to the issue of this Circular with the inclusion of their names, a copy of their valuation certificates in Appendix G to this Circular, their recommendations and/or opinions, and references to their names in the form and context in which they appear in this Circular.

KPMG LLP, named as the auditors of the Company, has given and has not withdrawn its written consent to the inclusion herein of its name, the independent auditor's report dated 29 March 2018 in relation to the audited consolidated financial statements of the Group for FY2017, its review letter dated 13 August 2018 in relation to the unaudited interim financial information of the Group for the period ended 30 June 2018, and all references thereto in the form and context in which they appear in this Circular.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Company's registered office at 501 Orchard Road #11-01, Wheelock Place, Singapore 238880 during normal business hours from the date of this Circular up to and including the date of the Closing Date:

- (a) the Constitution of the Company;
- (b) the Annual Reports of the Company for FY2015, FY2016 and FY2017;
- (c) the IFA Letter as set out in Appendix A to this Circular;
- (d) the unaudited results of the Group for 2QFY2018 and 1HFY2018 as set out in Appendix E to this Circular, including the review letter from KPMG LLP dated 13 August 2018 in relation to the unaudited interim financial information of the Group for the period ended 30 June 2018;
- (e) the letter from the IFA dated 13 August 2018 in relation to the unaudited results of the Group for 2QFY2018 and 1HFY2018, as set out in page 27 of Appendix E to this Circular;
- (f) the valuation reports of the Appraised Properties, the valuation certificates of which are set out in Appendix G to this Circular; and
- (g) the letters of consent referred to in Section 14 of this Circular.

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16. DIRECTORS' RESPONSIBILITY STATEMENT

Save for (a) the IFA Letter (for which the IFA takes responsibility); (b) the information extracted from the Offer Announcement and Offer Document; and (c) the information relating to the Offeror, WIL and WCL, the Directors (including any who may have delegated detailed supervision of this Circular) hereby jointly and severally accept full responsibility for the accuracy of information contained in this Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Circular have been arrived at after due and careful consideration and there are no other facts not contained in this Circular, the omission of which would make any statement in this Circular misleading.

Where any information in this Circular (other than the IFA Letter for which the IFA takes responsibility) has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the Offer Announcement and Offer Document), the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information has been accurately extracted from such sources and/or reproduced in this Circular in its proper form and context.

17. ADDITIONAL INFORMATION

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

Yours faithfully

For and on behalf of the Board of Directors of
WHEELLOCK PROPERTIES (SINGAPORE) LIMITED

Stephen Tin Hoi Ng
Executive Chairman

**APPENDIX A – LETTER FROM THE IFA TO
THE RECOMMENDING DIRECTORS IN RESPECT OF THE OFFER**

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

24 August 2018

To: The Recommending Directors of
Wheelock Properties (Singapore) Limited
501 Orchard Road #11-01
Wheelock Place
Singapore 238880

Dear Sirs

INDEPENDENT FINANCIAL ADVICE TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE VOLUNTARY UNCONDITIONAL GENERAL OFFER BY DBS BANK LTD. (“DBS”), FOR AND ON BEHALF OF STAR ATTRACTION LIMITED (THE “OFFEROR”), TO ACQUIRE ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE SHARE CAPITAL OF WHEELOCK PROPERTIES (SINGAPORE) LIMITED (“WPL” OR THE “COMPANY”)

1. INTRODUCTION

On 19 July 2018 (the “**Offer Announcement Date**”), DBS announced, for and on behalf of the Offeror, that the Offeror intends to make a voluntary unconditional general offer (the “**Offer**”) for all the issued and paid-up ordinary shares in the share capital of the Company (the “**Shares**”), other than those Shares already owned or agreed to be acquired by the Offeror as at the date of the Offer (the “**Offer Shares**”) at S\$2.10 in cash (the “**Offer Price**”) for each Offer Share (“**Offer Announcement**”). The Offer is not subject to any conditions and is unconditional in all respects.

The Offeror is incorporated in the British Virgin Islands and is the immediate holding company of the Company. It has an issued and paid-up capital of US\$1,500 consisting of 1,500 ordinary shares. The Offeror is a wholly-owned subsidiary of Wheelock Investments Limited (“**WIL**”), a company incorporated in Hong Kong, which is in turn a wholly-owned subsidiary of Wheelock and Company Limited (“**WCL**”), a company incorporated in Hong Kong and listed on The Stock Exchange of Hong Kong Limited.

As at the Offer Announcement Date, the Offeror holds 911,926,746 Shares, representing approximately 76.2% of the total number of issued Shares. The directors of the Offeror comprise Stephen Tin Hoi Ng (“**Stephen Ng**”), Paul Yiu Cheung Tsui and Peter Zen Kwok Pao. Stephen Ng is also concurrently serving as, *inter alia*, the executive Chairman of the Company, the deputy chairman of WCL, and a non-executive, non-independent director of Hotel Properties Limited (“**HPL**”), an associated company in which the Company holds an effective interest of 22.5%.

APPENDIX A – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE OFFER

The Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company. Accordingly, the Offeror when entitled, intends to exercise the right of compulsory acquisition and does not intend to take steps for any trading suspension of the Shares to be lifted in the event that, *inter alia*, less than 10% of the total number of Shares (excluding any Shares held by the Company as treasury shares) are held in public hands.

PrimePartners Corporate Finance Pte. Ltd. (“**PPCF**”) has been appointed by the Company to advise the Recommending Directors in respect of the Offer. This letter sets out, *inter alia*, our views and evaluation of the financial terms of the Offer and our opinion thereon and forms part of the circular dated 24 August 2018 (the “**Circular**”) and issued by the Company providing, *inter alia*, details of the Offer and the recommendation of the Recommending Directors.

Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

2. TERMS OF REFERENCE

We have been appointed to advise the Recommending Directors on the financial terms of the Offer in compliance with the provisions of the Singapore Code on Take-overs and Mergers (the “**Code**”). We have confined our evaluation to the financial terms of the Offer and have not taken into account the commercial risks and/or commercial merits of the Offer.

Our terms of reference do not require us to evaluate or comment on the rationale for, or the strategic or long-term merits of the Offer or on the future prospects of the Company and its subsidiaries (the “**Group**”) or the method and terms by which the Offer is made or any other alternative methods by which the Offer may be made. Such evaluations and comments remain the sole responsibility of the Directors, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this letter.

We are not authorised and we have not solicited, any indications of interest from any third party with respect to the Shares. We are therefore not addressing the relative merits of the Offer as compared to any alternative transaction that may be available to the Company (or its shareholders (“**Shareholders**”)), or as compared to any alternative offer that might otherwise be available in the future.

In the course of our evaluation of the financial terms of the Offer, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Company. We have also relied on information provided and representations made, including relevant financial analyses and estimates, by the management of the Company (the “**Management**”), the Directors, the Company’s solicitors and auditors. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information, representation or assurance. We have nevertheless made such enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the reliability of the information.

APPENDIX A – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE OFFER

We have relied upon the assurances of the Directors that, upon making all reasonable inquiries and to the best of their respective knowledge, information and belief, all material information in connection with the Offer and the Company has been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors jointly and severally accept responsibility accordingly.

For the purposes of assessing the financial terms of the Offer and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Company. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company in connection with our opinion in this letter.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, property, plant and equipment, investment properties and development properties) of the Company or the Group and have only relied on the independent valuation reports by Savills Valuation and Professional Services (S) Pte Ltd and Savills Valuation and Professional Services Limited (the “**Independent Valuers**”) in relation to the valuation of the Revalued Properties (as defined herein).

Our analysis and opinion as set out in this letter is based upon market, economic, industry, monetary and other conditions in effect on, and the information provided to us as at 14 August 2018 (the “**Latest Practicable Date**”). Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should further take note of any announcements relevant to their consideration of the Offer which may be released by the Company and/or the Offeror after the Latest Practicable Date.

In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise the Recommending Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. As such, our opinion should not be the sole basis for deciding whether or not to accept the Offer.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this letter).

Our opinion in respect of the Offer, as set out in paragraph 9 of this letter, should be considered in the context of the entirety of this letter and the Circular.

APPENDIX A – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE OFFER

3. THE OFFER

Shareholders should have by now received a copy of the Offer Document containing the formal offer by DBS, for and on behalf of the Offeror, and the relevant forms of acceptance. The principal terms of the Offer are set out in paragraph 2 of the Offer Document. **Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully.**

3.1 Offer Price

Based on the information set out in the Offer Document, DBS has announced, for and on behalf of the Offeror, that the Offeror intends to make an Offer to acquire the Offer Shares, on the terms and conditions set out in the Offer Document and in accordance with Section 139 of the SFA and Rule 15 of the Code on the following basis:

FOR EACH OFFER SHARE: S\$2.10 in cash (the “Offer Price”).

3.2 Offer Shares

The Offer is extended, on the same terms and conditions, to all Shares other than those Shares already owned or agreed to be acquired by the Offeror as at the date of the Offer.

3.3 Adjustment for distributions

Without prejudice to the foregoing, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive all dividends and other distributions or return of capital (“**Distribution**”) that may be declared, paid or made by the Company on or after the Offer Announcement Date.

Accordingly, in the event any Distribution is or has been declared, paid or made by the Company in respect of the Offer Shares on or after the Offer Announcement Date, 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, depending on when the settlement date in respect of the Offer Shares tendered in acceptance of the Offer by such accepting Shareholder falls, as follows:

- (a) if such settlement date falls on or before the books closure date for the determination of entitlements to the Distribution (the “**Books Closure Date**”), the Offer Price for each Offer Share shall be S\$2.10, as the Offeror will receive the Distribution in respect of such Offer Share from the Company; or
- (b) if such settlement date falls after the Books Closure Date, the Offer Price for each Offer Share shall be reduced by an amount which is equal to the amount of the Distribution in respect of each Offer Share, as the Offeror will not receive the Distribution in respect of such Offer Share from the Company.

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3.4 No encumbrances

The Offer Shares will be acquired (a) fully paid, (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever, and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all Distributions, if any, which may be announced, declared, paid or made by the Company in respect of the Offer Shares on or after the Offer Announcement Date).

3.5 Unconditional Offer

The Offer is unconditional in all respects.

3.6 Warranty

A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably warrant that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (i) fully paid; (ii) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever; and (iii) together with all rights, benefits and entitlements attached thereto as of the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all Distributions (if any) announced, declared, paid or made by the Company in respect of the Offer Shares on or after the Offer Announcement Date.

3.7 First closing date

Except insofar as the Offer may be withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder, the Offer will remain open for acceptances by Shareholders for a period of at least 28 days from the date of despatch of the Offer Document.

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 7 September 2018 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

3.8 Further details of the Offer

Further details of the Offer are set out in paragraph 2 and Appendix I to the Offer Document, including details on (i) the duration of the Offer; (ii) the settlement of the consideration for the Offer; (iii) the requirements relating to the announcement of the level of acceptances of the Offer; and (iv) the right of withdrawal of acceptances of the Offer.

APPENDIX A – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE OFFER

4. INFORMATION ON THE OFFEROR AND ITS PARENT COMPANIES

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

“3.1 The Offeror

The Offeror is incorporated in the British Virgin Islands and is the immediate holding company of the Company. As at the Latest Practicable Date, the Offeror holds 911,926,746 Shares, representing approximately 76.21% of the total number of issued Shares. The Offeror is a wholly-owned subsidiary of WIL, a company incorporated in Hong Kong, which is in turn a wholly-owned subsidiary of WCL.

Appendix III to this Offer Document sets out certain additional information on the Offeror.

3.2 WCL

WCL is incorporated and headquartered in Hong Kong and listed on HKSE. It is principally engaged in investment holding and its principal subsidiaries are engaged in ownership of properties for development and letting, investment holding and container terminals in Hong Kong, Mainland China and Singapore.

Appendix IV to this Offer Document sets out certain additional information on WCL.”

5. INFORMATION ON THE COMPANY

Information on the Company has been extracted from the Offer Document and is set out in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

“4.1 *Based on publicly available information, the Company was incorporated under the laws of Singapore on 19 December 1972 and is listed on the Main Board of the SGX-ST. The principal activities of the Company and its subsidiaries are those relating to property development and investment holding.*

4.2 *As at the Latest Practicable Date, based on publicly available information:*

(a) the issued and paid-up share capital of the Company comprises 1,196,559,876 Shares; and

(b) the Company does not hold any treasury shares.”

Further information on the Company can be found in paragraph 4 and Appendix V to the Offer Document.

APPENDIX A – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE OFFER

6. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS

The full text of the rationale for the Offer and the Offeror's intentions for the Company has been extracted from the Offer Document and is summarised in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

“5.1 Opportunity for Shareholders to Realise their Entire Investment in Cash at a Compelling Price and Favourable Valuation Without Incurring Brokerage Costs

(a) The Offer Price is at an attractive premium to the historical share prices in the last 12 months preceding the Offer Announcement Date

The Offer Price values the Company at over S\$2.5 billion. It represents a premium of approximately 20.7% over the last transacted price per Share of S\$1.74 on the Last Trading Day.

When compared to the benchmark prices of the Shares up to and including the Last Trading Day, the Offer Price also represents a premium of approximately 29.0%, 22.8%, 17.8% and 13.3% over the VWAP per Share for the 1-month, 3-month, 6-month and 12-month periods⁽¹⁾, respectively.

Note:

(1) Based on data extracted from Bloomberg L.P., rounded to the nearest two decimal places.

(b) The Offer Price is attractive even when compared to historical closing share prices dating back 10 years⁽¹⁾

Apart from brief periods in January 2010, the Offer Price is higher than the closing prices of the Shares in the last 10 years. The Offer Price exceeds the highest closing price of the Shares since 22 January 2010.

Note:

(1) Based on data extracted from Bloomberg L.P..

(c) The Company's Price-to-NAV and ex-cash⁽¹⁾ Price-to-NAV multiples implied by the Offer Price exceed its historical averages⁽²⁾

*The price-to-NAV multiple as implied by the Offer Price is 0.78x (“**Price-to-NAV**”), which is higher when compared to the historical averages for the past 1, 3, 5 and 10 years, up to and including the Last Trading Day.*

*The Company paid out its final dividend of S\$0.06 per Share for FY2017 on 14 May 2018 (“**FY17 Dividend**”). The price-to-NAV multiple as implied by the Offer Price after adjusting the NAV per Share of S\$2.68 for the payment of the FY17 Dividend would be 0.80x (“**Adjusted Price-to-NAV**”).*

*The ex-cash⁽¹⁾ price-to-NAV multiple as implied by the Offer Price is 0.70x (“**Ex-Cash Price-to-NAV**”), which is higher when compared to the historical averages for the past 1, 3, 5 and 10 years, up to and including the Last Trading Day.*

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The ex-cash⁽¹⁾ price-to-NAV multiple as implied by the Offer Price after adjusting for the payment of the FY17 Dividend of S\$0.06 per Share would be 0.73x (“**Adjusted Ex-Cash Price-to-NAV**”). In arriving at this multiple, the NAV per Share and the Company’s cash and cash equivalents net of total borrowings per share as of 1Q2018 were adjusted by the FY17 Dividend payment amount.

Notes:

(1) “Ex-cash” means adjusting for the Company’s cash and cash equivalents net of total borrowings as of 1Q2018.

(2) Based on data extracted from Bloomberg L.P. and the Company’s quarterly reports from the second quarter ended 30 June 2008 to the first quarter ended 31 March 2018.

- (d) Opportunity for Shareholders to exit their entire investment in the Company, which may otherwise be difficult due to the low trading liquidity of the Shares

The trading liquidity of the Shares has been low. The average daily trading volume of the Shares for the 1-month, 3-month, 6-month and 12-month periods preceding the Offer Announcement Date represents less than 0.08% of the total number of issued Shares.

	1-month	3-months	6-months	12-months
Average daily trading volume as a percentage of total number of issued Shares ⁽¹⁾	0.071%	0.058%	0.056%	0.053%

Note:

(1) Based on data extracted from Bloomberg L.P., rounded to the nearest three decimal places.

5.2 **Greater Flexibility to Manage the Business of the Company**

The Offeror intends to delist the Company from the Official List of the SGX-ST if, inter alia, the Free Float Requirement is not satisfied. It will also exercise any rights of compulsory acquisition that may arise under Section 215(1) of the Companies Act.

If the Offeror is able to delist the Company, it would, together with the management of the Company, have a longer time horizon to manage and plan its business. A delisting will also provide the Offeror and the management of the Company more flexibility to manage the business of the Company, optimise the use of its management and capital resources and facilitate the implementation of any operational change.

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6. OFFEROR'S INTENTIONS IN RELATION TO THE COMPANY

The Offeror has no current intentions to (a) introduce any major changes to the existing business of the Company, (b) re-deploy the fixed assets of the Company, or (c) discontinue the employment of the existing employees of the Company or its subsidiaries, in each case, other than in the ordinary and usual course of business. However, the Offeror retains the flexibility at any time to further consider any options or opportunities in relation to the Company which may present themselves and which the Offeror may regard to be in the interests of the Company and the WCL Group.

Furthermore, the Offeror is not aware of and has not discussed any plans to undertake any redevelopment projects with HPL around the vicinity of Wheelock Place.

...

7.3 **Offeror's Intentions**

The Offeror does not intend to preserve the listing status of the Company. In the event that, inter alia, the Free Float Requirement is not satisfied, the Offeror intends to delist the Company and does not intend to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted. Furthermore, the Offeror, if and when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act.

7. ASSESSMENT OF THE FINANCIAL TERMS OF THE OFFER

In assessing the fairness and reasonableness or otherwise of the financial terms of the Offer, we have considered the following factors which we consider to be pertinent and to have a significant bearing on our assessment of the Offer:

- (i) historical financial performance of the Group;
- (ii) net asset value (“NAV”) per Share and historical discounts to the NAV *vis-à-vis* the historical discounts to the NAV as implied by the Offer Price;
- (iii) revalued net asset value (“RNAV”) of the Group;
- (iv) historical market price performance and trading activity of the Shares;
- (v) Share price performance relative to market indices;
- (vi) analysts' estimates and price targets for the Company;
- (vii) valuation ratios of selected listed companies broadly comparable to the Group;
- (viii) precedent privatisations involving selected companies broadly comparable to the Group;

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- (ix) precedent privatisation transactions in Singapore; and
- (x) dividend track record of the Company and selected alternative investments.

We have also considered other relevant considerations which have a significant bearing on our assessment as set out in paragraph 8 of this letter.

The figures, underlying financial and market data used in our analysis, including securities prices, trading volumes, free float data and foreign exchange rates have been extracted from Bloomberg L.P., SGX-ST and other public filings as at the Latest Practicable Date or as provided by the Company where relevant. PPCF makes no representation or warranties, express or implied, as to the accuracy or completeness of such information.

7.1 Historical financial performance of the Group

A summary of the financial results of the Group for the financial years ended 31 December (“FY”) 2016 and 2017 and for the 6 months ended 30 June (“6M”) 2017 and 2018 (“**Period Under Review**”) is set out in the table below. The following summary financial information should be read in conjunction with the full text of the annual reports and results announcements of the Group in respect of the relevant financial periods including the notes thereto.

Summary financial information of the Group				
(\$' million)				
Income Statement	FY2016 (Audited)	FY2017 (Audited) ⁽¹⁾	6M2017 (Restated) ⁽¹⁾	6M2018 (Unaudited)
Revenue	769.7	533.7	222.5	115.9
Gross profit	113.4	127.7	63.7	44.7
Net profit for the period	58.3	115.2	47.5	56.1
Financial Position	As at 31 December 2016 (Audited)	As at 31 December 2017 (Audited) ⁽¹⁾	As at 31 December 2017 (Restated) ⁽¹⁾	As at 30 June 2018 (Unaudited)
Investment properties	1,092.0	1,092.0	1,092.0	1,092.0
<i>Percentage of total assets</i>	34.1%	32.6%	32.6%	33.6%
Cash and cash equivalents	471.9	766.2	766.2	853.7
<i>Percentage of total assets</i>	14.7%	22.9%	22.9%	26.2%
Interests in associates	575.6	584.1	584.1	606.3
<i>Percentage of total assets</i>	18.0%	17.4%	17.4%	18.7%
Investments	204.1	428.6	428.6	381.9
<i>Percentage of total assets</i>	6.4%	12.8%	12.8%	11.7%
Development properties	809.1	295.1	295.9	244.6
<i>Percentage of total assets</i>	25.3%	8.8%	8.8%	7.5%
Other assets⁽²⁾	47.7	184.1	184.1	75.4
<i>Percentage of total assets</i>	1.5%	5.5%	5.5%	2.3%

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Summary financial information of the Group				
(\$' million)				
Financial Position	As at 31 December 2016 (Audited)	As at 31 December 2017 (Audited) ⁽¹⁾	As at 31 December 2017 (Restated) ⁽¹⁾	As at 30 June 2018 (Unaudited)
Total assets	3,200.4	3,350.1	3,350.9	3,253.9
Current liabilities	198.6	209.0	209.0	129.8
Interest-bearing liability	–	–	–	1.0
Deferred tax liabilities	12.5	13.0	13.0	13.6
Total liabilities	211.1	222.0	222.0	144.4
Total equity	2,989.3	3,128.1	3,128.9	3,109.5
Net cash⁽³⁾	471.9	766.2	766.2	852.7

Cash Flow Statement	FY2016 (Audited)	FY2017 (Audited) ⁽¹⁾	6M2017 (Restated) ⁽¹⁾	6M2018 (Unaudited)
Net cash from/(used in) operating activities	336.0	427.5	24.3	37.2
Net cash from/(used in) investing activities	45.8	(131.9)	(46.6)	48.3
Net cash from/(used in) financing activities	(539.4)	–	–	19.0

Source: Company's annual reports for the respective financial years and the announcement relating to the unaudited results of the Group for the six-month period ended 30 June 2018.

Notes:

- (1) Effective from 1 January 2018, the Group adopted the new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)) issued by the Accounting Standards Council, for the Group's financial statements for the financial year ending 31 December 2018. The adoption of the new SFRS(I) framework does not have a significant impact on the Group's financial statements, except for SFRS(I) 9 Financial Instruments and SFRS(I) 15 Revenue from Contracts with Customers. The change in accounting framework has been applied retrospectively, where applicable, on the Group's financial statements for FY2017 and the Group has restated some of its comparative financials for FY2017 accordingly.

Save for the accounting adjustments on restatement, we understand from Management that there are no material differences between the restatement of FY2017 financials and the publicly available FY2017 audited financials extracted from the FY2017 annual report. For ease of comparison between FY2016 and FY2017, we have referred to the FY2017 audited financials as extracted from the Company's annual report.
- (2) Other assets comprise (i) property, plant and equipment, (ii) deferred tax assets, (iii) other non-current assets, (iv) trade and accrued receivables, (v) amounts due from related corporations and (vi) other receivables.
- (3) Net cash is computed by subtracting loans and interest-bearing liabilities from cash and cash equivalents of the Group.

Income Statement

FY2017 vs. FY2016

The Group's revenue significantly decreased by 30.7% from S\$769.7 million in FY2016 to S\$533.7 million in FY2017 which was due mainly to overall lower sales of development properties, namely the net effect of lower sales in The Panorama and Ardmore Three which was partially offset by higher unit sales in Fuyang (雍景山) and Scotts Square. On the other hand, net profit increased by 97.6% from S\$58.3 million in FY2016 to S\$115.2 million in FY2017, due mainly to the fair value write-down of S\$55.7 million of the Group's investment properties in FY2016.

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6M2018 vs. 6M2017

The Group's revenue decreased by 47.9% from S\$222.5 million to S\$115.9 million, due mainly to a decrease in sales from Scotts Square and absence of contributions from The Panorama and Ardmore Three as these projects have been completely sold in FY2017. The decrease in revenue was partially offset by higher sales in Fuyang (雍景山) and dividend income from the Group's investments in quoted securities. Net profit for 6M2018 increased by 18.1% from S\$47.5 million in 6M2017 to S\$56.1 million in 6M2018 largely due to the Group's net share of an increase in profit of associates of S\$18.5 million from S\$3.5 million in 6M2017 to S\$22.0 million in 6M2018 arising from its 22.5% effective interest held in HPL.

Financial Position

As at 30 June 2018, the Group recorded total assets of S\$3,253.9 million which comprised mainly investment properties (33.6%), cash and cash equivalents (26.2%), interests in associates (18.7%), investments (11.7%) and development properties (7.5%).

The investment properties consisting of Wheelock Place and Scotts Square Retail were observed to have a stable value of S\$1,092.0 million in the Period Under Review and the values of the investment properties are based on periodic valuations performed by a third-party valuer engaged by the Company. Additionally, we noted from the Company's financial results announcement for 6M2018 that both investment properties have enjoyed a high overall occupancy rate of 96% and above, from which the Company has generated a stable and recurring source of rental income.

Interests in associate comprised the Group's 40.0% shareholding interest held in 68 Holdings Pte. Ltd. ("**68 Holdings**") which in turn holds 293,368,206 shares in HPL ("**HPL Shares**") representing 56.3% of the outstanding share capital of HPL. As such, the Group holds an effective ownership interest of 22.5% in HPL, which is also reflected on the Group's consolidated balance sheet by a proportionate book value of 68 Holdings and its subsidiary HPL ("**68 Holdings Group**") for each reporting period. As seen from the table above, the interests in associate increased from 31 December 2016 to 31 December 2017, due mainly to the Group's share of the increase in total comprehensive income recorded by 68 Holdings Group over the corresponding period. Interests in associate also increased from 31 December 2017 to 30 June 2018 due mainly to the recognition of profits from a development in London (Holland Park Villas).

We note that the Group's development properties recorded at S\$244.6 million as at 30 June 2018 consist mainly of (i) balance completed units in Scotts Square, Ardmore Three, Phase 1 and Phase 2A of Fuyang (雍景山) and (ii) units under development in Phases 3 to 5 of Fuyang (雍景山). As there were no acquisitions of land parcels made by the Group between 31 December 2016 and 30 June 2018 to replenish its projects pipeline, the outstanding balance of development properties had declined from S\$809.1 million as at 31 December 2016 to S\$244.6 million as at 30 June 2018 as completed units are being marketed and sold. Similarly, cash and cash equivalents as a proportion of total assets increased significantly from 14.7% as at 31 December 2016 to 26.2% as at 30 June 2018.

The Group's investments comprise mainly quoted equity and debt securities and are recognised at fair value as determined by reference to their quoted bid prices at the end of each reporting period. We note that these investments had provided a constant revenue stream for the Group through the periodic dividends and interest received therefrom.

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Cash Flow Statement

Cashflow from operating activities were significantly higher for FY2017 as compared to FY2016 and for 6M2018 as compared to 6M2017, due mainly to the changes in working capital arising from the sales of development properties.

During the Period Under Review, cashflows from financing activities were not material save for the repayment of bank loans by the Company in FY2016.

Cashflows from investing activities were attributable mainly to the quoted investments, its dividends and interest paid and any acquisition and sale of investments.

7.2 **NAV per Share and historical discounts to the NAV *vis-à-vis* the historical discounts to the NAV as implied by the Offer Price**

7.2.1 NAV per Share of the Group

Companies in the real estate industry are often valued using an asset-based approach as their asset backings are perceived as providing support for the value of their equity. Additionally, the reported annual earnings of such companies may vary considerably over time and between companies due to factors such as the timing of project launches and completion, redevelopment of properties and periodic revaluation of properties. Given the asset-intensive nature of the Company's core property development and property investment businesses, we have focused on the asset-based valuation approach (as opposed to other valuation approaches) for the purpose of evaluating the financial terms of the Offer.

A summary of the financial position of the Group as at 30 June 2018 is set out below:

	Unaudited as at 30 June 2018 (S\$' million)	Contribution to total assets (%)
Non-current assets		
Investment properties	1,092.0	33.6
– <i>Wheelock Place</i>		
– <i>Scotts Square Retail</i>		
Interests in associate	606.3	18.7
– <i>40.0% effective interest in 68 Holdings which in turn holds approximately 56.3% of HPL as at the Latest Practicable Date</i>		
Investments	381.9	11.7
– <i>Quoted available-for-sale financial assets</i>		
Other non-current assets (including property, plant and equipment and deferred tax assets)	3.0	0.1

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	Unaudited as at 30 June 2018 (S\$' million)	Contribution to total assets (%)
Current assets		
Development properties	244.6	7.5
– <i>unsold residential units in Scotts Square</i>		
– <i>unsold property in Fuyang (雍景山)</i>		
– <i>units in Ardmore Three sold under the deferred payment scheme</i>		
Cash and cash equivalents	853.7	26.2
Other current assets	72.4	2.2
Total assets	3,253.9	100.0
Total liabilities	144.4	
Total equity/NAV	3,109.5	
<i>Number of Shares as at Latest Practicable Date</i>	<i>1,196,559,876</i>	
NAV per Share	S\$2.60	

With reference to the table above, the Offer Price represents a discount of 19.2% to the unaudited NAV per Share of S\$2.60 as at 30 June 2018.

Ex-cash NAV of the Group

We note that the Group recorded borrowings of approximately S\$1.0 million as at 30 June 2018 and is in a significant net cash position of S\$852.7 million, representing 27.4% of the NAV of the Group.

After adjusting for the net cash and cash equivalents, the ex-cash NAV of the Group as at 30 June 2018 is S\$2,256.8 million or S\$1.89 per Share (the “**Ex-cash NAV per Share**”). The Offer Price, after adjusting for the net cash per Share (the “**Ex-cash Offer Price**”), is S\$1.39 and represents a discount of 26.5% to the Ex-cash NAV per Share.

As at the Latest Practicable Date, the Directors confirmed that save for the sale of development properties in the ordinary course of its business, the Group did not have any plans for an impending material disposal and/or conversion of the use of the Group’s assets and/or material change in the nature of the Group’s business.

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7.2.2 Historical discounts to the NAV *vis-à-vis* the historical discounts to the NAV as implied by the Offer Price

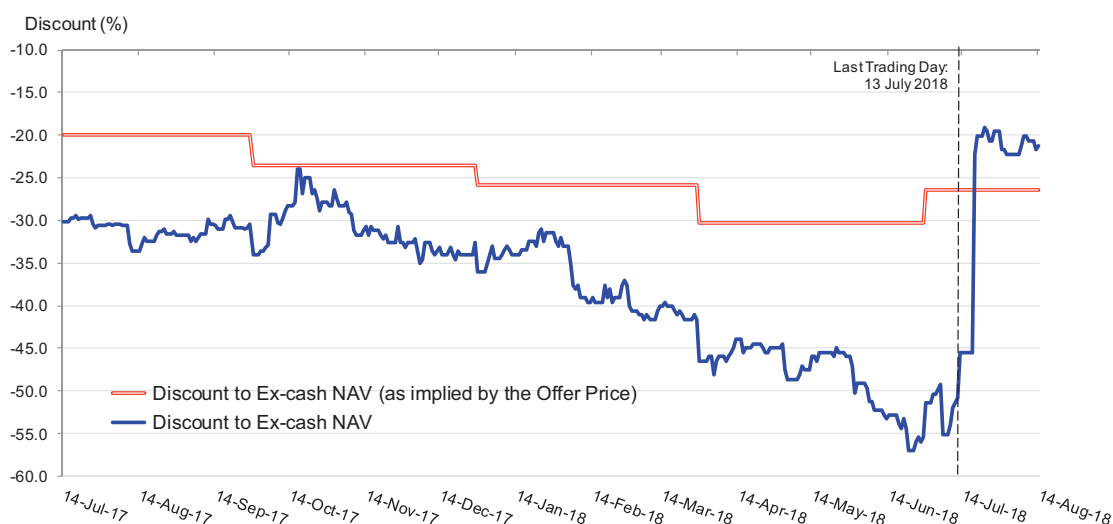
We have also compared the historical discounts to NAV (based on the Group's trailing announced NAV per Share for the applicable periods) with the discounts to NAV as implied by the Offer Price for the 1-year period before the Offer Announcement Date (being 14 July 2017) and up to the Latest Practicable Date.

Historical discount to the NAV of the Group



Source: Bloomberg L.P. and Company's results announcements

Historical discount to the Ex-Cash NAV of the Group



Source: Bloomberg L.P. and Company's results announcements

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The average, maximum and minimum daily discount to NAV and Ex-cash NAV of the Group for the various periods during the 1-year period up to and including 13 July 2018, being the last full trading day prior to the Offer Announcement Date (the “**Last Trading Day**”), and for the period after the Offer Announcement Date up to the Latest Practicable Date are set out below:

Discount to NAV and Ex-cash NAV of the Group						
	Discount to NAV			Discount to Ex-cash NAV		
	Average	Minimum	Maximum	Average	Minimum	Maximum
Periods up to and including the Last Trading Day						
1-year	(28.9)	(19.3)	(40.7)	(37.6)	(24.0)	(57.0)
6-month	(32.1)	(23.4)	(40.7)	(44.1)	(31.0)	(57.0)
3-month	(35.2)	(31.7)	(40.7)	(49.1)	(44.4)	(57.0)
1-month	(38.0)	(33.1)	(40.7)	(52.8)	(45.6)	(57.0)
Period between the Offer Announcement Date and the Latest Practicable Date	(15.3)	(13.8)	(16.2)	(21.1)	(19.1)	(22.3)

Source: Bloomberg L.P. and Company's results announcements

We note that the Shares had consistently traded at a discount to the trailing NAV per Share over the 1-year period up to and including the Last Trading Day, between a minimum discount of 19.3% and a maximum discount of 40.7%, and at discounts of between 24.0% and 57.0% to the Ex-cash NAV of the Group.

In the period between the Offer Announcement Date and the Latest Practicable Date, we note that the Shares had traded at discounts of between 13.8% and 16.2% to the NAV, and between 19.1% and 22.3% to the Ex-cash NAV of the Group.

Notwithstanding that the discount to NAV as implied by the Offer Price is 19.2% to the unaudited NAV per Share as at 30 June 2018, the discount is lesser than the range of discounts at which the Shares had consistently traded at over the 1-year period up to and including the Last Trading Day.

Similarly, while the discount to Ex-cash NAV as implied by the Ex-cash Offer Price is 26.5%, the discount is near the low end of the range of discounts at which the Shares had traded at over the same 1-year period.

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7.3 RNAV of the Group

7.3.1 Summary

We have considered the carrying values of the assets of the Group as at 30 June 2018 to assess if any material assets should be revalued for the purpose of our assessment of the Offer Price compared to the NAV of the Group.

The table below sets out the material assets of the Group and the basis for their carrying values as at 30 June 2018 as well as the value adopted for the calculation of RNAV.

Assets	Basis of value as at 30 June 2018	Value adopted for RNAV calculation
(a) Investment properties		
– <i>Wheelock Place</i>	Carried at fair value based on valuation by the Independent Valuer as at 30 June 2018 using the income capitalisation method and direct comparison method	Carrying values as at 30 June 2018
– <i>Scotts Square Retail</i>		
(b) Interests in associate		
– <i>40.0% effective interest in 68 Holdings Group</i>	Recognised initially at cost, based on the fair value of the assets and liabilities of 68 Holdings Group as at 30 May 2014, when 68 Holdings Group first held more than 50.0% of HPL, and any subsequent profit or loss and other comprehensive income of 68 Holdings Group	40% of the net asset value of 68 Holdings Group adjusted for the market value of HPL based on the VWAP of HPL Shares for the 1-year period preceding the Latest Practicable Date
(c) Investments		
– <i>quoted available-for-sale financial assets</i>	Carried at fair value based on quoted bid prices as at 30 June 2018	Carrying values as at 30 June 2018
(d) Development properties		
– <i>unsold residential units in Scotts Square</i>	Carried at the lower of cost and net realisable value	Fair values as at 30 June 2018 based on the independent valuation by the Independent Valuers, and adjusted for units that have been sold as at Latest Practicable Date but not accounted for as at 30 June 2018.
– <i>unsold property in Fuyang (雍景山)</i>		
– <i>units in Ardmore</i>		
– <i>Three sold under the deferred payment scheme</i>		
(e) Other assets		
– <i>comprising mainly cash and cash equivalents, trade and receivables, and property, plant and equipment.</i>	Carrying values as at 30 June 2018	Carrying values as at 30 June 2018

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Details on the revaluation of the investment in associates and development properties are set out in paragraphs 7.3.2 and 7.3.3 below.

Based on the above, we set out below the summary of adjustments which are made to the NAV of the Group to determine the RNAV:

NAV adjustments for revaluation surplus/(deficit)	
(S\$' million, unless otherwise indicated)	
The Group's unaudited NAV as at 30 June 2018	3,109.5
Less: Decrease in net investment value in 68 Holdings	(177.8) ⁽¹⁾
Add: Revaluation surplus and profit recognised on development properties sold	81.4
Less: Potential tax liability ⁽²⁾	(17.9)
RNAV of the Group	2,995.2
No. of Shares outstanding as at the Latest Practicable Date	1,196,559,876
RNAV per Share (S\$)	2.50
Discount to RNAV as implied by the Offer Price	(16.0)%

Notes:

(1) This deficit was arrived at as a result of adjusting the value of the HPL Shares held by 68 Holdings to the VWAP of HPL Shares for the 1-year period preceding the Latest Practicable Date. There would be no change to the RNAV per Share of the Group of S\$2.50 had we adjusted the value of the HPL Shares to the closing price of HPL as at the Latest Practicable Date.

(2) Based on Management's estimates.

Based on the above, we note that the Offer Price is at a discount of approximately 16.0% to the RNAV per Share of S\$2.50.

Shareholders should note that the above analysis on RNAV provides an estimate of the value of the Group assuming the hypothetical sale of the assets of the Group as at the Latest Practicable Date. However, such a hypothetical scenario is assumed to be made without considering factors such as, *inter alia*, time value of money, market conditions, professional fees, liquidation costs, contractual obligations, any other regulatory requirements and availability of potential buyers, which may in theory, alter the RNAV that can be realised.

Shareholders should be aware that the Group has not realised the loss or gain as set out in the adjustments to the NAV as at the Latest Practicable Date. There is no assurance that the actual loss or gain (if any) eventually recorded by the Group will be the same as that derived from the assessments made based on current market value, independent valuation and the Management's estimates.

Save for the investment properties, investments, interests in associate and the development properties detailed above, the other assets of the Company, comprising mainly (i) cash and cash equivalents representing 26.2% of total assets; and (ii) trade and other receivables representing 2.2% of total assets, have not been revalued for the purpose of determining the RNAV of the Company.

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The Recommending Directors and the Management have confirmed to us that save as disclosed in this letter, to the best of their knowledge and belief, there are no material differences between the realisable value of these other assets and their respective book values as at 30 June 2018, which would result in a material impact on the NAV of the Group. In addition, the Recommending Directors have confirmed that, to the best of their knowledge and belief:

- (a) save as disclosed in this letter, they are not aware of any circumstances which may cause the unaudited NAV as at the Latest Practicable Date to be materially different from that recorded in the unaudited balance sheet of the Group as at 30 June 2018;
- (b) there have been no material disposals or acquisitions of assets by the Group since 30 June 2018 and up to the Latest Practicable Date;
- (c) there have been no contingent liabilities, bad or doubtful debts or impairment losses as at the Latest Practicable Date which are likely to have a material impact on the unaudited NAV of the Group as at 30 June 2018;
- (d) there are no litigation, claim or proceeding pending or threatened against the Group or of any fact likely to give rise to any proceedings as at the Latest Practicable Date which would have an adverse material impact on the financial position of the Group; and
- (e) there are no other intangible assets as at the Latest Practicable Date which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards, and which have not been disclosed that would have a material impact on the unaudited NAV of the Group as at 30 June 2018.

7.3.2 Interests in associate

The value of the Group's net investments in its associate, 68 Holdings, is approximately S\$606.3 million as at 30 June 2018. The only material asset that 68 Holdings owns as at the Latest Practicable Date is the ordinary shares in HPL, which is a Singapore-incorporated company listed on the Mainboard of the SGX-ST and principally engaged in hotel ownership (including management and operation), property development and investment holding. The Group has shareholding interest of 40.0% in 68 Holdings, which in turn holds 56.3% of HPL as at the Latest Practicable Date. As such, the Group has effective equity interest of approximately 22.5% in HPL.

Market value and background of HPL Shares

Prior to the HPL Offer (as defined herein), the Group, through its indirect wholly-owned subsidiary Nassim Developments Pte. Ltd. ("**Nassim Developments**"), owned 102,948,000 HPL Shares, representing approximately 20.2% of the HPL Shares in issue immediately preceding the HPL Offer (as defined herein). As the Company did not have significant influence in HPL, the HPL Shares were classified then as "investments" and accordingly marked-to-market.

Prior to and in connection with the HPL Offer, the Company, through Nassim Developments, entered into an investors' agreement with Cuscaden Partners Pte. Ltd. ("**Cuscaden**") to form a consortium (being 68 Holdings). Based on the terms of the agreement, each party has the right to require 68 Holdings to effect a distribution *in specie* of all its assets to its

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shareholders on a *pro rata* basis, on or after 26 June 2019, being the fifth anniversary of the closing date of the HPL Offer (or such other date as may be agreed between the parties), following the settlement of all liabilities of 68 Holdings (if any). In addition, Nassim Developments shall have an option to require Cuscaden to acquire all its shares in 68 Holdings, in the event that Cuscaden and/or parties acting in concert with it (other than Nassim Developments and/or its affiliates) elects to make a subsequent offer to acquire any remaining HPL Shares, and *vice versa*.

On 14 April 2014, 68 Holdings triggered the threshold for a mandatory offer due to a same-day purchase of a 41.9% stake in HPL and launched a general offer (the “**HPL Offer**”) for all the HPL Shares including any HPL Shares owned, controlled or agreed to be acquired by any party acting or deemed to be acting in concert with 68 Holdings at the time. The original offer price was S\$3.50 per HPL Share, which was subsequently revised to S\$4.00 per HPL Share before the final offer price of S\$4.05 per HPL Share. As a result of the acceptances garnered and purchases of HPL Shares from the open market during the HPL Offer, 68 Holdings had increased its shareholding interest in HPL by 14.6 percentage points from 41.9% to 56.5% of the then total issued share capital of HPL.

The Chairman of the Group had subsequently stated during the 2015 annual general meeting of the Company that “HPL has very valuable assets and (the Company) will continue to explore opportunities to work with (HPL), but (the Company will) need to be patient”. We understand from Directors that the long term prospect for 68 Holdings was for the exploration of opportunities for collaboration between the Group and HPL, but there have been no plans as at the Latest Practicable Date.

We understand from Management that due to the Group’s 40.0% interest in 68 Holdings, which in turn holds more than 50% of the shares in HPL, the Group adopts the equity method to account for its interest in the HPL Shares, notwithstanding that the HPL Shares are listed and quoted on the SGX-ST.

As at the Latest Practicable Date, the last traded price of HPL was S\$3.73, representing a discount of 1.3% to its latest reported NAV per HPL Share of S\$3.78. In our consideration of adjusting the value of investment in HPL to market, we have considered the market valuation of HPL as compared to companies listed on the SGX-ST which we consider to be broadly comparable to HPL (“**HPL Comparable Companies**”) and their respective P/NAV ratios.

HPL Comparable Companies			
Name	Market capitalisation (S\$ million)⁽¹⁾	Business description	P/NAV (times)
Mandarin Oriental International Limited	3,741	Mandarin Oriental International Limited is an owner and operator of luxury hotels, resorts, and residences. The group now operates, or has under development, hotels in the Americas, Europe, Middle East and North Africa. Mandarin Oriental International Limited also operates, or has under development, residences at Mandarin Oriental.	2.20 ⁽²⁾

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HPL Comparable Companies											
Name	Market capitalisation (S\$' million) ⁽¹⁾	Business description	P/NAV (times)								
Hotel Grand Central Limited	1,003	Hotel Grand Central Limited owns, operates, and manages hotels. The company also collects rent, develops properties, and provides marketing and support services.	0.76								
Far East Orchard Limited	586	Far East Orchard Limited is a diversified real estate developer with a global portfolio in development and investment properties. The company is also a vertically integrated regional hospitality owner and operator with a sizeable overseas network. Its portfolio includes purpose-built medical suites in Singapore and student accommodation properties in the United Kingdom.	0.47								
Banyan Tree Holdings Limited	450	Banyan Tree Holdings Limited owns and manages hotels. The company also operates spas, galleries and golf courses, and invests in property. The company offers design and project management services as well.	0.69								
Amara Holdings Limited	262	Amara Holdings Limited operates hotels and restaurants, provides food and beverage catering services as well as develops and invests in properties. The company owns and operates Amara Hotel and invests in shares.	0.69								
		<table> <tr> <td>High</td> <td style="text-align: right;">2.20</td> </tr> <tr> <td>Low</td> <td style="text-align: right;">0.47</td> </tr> <tr> <td>Mean</td> <td style="text-align: right;">0.96</td> </tr> <tr> <td>Median</td> <td style="text-align: right;">0.69</td> </tr> </table>	High	2.20	Low	0.47	Mean	0.96	Median	0.69	
High	2.20										
Low	0.47										
Mean	0.96										
Median	0.69										
HPL	1,943		0.99								

Source: Bloomberg L.P. and the respective HPL Comparable Companies' announcements

Notes:

- (1) Market capitalisation of the HPL Comparable Companies is based on their respective last transacted prices as at the Latest Practicable Date; and
- (2) We note that the majority of the assets of Mandarin Oriental International Limited, comprising freehold land and buildings and the building component of owner-occupied leasehold properties are stated at cost, and its investment in associates are accounted for according to the equity basis of accounting. This is in contrast to the other HPL Comparable Companies which carry most of their assets at fair values based on periodic valuations.

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We note that the last traded price of HPL on the Latest Practicable Date represented a P/NAV ratio of 0.99 times which is within the range and above the respective mean and median P/NAV ratios of 0.96 times and 0.69 times.

As the HPL Shares are freely traded and listed on the SGX-ST, we have adjusted the Group's indirect investments in HPL through 68 Holdings to mark-to-market at the VWAP of HPL for the 1-year period preceding the Latest Practicable Date at S\$3.808 per HPL Share, amounting to S\$446.9 million. Based on the Group's interests in associate of S\$606.3 million and taking into account the liabilities of 68 Holdings as at 30 June 2018, the revaluation deficit in respect of the Group's interests in associate is approximately S\$177.8 million.

However, while HPL is a listed security on the SGX-ST, we note that due to its low liquidity and the fact that the HPL Shares are currently held by 68 Holdings under a consortium agreement, it is unlikely that the Group's HPL Shares can be fully realised at the current market price.

We wish to highlight that the HPL Comparable Companies are not exhaustive and we recognise that there is no company listed on the SGX-ST which we may consider to be identical to HPL in terms of, *inter alia*, geographical spread, composition of business activities, scale of business operations, risk profile, asset base, market capitalisation, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, competitive and regulatory environment, tax factors, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives. The Recommending Directors should note that any comparison made with respect to the HPL Comparable Companies herein is strictly limited in scope and merely serves to provide an illustrative perceived market valuation of HPL as at the Latest Practicable Date.

Market commentary on HPL and possible synergy between the Group and HPL

We have taken into consideration the general market commentary surrounding the Offer and HPL and note that OCBC Investment Research (“OIR”) provides analyst coverage for both HPL and the Group. In the OIR broker report dated 6 July 2018, the fair value of a HPL Share was S\$4.74 and the OIR recommendation was maintained at “buy”.

STProperty had reported during the HPL Offer in 2014 that “(the Group) could partner HPL to redevelop HPL's Orchard Road assets”¹ including Four Seasons Hotel and Forum the Shopping Mall. Singapore Business Review also quoted OSK DMG that HPL's properties and hotels are “ripe for redevelopment given their ageing profile”².

¹ Extracted from <https://www.stproperty.sg/articles-property/singapore-property-news/obs-wheelock-offer-350-a-share-for-hpl/a/160983> on the Latest Practicable Date

² Extracted from <https://sbr.com.sg/hotels-tourism/more-news/68-holdings-hikes-offer-price-hpl-405> on the Latest Practicable Date

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After the Offer Announcement Date, multiple news outlets including The Business Times quoted analysts from OIR and Smartkarma that market speculation of redevelopment had been revived and that the Offer Price is below the fair value estimation as there is “potential for HPL and (the Group) to redevelop their neglected assets along the western end of Orchard Road”³. The OIR report on the Company dated 19 July 2018 mentioned the potential for HPL and the Group to redevelop the Western end of Orchard Road into a mega-development but noted the separation of Wheelock Place and HPL’s properties by the Anguilla carpark which would need to be acquired and/or rezoned for a different purpose. Regardless, neither HPL nor the Group have stated any intentions to redevelop either of their portfolio whether jointly or not.

Furthermore, the Offeror had disclosed in paragraph 6 of the Offer Document that it is not aware of and has not discussed any plans to undertake any redevelopment projects with HPL around the vicinity of Wheelock Place.

In the course of preparing this IFA Letter and up to the Latest Practicable Date, we have made special and detailed enquiries of the Management and the Chairman of the Board (who also serves as a director of the Offeror and as a non-executive, non-independent director of HPL) and they have clearly and categorically confirmed that there had been no discussions conducted between the Company and HPL or the Offeror in the past four years on any joint development project. As such, we are unable to substantiate or objectively quantify the market value of such theoretical joint development, if any.

7.3.3 Development properties

In connection with the Offer, the Company had commissioned the Independent Valuers on 23 July 2018 to conduct independent valuations to determine the market value of the investment and development properties (the “**Revalued Properties**”).

As mentioned in paragraph 7.3.1 of this letter, the investment properties are carried at fair value based on the valuation conducted by the Independent Valuer as at 30 June 2018 using the income capitalisation method and direct comparison method. As such, the fair value will be the value adopted for the RNAV calculation.

The Independent Valuers have valued the completed development properties (being the unsold completed units in Scotts Square and Fuyang (雍景山)) on an as-is basis and the uncompleted development properties in Fuyang (雍景山) (being Phases 3 to 5) based on residual value.

The Independent Valuers had prepared its valuation opinion based on the Market Value of Revalued Properties as at 30 June 2018. They have determined “Market Value” as the “*estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*” Moreover, market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

³ Extracted from <https://www.businesstimes.com.sg/companies-markets/privatisation-bid-for-wheelock-could-boost-other-developer-stocks> on the Latest Practicable Date

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Pursuant to the valuation reports, the gross development value (“**GDV**”) of Fuyang (雍景山) was assessed using the direct comparison method and the land value assessed using the residual method.

The direct comparison method compares the properties with sales of similar properties in the subject or comparable localities before adjusting for, *inter alia*, differences in location, size, tenure, facilities and age. The residual method was used to value the development sites and is the assessment of land value by deducting the development costs from the GDV of the proposed development to be erected on the land.

The development properties of the Group as at 30 June 2018 comprised the unsold units of Fuyang (雍景山), the remaining 37 unsold units of Scotts Square and 9 sold units of Ardmore Three under the deferred repayment scheme. Further details of the properties are as shown:

Development properties					
Name	Description	Land area (m ²)	Gross floor area (m ²)	Tenure	Book value as at 30 June 2018 (S\$' million)
Fuyang (雍景山)	Luxurious mountain view estate comprising 2,689 residential units including villa, townhouse, duplex and high-rise apartments to be developed in 5 phases. Phases 1 and 2 are completed, while Phase 3 is under construction. Phase 4 is under planning stage while Phase 5 is a vacant site.	298,288	346,759	70 years for residential use	173.8
Ardmore Three ⁽¹⁾⁽²⁾	Luxurious 84-unit condominium estate situated in the Ardmore Park enclave.	5,108	15,826	Freehold	36.4
Scotts Square Residential ⁽²⁾	Two wings of 35-storeys and 43-storeys each, accommodating a total of 338 apartment units each with a private lift lobby.	5,213	1,980	Freehold	34.4
Total					244.6

Source: Independent valuation reports dated 3 August 2018 and 13 August 2018 and Management

Notes:

- (1) As 9 Ardmore Three units were sold under the deferred repayment scheme, the Group has taken a prudent approach and had not recognised these profits as at 30 June 2018.
- (2) Independent valuation was conducted for the Group’s investment and development properties save for (i) Ardmore Three as all options to purchase were fully exercised as at 30 June 2018; and (ii) three apartment units in Scotts Square where options to purchase were exercised after 30 June 2018 but before the Latest Practicable Date.

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In our evaluation of the financial terms of the Offer, we have also made enquiries with the Management if there are material changes to the financial position and the NAV of the Group as at the Latest Practicable Date. The Management confirmed to us that in addition to the revaluation surplus from the independent valuation reports, the Group had recognised sales in Scotts Square Residential and Fuyang (雍景山) between 1 July 2018 and the Latest Practicable Date:

Independent valuations of the Revalued Properties					
Revalued Property	Book value as at 30 June 2018 (S\$'m)	Valuation as at 30 June 2018 (S\$'m)	Revaluation surplus/ (deficit) (S\$'m)	Sum of transacted prices for units sold (S\$'m)	Adjusted revaluation surplus/ (deficit)⁽¹⁾ (S\$'m)
Fuyang (雍景山)	173.8	186.2 ⁽²⁾	12.4	10.4 ⁽³⁾	22.8
Ardmore Three	36.4	– ⁽⁴⁾	–	49.6	13.2
Scotts Square Residential	34.4	73.0 ⁽⁴⁾	38.6	6.8	45.4
Total revaluation surplus:					81.4

Source: Management and independent valuation reports

Notes:

- (1) The surplus used for NAV adjustment is obtained by deducting the aggregate carrying values from the sum of (i) the transaction prices of units sold; and (ii) the valuation of the respective properties (if any) as at 30 June 2018.
- (2) The exchange rate used for the valuation of RMB904.6 million was S\$1:RMB4.8575 as extracted from Bloomberg L.P. as at 30 June 2018.
- (3) The exchange rate used for the aggregate transacted prices of RMB52.1 million was S\$1:RMB5.0042 as extracted from Bloomberg L.P. as at the Latest Practicable Date.
- (4) Independent valuation was conducted for the Group's investment and development properties save for (i) Ardmore Three as all options to purchase were fully exercised as at 30 June 2018; and (ii) three apartment units in Scotts Square as options to purchase were exercised after 30 June 2018 but before the Latest Practicable Date.

We note that the profit for units sold in Ardmore Three were not recognised in the Group's financial statements as at 30 June 2018, notwithstanding that the options to purchase were fully exercised, due to the sales being on a deferred payment scheme. The profit that the Group will potentially recognise on the sale of units is captured in the adjusted revaluation surplus in the table above and will be adjusted to its NAV.

We also enquired from the Management if there would be any tax liabilities the Group may incur as a result of the hypothetical disposal of assets. The Management has confirmed that the aggregate potential tax liabilities that may be incurred by the Group would be approximately S\$17.9 million, arising from the 17% tax rate in Singapore, 25% tax rate and land appreciation tax in China.

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7.4 Historical market price performance and trading activity of the Shares

We have compared the Offer Price to the historical share price performance of the Shares for the 1-year prior to the Offer Announcement Date and from the Offer Announcement Date up to the Latest Practicable Date.

We set out below the daily closing price and daily trading volume of the Shares from 14 July 2017, being the 1-year period up to and including the Last Trading Day on 13 July 2018.

Daily closing price and daily trading volume of the Shares



Source: Bloomberg L.P. and Company announcements

Selected Announcements:

- A1. **20 December 2017.** Associated company HPL announced the acquisition of balance interest in its existing 50%-owned associated company Palmco Hotels Sdn Bhd, and 90%-owned subsidiary Merchandise Sdn Bhd for RM105.0 million. Following the acquisition, the entities became wholly-owned subsidiaries of HPL. Based on the HPL Group's audited consolidated accounts for the financial year ended 31 December 2016, the acquisition was expected to increase the earnings per share of the HPL Group from 18.13 Singapore cents to 20.18 Singapore cents, whilst it is not expected to have any material effect on the net tangible assets per share.
- A2. **27 February 2018.** The Company announced its unaudited results for FY2017 and its full year net profit had increased by 97.5% y-o-y to S\$115.2 million for the financial year ended 31 December 2017, due mainly to the fair value write-down of the Group's investment properties in FY2016. Additionally, the Company issued a notice of books closure date for a dividend of S\$0.06 per Share to be paid on 14 May 2018, subject to shareholders' approval at the annual general meeting to be held on 27 April 2018.
- A3. **14 May 2018.** The Company announced its results for the quarter ended 31 March 2018 and its net profit had increased by 235.5% y-o-y to S\$30.8 million for the quarter ended 31 March 2018, attributable mainly to a significant increase in share of profit of associates from the recognition of profits from the Holland Park Villas development in London and the sale of completed units from the Tomlinson Heights development in Singapore.
- A4. **5 July 2018.** The government announced adjustments to the Additional Buyer's Stamp Duty ("ABSD") and Loan-to-Value ("LTV") limits on residential property purchases with effect from 6 July 2018 in a bid to cool the residential property market and to prevent prices from running ahead of economic fundamentals.⁴

⁴ Extracted from <http://www.mas.gov.sg/News-and-Publications/Media-Releases/2018/Raising-Additional-Buyers-Stamp-Duty-Rates-and-Tightening-Loan-to-Value-Limits.aspx> as at the Latest Practicable Date.

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Based on the chart above, we note that over the last year prior and up to the Last Trading Day, the closing prices of the Shares had been consistently below the Offer Price of S\$2.10 per Share.

Following the abovementioned announcement on 5 July 2018 in relation to the ABSD and LTV adjustments, we observed that the closing Share price fell by 6.6% from S\$1.67 on 5 July 2018 to S\$1.56 on 6 July 2018. We further note that the Share price had slowly recovered after 6 July 2018 and was on an increasing trend up to the Last Trading Day before the announcement of the market halt.

We set out below the daily closing prices and daily trading volumes of the Shares for the period after the Offer Announcement Date up to the Latest Practicable Date.

Daily closing price and daily trading volume of the Shares from the Announcement Date up to the Latest Practicable Date



Source: Bloomberg L.P.

Based on charts above, we note that the last transacted price of the Shares on 13 July 2018 (being the Last Trading Day prior to the Offer Announcement Date) was S\$1.74. On 19 July 2018 (being the Market Day after the Offer Announcement Date and the lifting of the trading halt), the price of the Shares rose to close at S\$2.18.

We have also set out below the premium implied by the Offer Price over the historical volume weighted average price (“VWAP”) and historical average daily trading volume of the Shares from 14 July 2017 (being the 1-year period up to and including the Last Trading Day) to the Latest Practicable Date.

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Premium/(discount) implied by the Offer Price over VWAP⁽¹⁾						
	VWAP (S\$)	Premium/ (discount) of Offer Price over/(to) VWAP (%)	Highest traded price (S\$)	Lowest traded price (S\$)	Average daily trading volume⁽²⁾ (’000)	Average daily trading volume⁽²⁾ as a percentage of free float⁽³⁾ (%)
Periods up to and including the Last Trading Day prior to the Offer Announcement Date						
1-year	1.853	13.3	2.10	1.54	634	0.22
6-month	1.783	17.8	2.02	1.54	662	0.23
3-month	1.711	22.7	1.86	1.54	696	0.24
1-month	1.628	29.0	1.75	1.54	844	0.30
Last Trading Day	1.712	22.7	1.75 ⁽⁴⁾	1.65 ⁽⁴⁾	1,721	0.60
Periods after the Offer Announcement Date						
Period between Offer Announcement Date and the Latest Practicable Date	2.195	(4.3)	2.27	2.14	4,437	1.56
Latest Practicable Date	2.196	(4.4)	2.21 ⁽⁵⁾	2.19 ⁽⁵⁾	3,838	1.35

Source: Bloomberg L.P.

Notes:

- (1) VWAP is calculated as the total traded value divided by the total traded volume for Shares for the relevant period, excluding off-market transactions.
- (2) The average daily volume of the Shares is calculated based on the total volume of Shares traded during the period divided by the number of Market Days over the same period, excluding days with trading halts.
- (3) Free float refers to approximately 284.5 million Shares or approximately 23.8% of the issued share capital of the Company held by the public (as defined in the SGX-ST Listing Manual) as extracted from the Company’s annual report for FY2017.
- (4) On 13 July 2018 (being the Last Trading Day), the highest intra-day traded price was S\$1.75 and lowest intra-day traded price was S\$1.65.
- (5) On 14 August 2018 (being the Latest Practicable Date), the highest intra-day traded price was S\$2.21 and lowest intra-day traded price was S\$2.19.

Based on the above, we note the following:

- (i) The Offer Price of S\$2.10 per Share is at the top of the range of the prices of the Shares traded over the 1-year period up to and including the Last Trading Day, which is between a low of S\$1.54 per Share and a high of S\$2.10 per Share;
- (ii) The Offer Price represents a premium of approximately 13.3%, 17.8%, 22.7% and 29.0% over the 1-year, 6-month, 3-month and 1-month VWAP of the Shares respectively;

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- (iii) The Offer Price represents respective premia of approximately 22.7% and 20.7% over the VWAP of S\$1.712 and the closing price of S\$1.74 of the Shares on the Last Trading Day prior to the Offer Announcement Date;
- (iv) Between the Offer Announcement Date and the Latest Practicable Date, the Offer Price represents a discount of 4.3% to the VWAP of S\$2.195 of the Shares. The Offer Price also represents respective discounts of 4.4% and 4.5% to the VWAP of S\$2.196 and the closing price of S\$2.20 of the Shares on the Latest Practicable Date. It should be noted that there is no certainty that the Shares will continue to trade above the Offer Price during the duration of the Offer;
- (v) During the 1-year period up to and including the Last Trading Day, the Shares have traded thinly at an average daily trading volume of approximately 634,000 Shares representing approximately 0.22% of the Company's free float. While there appears to be a ready market for the Shares as indicated by the regular frequency of transactions, the absolute trading volume of the Shares is nevertheless very thin which renders the Shares illiquid for investors who wish to undertake transactions in larger amounts of Shares; and
- (vi) Between the Offer Announcement Date and the Latest Practicable Date, trading liquidity of the Shares rose significantly to an average daily trading volume of approximately 4.4 million Shares, representing approximately 1.56% of the Company's free float, as compared to the average daily trading volume of approximately 634,000 Shares over the 1-year period up to and including the Last Trading Day.

Shareholders are advised that the past trading performance of the Shares should not, in any way, be relied upon as an indication or a promise of its future trading performance.

7.5 Share price performance relative to market indices

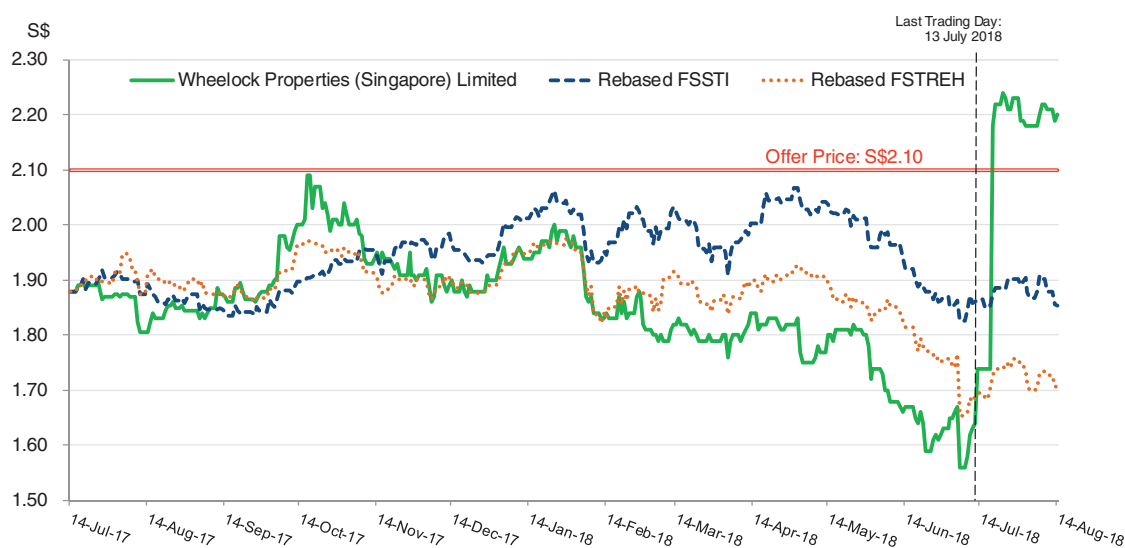
To gauge the market price performance of the Shares relative to the general share price performance of the Singapore equity market and of property companies listed on the SGX-ST, we have compared the market price movement of the Shares against the following indices:

- (i) The FTSE Straits Times Index (the “**FSSTI**”), which is a market capitalisation weighted index based on stocks of 30 representative companies listed on the Mainboard of the SGX-ST; and
- (ii) The FTSE Straits Times Real Estate Holding & Development Index (the “**FSTREH**”), which is a market capitalisation weighted index that measures the performance of real estate holding and development companies listed on the Mainboard of the SGX-ST.

Both the FSSTI and the FSTREH have been rebased to the closing price of the Company as at the beginning of the 1-year lookback period (being 14 July 2017) prior to the Offer Announcement Date. The market price performance of the Shares relative to the rebased FSSTI and the rebased FSTREH for the period from 14 July 2017 up to and including the Latest Practicable Date is illustrated below.

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Share price performance against the market indices (rebased)



Source: Bloomberg L.P.

We have also set out in the table below the movements in the last transacted prices of the Shares, the rebased FSSTI and the rebased FSTREH between the Last Trading Day and the Latest Practicable Date:

	As at the Last Trading Day (S\$)	As at the Latest Practicable Date (S\$)	Percentage Change (%)
Shares	1.740	2.200	26.4
Rebased FSSTI	1.865	1.855	(0.5)
Rebased FSTREH	1.695	1.706	0.7

Source: Bloomberg L.P.

Based on the above, we note the following:

- (i) During the 1-year period up to and including the Last Trading Day, the Shares had generally under-performed the rebased FSSTI and the rebased FSTREH, save for the period between September 2017 and February 2018 where the Shares had outperformed or performed in tandem with the rebased FSSTI and the rebased FSTREH; and
- (ii) Between the Last Trading Day and the Latest Practicable Date, the Shares significantly outperformed the rebased FSSTI and the rebased FSTREH, having increased by approximately 26.4% as compared to the decrease of 0.5% in the rebased FSSTI and the increase of 0.7% in the rebased FSTREH over the same period.

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Based on the above observations, it appears likely that the market price and the trading volume of the Shares have been supported by the Offer subsequent to the Offer Announcement Date. As such, there is no assurance that the market price and trading volume of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Offer.

7.6 Analysts' estimates and price targets for the Company

We have reviewed the estimates of the RNAV per Share of the Company and price targets by various brokerages sourced from Thomson Reuters Corporation and Bloomberg L.P. and the summary is shown in the table below.

Analysts' RNAV estimates and price targets for the Company			
Estimates released prior to the Offer Announcement Date			
Broker	UOB Kay Hian	OCBC Investment Research	
Date	15 May 2018	1 Mar 2018	
RNAV/Share (S\$)	2.74	–	
Target Price (S\$)	2.33	2.34	
Estimates released after the Offer Announcement Date			
Broker	UOB Kay Hian	OCBC Investment Research	Lim & Tan Securities
Date	14 Aug 2018	19 Jul 2018	19 Jul 2018
RNAV/Share (S\$)	–	–	–
Target Price (S\$)	2.33	2.34	2.10 – 2.68 ⁽¹⁾

Source: Various research reports of the brokers, publicly available information and analyst target prices as extracted from Bloomberg L.P.

Note:

(1) Lim & Tan Securities stated that “minority shareholders deserve to be paid a higher price and somewhere closer to its last reported NAV of \$2.68/share”.

Based on the above analysts' research estimates, we note that the Offer Price represents a discount of approximately 10.6% to the average price target of S\$2.35 by all three brokers.

We wish to highlight that the above broker research reports are not exhaustive and the estimated price targets of the Shares, estimates of the Group's RNAV and recommendations in these reports represent the individual views of the respective analysts (and not PPCF) based on the circumstances, including but not limited to, market, economic and industry conditions and market sentiment and investor perceptions on the prospects of the Company, prevailing at the date of the publication of the respective reports. The opinion of the analysts may change over time due to, *inter alia*, changes in market conditions, the Company's corporate developments and the emergence of new information relevant to the Company. As

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such, the estimated price targets and estimated RNAV in these analyst reports may not be an accurate prediction of future market prices of the Shares.

7.7 Valuation ratios of selected listed companies broadly comparable to the Group

For the purpose of evaluating the financial terms of the Offer, we have made reference to the valuation ratios of selected real estate development companies listed on the SGX-ST which we consider to be broadly comparable to the Company in terms of the focus on Singapore and on mixed development properties (“**Comparable Companies**”) to get an indication of the current market expectations with regard to the perceived valuation of the Company.

In evaluating these companies, we have applied and used the following valuation ratios:

Valuation ratios	General descriptions
Enterprise value to EBITDA (“ EV/EBITDA ”)	<p>The historical EV/EBITDA ratio illustrates the market value of a company’s business relative to its historical consolidated pre-tax operating cash flow performance, without regard to its capital structure, and provides an indication of current market valuation relative to operating performance.</p> <p>“EV” or “enterprise value” is the sum of the company’s market capitalisation, preferred equity, perpetual bonds, minority interests, short and long term debt less its cash and cash equivalents. “EBITDA” stands for the historical consolidated earnings before interest, tax, depreciation and amortisation expense, inclusive of the share of associates’ and joint ventures’ income and excluding exceptional items such as gains or losses on acquisitions or disposals of financial assets, investments, interests in subsidiaries or associated companies or joint venture companies. EBITDA can be used to analyse the profitability between companies as it eliminates the effects of financing and accounting decisions.</p>
Price-earnings ratio (“ PER ”)	<p>The PER illustrates the market price of a company’s shares relative to its historical consolidated earnings per share and is commonly used for the purpose of illustrating the profitability, and hence valuation of a company. The PER multiple is affected by, <i>inter alia</i>, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets.</p>

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Valuation ratios	General descriptions
P/NAV	<p>“P/NAV” or “price-to-net asset value” illustrates the extent that the value of each share is backed by assets and would be more relevant in the case where the group were to change the nature of its business or realise or convert the use of all or most of its assets.</p> <p>The asset-based valuation approach provides an estimate of the value of a company or group assuming the hypothetical sale of all its assets over a reasonable period of time at the aggregate value of the assets used in the computation of the NAV, with the balance to be distributed to its shareholders after the settlement of all the liabilities and obligations of the company or group.</p>
Ex-cash P/NAV	<p>“Ex-cash P/NAV” or “price-to-net asset value excluding cash” illustrates the extent that the ex-cash value of each share is backed by its non-cash assets and would be more relevant the larger the cash position of the group relative to its NAV.</p>
P/RNAV	<p>“P/RNAV” or “price-to-revalued net asset value” illustrates the extent that the value of each share is backed by assets that has been revalued as at a certain date.</p>

Brief descriptions of the Company and the Comparable Companies are set out below:

Summary of Comparable Companies		
Name	Market capitalisation (S\$' million) ⁽¹⁾	Business description
UOL Group Ltd (“ UOL Group ”)	5,822	UOL Group Limited invests in properties, subsidiaries, associated companies and securities. Its subsidiaries manage hotels and service apartments, invest in properties as well as distribute furniture and related accessories. The company also trades sporting and athletic goods, equipment and other recreation goods.
GuocoLand Ltd (“ GuocoLand ”)	2,260	Guocoland Limited develops and invests in properties. The company also provides investment trading, underwriting managers, and fund management and advisory services. In addition, Guocoland offers internet commerce services.

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Summary of Comparable Companies		
Name	Market capitalisation (S\$' million) ⁽¹⁾	Business description
Wing Tai Holdings Ltd (“ Wing Tai ”)	1,526	Wing Tai Holdings Limited is an investment holding company whose subsidiaries invest in and develop properties, manufacture woven labels, and trade garments and architectural products and accessories. The company also provides management services and operates restaurants.
Roxy-Pacific Holdings Ltd (“ Roxy-Pacific ”)	562	Roxy-Pacific Holdings Limited, through its subsidiaries, develops and sells residential properties. The company also owns and invests in hotels.
Hiap Hoe Ltd (“ Hiap Hoe ”)	416	Hiap Hoe Limited is an integrated property developer. The company develops luxury and mid-tier residential properties. Hiap Hoe also seeks out civil engineering and construction contracts but its main focus is developing its own residential properties.
SingHaiyi Group Ltd (“ Singhaiyi ”)	403	SingHaiyi Group Limited is a diversified real estate company focused on property development, real estate investment and property management services. The group also holds a diversified portfolio of income-generative assets in the commercial and retail sectors, with geographical reach into USA and widening exposure in Asia.

Source: Bloomberg L.P.

Note:

- (1) Market capitalisation of the Comparable Companies is based on their respective last transacted prices as at the Latest Practicable Date.

We wish to highlight that the Comparable Companies are not exhaustive and we recognise that there is no company listed on the SGX-ST which we may consider to be identical to the Company in terms of, *inter alia*, geographical spread, composition of business activities, scale of business operations, risk profile, asset base, market capitalisation, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, tax factors, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives. The Recommending Directors should note that any comparison made with respect to the Comparable Companies herein is strictly limited in scope and merely serves to provide an illustrative perceived market valuation of the Company as at the Latest Practicable Date.

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We set out below the valuation statistics for the Comparable Companies based on their last transacted share prices as at the Latest Practicable Date.

Valuation ratios of the Comparable Companies								
Comparable Companies	Market Cap. (S\$m)	Enterprise value (S\$m)	LTM ⁽¹⁾ EV/ EBITDA (times)	LTM ⁽¹⁾ PER (times)	P/NAV (times)	Ex-Cash P/NAV (times)	P/RNAV ⁽²⁾ (times)	
UOL Group	5,822	13,877	7.1	6.4	0.61	0.58	0.57 ⁽³⁾	
GuocoLand	2,260	7,185	10.7	4.7	0.61	0.47	0.56 ⁽⁴⁾	
Wing Tai	1,526	1,692	11.1	15.5	0.48	0.30	n.a. ⁽¹⁾	
Roxy-Pacific	562	1,262	27.7	25.4	1.13	1.32	0.48 ⁽³⁾	
Hiap Hoe	416	1,030	6.0	5.6	0.53	0.49	0.44 ⁽⁵⁾	
Singhaiyi	403	644	28.9	22.2	0.61	0.45	0.47 ⁽⁶⁾	
			High	28.9	25.4	1.13	1.32	0.57
			Low	6.0	4.7	0.48	0.30	0.44
			Mean	15.3	13.3	0.66	0.60	0.50
			Median	10.9	11.0	0.61	0.48	0.48
Company (based on the Offer Price)	2,513	1,660	13.7	20.3	0.81	0.74	0.84	

Source: Bloomberg L.P. and the relevant announcements by the Comparable Companies

Notes:

- (1) LTM means last twelve months and n.a. means not applicable;
- (2) based on the latest average RNAV estimates of analyst/broker reports for the Comparable Companies as extracted from Bloomberg L.P. and Thomson Reuters Corporation;
- (3) based on the financial results for the period ended 30 June 2018;
- (4) based on the financial results for the period ended 31 March 2018;
- (5) based on the financial results for the period ended 30 June 2017; and
- (6) based on the financial results for the period ended 30 September 2017.

For illustration purposes only, we note that based on the Offer Price:

- (a) The LTM EV/EBITDA ratio of the Company is 13.7 times and is within the range of the EV/EBITDA ratios of the Comparable Companies, higher than the median of 10.9 times but below the mean of 15.3 times;
- (b) The LTM PER of the Company is 20.3 times and is within the range of the PER of the Comparable Companies, and higher than both the mean and median PER of 13.3 times and 11.0 times respectively;
- (c) The P/NAV ratio of the Company of 0.81 times is within the range of the P/NAV ratios of the Comparable Companies, and higher than both the mean and median P/NAV ratios of 0.66 times and 0.61 times respectively;

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- (d) The Ex-cash P/NAV ratio of the Company is 0.74 times and is within the range of the Ex-cash P/NAV ratios of the Comparable Companies, and higher than both the mean and median Ex-cash P/NAV ratios of 0.60 times and 0.48 times respectively; and
- (e) The P/RNAV ratio of the Company of 0.84 times is above the range of the P/RNAV ratios of the Comparable Companies.

Given the asset intensive nature of the Company’s core property development business, we consider the asset-based valuation ratios such as P/NAV and P/RNAV as being more relevant measures for assessing the Offer Price relative to the earning-based valuation ratios such as PER and EV/EBITDA. The earnings of property-related companies may vary considerably over time and between companies due to factors such as the timing of project launches.

7.8 Precedent privatisations involving selected companies broadly comparable to the Group

We have reviewed completed transactions announced from 2013 to the Latest Practicable Date involving the privatisation of companies that are primarily in the business of property development in Singapore and for which information is publicly available (“**Comparable Precedent Transactions**”). We have conducted our analysis largely based on the P/NAV multiple and the premia of the respective offers over the pre-announcement VWAP on the last traded market day before the announcement date, the 1-month VWAP and the 3-month VWAP.

Comparable Precedent Transactions						
Announcement date	Target	Implied market capitalisation (S\$m)	Last trading day (%)	Premium/(Discount) implied by the respective offer ⁽¹⁾		P/RNAV (times)
				VWAP		
				1-month (%)	3-month (%)	
24 Feb 2014	Singapore Land Limited	3,877.3	11.2	16.9	13.9	n.a. ⁽⁷⁾
14 Apr 2014	CapitaMalls Asia Limited	9,159.9 ⁽²⁾	30.2	34.4	32.8	n.a. ⁽⁷⁾
25 Sep 2014	Lee Kim Tah Holdings	545.9	6.4	11.8	12.3	0.98 ⁽³⁾
23 Jan 2015	Keppel Land Limited	5,639.8	20.0	25.0	28.8	0.66 ⁽⁴⁾
22 Sep 2015	Eastern Holdings Ltd	63.8	41.7	67.3	34.1	0.82 ⁽⁵⁾

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Comparable Precedent Transactions						
Announcement date	Target	Implied market capitalisation (S\$m)	Last trading day (%)	Premium/(Discount) implied by the respective offer ⁽¹⁾		
				VWAP		P/RNAV (times)
				1-month (%)	3-month (%)	
8 Aug 2016	Sim Lian Group Limited	1,086.3	14.9	16.6	19.5	0.78 ⁽⁶⁾
			High	41.7	67.3	0.98
			Low	6.4	11.8	0.66
			Mean	20.7	23.6	0.81
			Median	17.5	24.2	0.80
19 Jul 2018	Company (as implied by the Offer Price)	2,512.8	22.7	29.0	22.7	0.84

Source: Bloomberg L.P. and the announcements released by the respective target companies

Notes:

- (1) Market premia/discount calculated relative to the closing price of the respective target companies one (1) Full Trading Day prior to the respective announcement dates and VWAP of the 1-month and 3-month period prior to the respective announcement dates or any other date as disclosed in the IFA opinion letter for the offers;
- (2) based on the revised final offer price of CapitaMalls Asia Limited at S\$2.35;
- (3) based on the RNAV of Lee Kim Tah Holdings (including contingent tax liability) as at 30 June 2014;
- (4) based on the average RNAV of Keppel Land Limited as at 31 December 2014;
- (5) based on the RNAV of Eastern Holdings Ltd as at 30 September 2015;
- (6) based on the RNAV of Sim Lian Group Limited as at 30 June 2016; and
- (7) n.a. means not applicable.

For illustration purposes, we note that based on the Offer Price:

- (i) The premium of approximately 22.7% implied by the Offer Price over the VWAP of the Last Trading Day is within the range and above the mean and median premia of 20.7% and 17.5% respectively as implied by the respective offer prices paid over the VWAP of the shares on their respective last trading days;
- (ii) The premium of approximately 29.0% implied by the Offer Price over the 1-month VWAP of the Shares up to and including the Last Trading Day is within the range and above the mean and median premia of 28.7% and 21.0% respectively as implied by the respective offer price over 1-month VWAP of the shares;
- (iii) The premium of approximately 22.7% implied by the Offer Price over the 3-month VWAP of the Shares up to and including the Last Trading Day is within the range but below the mean and the median premia of 23.6% and 24.2% respectively as implied by the respective offer price over the 3-month VWAP of the shares; and

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- (iv) The implied P/RNAV ratio of 0.84 times as implied by the Offer Price is within the range of the P/RNAV ratios and is above the respective mean and median P/RNAV ratios of 0.81 times and 0.80 times.

The Comparable Precedent Transactions and the acquired companies may not be directly comparable with the Offer and the Company and may vary with respect to, amongst other factors: geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives. Accordingly, the Recommending Directors should note that any comparison made with respect to the Selected Precedent Transactions merely serve to provide an illustrative perceived market valuation of the Company as at the Latest Practicable Date.

7.9 Precedent Privatisation transactions in Singapore

For the purpose of our evaluation on the financial terms of the Offer *vis-à-vis* other recent successful privatisations of companies listed on the SGX-ST, we set out the below statistics on privatisations relating to companies listed on the SGX-ST in the 2-year period prior to the Offer Announcement Date up to and including the Latest Practicable Date (“**Precedent Privatisations**”).

Precedent Privatisation Transactions					
Date of announcement	Target	Offer price (S\$)	Premium/(Discount) of Offer Price over/to the		
			Last Trading day (%)	VWAP 1-month (%)	VWAP 3-month (%)
20 Jul 2016	SMRT Corp Ltd	1.680	8.7	10.8	10.7
8 Aug 2016	Sim Lian Group Limited	1.080	14.9	16.6	19.5
6 Sep 2016	China Minzhong Food Corporation Limited	1.200	25.0	24.8	23.1
20 Sep 2016	Aztech Group Ltd.	0.420	29.2	38.6	21.0
18 Oct 2016	China New Town Development Company Limited	0.070	18.6	20.5	26.8
24 Oct 2016	China Auto Electronics Group Limited	0.160	23.1	50.9	65.0
26 Oct 2016	Innovalues Limited ⁽¹⁾	1.010	14.5	19.0	21.6
3 Nov 2016	Super Group Ltd. ⁽²⁾	1.300	44.4	47.4	54.4
8 Nov 2016	ARA Asset Management Limited	1.780	26.2	29.6	30.3
24 Nov 2016	Advanced Integrated Manufacturing Corp. Ltd.	0.210	22.8	20.7	20.7

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Precedent Privatisation Transactions					
Date of announcement	Target	Offer price (S\$)	Premium/(Discount) of Offer Price over/to the		
			Last Trading day (%)	VWAP	
			1-month (%)	3-month (%)	
30 Nov 2016	Sunmart Holdings Limited	0.070	n.m. ⁽¹⁴⁾	n.m. ⁽¹⁴⁾	n.m. ⁽¹⁴⁾
7 Feb 2017	Auric Pacific Group Limited	1.650	13.7	17.7	23.8
23 Feb 2017	Global Premium Hotels Limited	0.365	14.1	18.1	21.7
9 Apr 2017	CWT Limited ⁽³⁾	2.330	5.9	6.4	14.8
2 May 2017	Nobel Design Holdings Ltd	0.510	8.5	9.4	15.9
29 May 2017	Changtian Plastic & Chemical Limited	1.300	45.3	46.6	48.2
19 Jun 2017	China Flexible Packaging Holdings Limited	1.250	23.2	24.3	28.2
14 Jul 2017	Global Logistic Properties Limited ⁽⁴⁾	3.380	64.1	67.4	72.4
27 Jul 2017	Fischer Tech Limited ⁽⁵⁾	3.020	31.3	46.9	63.6
10 Aug 2017	GP Batteries International Limited	1.300	62.5	62.9	62.7
20 Sep 2017	Poh Tiong Choon Logistics Limited ⁽⁶⁾	1.300	1.6	30.0	43.2
2 Oct 2017	Rotary Engineering Limited	0.460	20.1	21.9	25.1
3 Nov 2017	Cogent Holdings Limited ⁽⁷⁾	1.020	164.9 ⁽¹³⁾	160.2 ⁽¹³⁾	167.9 ⁽¹³⁾
13 Nov 2017	Vard Holdings Limited ⁽⁸⁾	0.250	8.7	16.2	29.3
28 Dec 2017	CWG International Ltd	0.195	27.5	29.5	29.2
11 Jan 2018	Tat Hong Holdings Limited ⁽⁹⁾	0.550 ⁽¹⁰⁾	42.9	47.5	49.1
21 Feb 2018	Lee Metal Group Ltd ⁽¹¹⁾	0.420	9.1	14.1	21.4
13 Mar 2018	Weiye Holdings Limited ⁽¹²⁾	0.650	31.3	40.7	44.1
		High	164.9	160.2	167.9
		Low	1.6	6.4	10.7
		Mean	24.5	29.9	34.1
		Median	22.9	24.6	27.5
19 Jul 2018	Company (implied by the Offer Price)	2.10	22.7	29.0	22.7

Source: SGX-ST announcements and the respective target companies' shareholders' circular in relation to the Precedent Privatisation transactions.

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Notes:

- (1) VWAP were computed based on prices prior to 7 April 2016 when Innovalues Limited first announced that it has appointed a financial adviser to conduct a review of the strategic options available with a view of enhancing and unlocking shareholder value;
- (2) VWAP were computed based on prices prior to the second SGX query date, being 31 October 2016, when Super Group Ltd. experienced unusual price movements;
- (3) VWAP were computed based on prices up to 3 August 2015 when it was announced that the controlling shareholder of CWT Limited was considering a strategic review;
- (4) VWAP were computed based on prices prior to 1 December 2016 when it was announced that Global Logistic Properties Limited was undertaking a strategic review;
- (5) VWAP were computed based on prices prior to 5 April 2017 when a holding announcement was made relating to a non-binding expression of interest from a third party relating to a possible transaction involving the shares of Fischer Tech Limited;
- (6) VWAP were computed based on prices prior to 23 September 2016 when Poh Tiong Choon Logistics Limited announced that substantial shareholders of the company will be seeking a strategic review relating to their shares;
- (7) VWAP were computed based on prices prior to 28 January 2016 when the Wall Street Journal published an article titled “Cogent Holdings’s Owners Seek Buyer for Logistics Firm”. Cogent Holdings Limited responded on that day that they had from time to time, received indications of interest relating to the group and that the board was evaluating the viability of such indications of interest;
- (8) VWAP were computed based on prices up to 13 November 2016 when Vard Holdings Limited first announced the previous takeover offer at S\$0.24 per share;
- (9) VWAP prices were computed based on prices prior to 21 September 2017 when Tat Hong Holdings Limited first announced that it had been approached by certain parties in connection with a potential transaction;
- (10) based on the revised offer announced on 26 April 2018;
- (11) VWAP were computed based on prices prior to 11 November 2017 when Lee Metal Group Ltd announced that certain shareholders have received an unsolicited approach in connection with a potential transaction;
- (12) The intention of Weiye Holdings Limited was to remain listed on the SEHK at the close of the offer. Shareholders who did not accept the offer in Singapore will be able to continue trading on the SEHK subsequent to the close of the offer and delisting of Weiye Holdings Limited from the SGX-ST;
- (13) values were excluded in the mean and median calculations; and
- (14) n.m. means not meaningful.

Based on the above analysis, we note the following:

- (a) The premium of 22.7% implied by the Offer Price over the VWAP of the Shares on the Last Trading Day is within the range but below the respective mean and median premia of 24.5% and 22.9% implied by the respective offer prices paid over the VWAP of the shares on their respective last trading days with respect to the Precedent Privatisations;
- (b) The premium of 29.0% implied by the Offer Price over the 1-month VWAP of the Shares up to and including the Last Trading Day is within the range, and above the median but below the mean premia of 24.6% and 29.9% respectively as implied by the respective offer prices paid over the 1-month VWAP of the shares with respect to the Precedent Privatisations; and
- (c) The premium of 22.7% implied by the Offer Price over the 3-month VWAP of the Shares up to and including the Last Trading Day is within the range but below the respective mean and the median premia of 34.1% and 27.5% as implied by the respective offer prices paid over the 3-month VWAP of the shares with respect to the Precedent Privatisations.

APPENDIX A – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE OFFER

The Recommending Directors should note that the level of premium (if any) an acquirer would normally pay for acquiring and/or privatising a listed company (as the case may be) varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies to be gained by the acquirer from integrating the target company's businesses with its existing business, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target company's shares, the presence of competing bids for the target company, the extent of control the acquirer already has in the target company and prevailing market expectations. Consequently, each Precedent Privatisation should be judged on its own merits (or otherwise).

The list of Precedent Privatisations indicated herein has been compiled based on publicly available information as at the Latest Practicable Date. The above table captures only the premia/discounts implied by the offer prices in respect of the Precedent Privatisations over the aforesaid periods and does not highlight bases other than the aforesaid in determining an appropriate premium/discount for the recent Precedent Privatisations. It should be noted that the comparison is made without taking into account the total amount of the offer value of each respective Precedent Privatisation or the relative efficiency of information or the underlying liquidity of the shares of the relevant companies or the performance of the shares of the companies or the quality of earnings prior to the relevant announcement and the market conditions or sentiments when the announcements were made or the desire or the relative need for control leading to compulsory acquisition.

We wish to highlight that the Company is not in the same industry and does not conduct the same businesses as the other companies in the list of Precedent Privatisations and would not, therefore, be directly comparable to the list of companies in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria. Accordingly, the Recommending Directors should note that the above comparison merely serves as a general guide to provide an indication of the premium or discount in connection with the Precedent Privatisations. Therefore, any comparison of the Offer with the Precedent Privatisations is for illustration purposes only. Conclusions drawn from the comparisons made may not necessarily reflect any perceived market valuation for the Company.

7.10 Dividend track record of the Company and selected alternative investments

For the purpose of assessing the Offer, we have considered the historical dividend record of the Shares for the last five (5) financial years prior to the Offer Announcement Date and compared them with the returns which a Shareholder may potentially obtain by re-investing the proceeds from the Offer in other selected alternative equity investments.

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The Company had declared and paid the following ordinary dividends in respect of its last five (5) financial years:

	FY2013	FY2014	FY2015	FY2016	FY2017
Net dividend per Share (S\$)	0.06	0.06	0.06	0.06	0.06
1-year average Share price (S\$)	1.8349	1.7674	1.7012	1.4675	1.8451
Net dividend yield (%)	3.27	3.39	3.53	4.09	3.25

Source: Bloomberg L.P. and the Company's filings

The Group does not have a fixed dividend policy. The form, frequency and amount of dividends on the Shares that the Directors may recommend or declare in respect of any particular financial year or period is subject to factors including, *inter alia*, actual and projected financial performance, working capital requirements and general financing condition and levels of cash and/or retained earnings.

For the purpose of analysing the Offer, we have considered that the Shareholders who accept the Offer may re-invest the proceeds from the Offer in selected alternative equity investments including the equity of the Comparable Companies and/or a broad Singapore market index instrument such as the STI Exchange Traded Fund (“**STI ETF**”).

For illustration purposes, the dividend yields of these selected alternative investments based on their ordinary dividends declared over the latest twelve months are as follows:

Dividend yields of Comparable Companies	
Comparable Companies	LTM dividend yield ⁽¹⁾
UOL Group	2.53%
GuocoLand	3.66%
Wing Tai	3.02%
Roxy-Pacific	2.08%
Hiap Hoe	1.70%
Singhaiyi	3.19%
Mean	2.70%
Median	2.78%
STI ETF	3.28%
Company	3.24% ⁽²⁾

Source: Bloomberg L.P. and the respective companies' announcements

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Notes:

- (1) Net dividend yield of each selected alternative investment is computed as the dividends declared over the latest twelve months divided by the closing market price as at the Latest Practicable Date (or where there was no trading on such date, the last available closing market price). The aforementioned dividend yield computed may differ from the actual dividend yield which will vary depending on the actual cost of investment paid by the individual investor.
- (2) Based on the total dividends declared by the Company of approximately S\$0.06 per Share and the average Share price of S\$1.851 for the 1-year period prior to the Offer Announcement Date.

Based on the above dividend analysis, we note the LTM dividend yield of the Company is above both the mean and median of the Comparable Companies at 2.70% and 2.78% respectively but below that of the STI ETF at 3.28%.

We wish to highlight that the above dividend analysis serves only as an illustrative guide and is not an indication of the Company's future dividend policy nor that of any of the Comparable Companies or the STI ETF. There is no assurance that the Company will continue or any of the above selected alternative investments will continue to pay dividends in the future and/or maintain the level of dividends paid in past periods.

Notwithstanding the above, it is uncertain whether the Company and the Comparable Companies can maintain its historical dividend yields at the levels set out above, hence it is uncertain whether the Shareholders will be able to achieve their desired levels of investment income by liquidating their investment in the Company and reinvesting their proceeds in the Comparable Companies or other alternative investments.

Recommending Directors should note that an investment in the equity of the Comparable Companies provides a different risk-return profile as compared to an investment in the Shares, and therefore the above comparison serves purely as a guide only. Furthermore, it should also be noted that the above analysis ignores the effect of any potential capital gain or capital loss that may accrue to the Shareholders arising from their investment in the Shares due to market fluctuations in the price of the Shares during the relevant corresponding periods in respect of which the above dividend yields were analysed.

In addition, no views are being expressed with regard to the future dividend policy of the Company and the Company does not have a fixed and formal dividend policy. As such, the quantum of dividends paid by the Company in any period would depend on various factors including but not limited to the financial performance of the Company, its working capital and capital expenditure needs as well as other considerations.

8. OTHER CONSIDERATIONS

8.1 The Offer is the only offer available to the Shareholders

As at the Latest Practicable Date, the Offeror and parties acting in concert with it collectively hold approximately 76.2% of the Shares and the Company has confirmed that there is no alternative or competing offer available to the Shareholders. As the Offeror and parties acting in concert with it have majority control of the Company and the Offer is unconditional in all respects, the likelihood of a competing offer is remote.

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We further note that Shareholders who have accepted the Offer will receive the entire proceeds in cash within seven (7) business days after receipt by the Offeror of the acceptances and Shareholders who accept the Offer will not incur any brokerage commissions or transaction costs.

8.2 Compulsory acquisition

Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances of the Offer or acquires Offer Shares during the Offer Period otherwise than through valid acceptances of the Offer in respect of not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the Offer Announcement Date), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer (“**Dissenting Shareholders**”) at a price equal to the Offer Price.

In such event, the Offeror intends to exercise its right of compulsory acquisition and intends to delist the Company from the SGX-ST and not to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted.

In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations and their respective nominees, comprise 90% or more of the Shares, the Dissenting Shareholders have a right to require the Offeror to acquire their Shares at the Offer Price. **Such Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.**

8.3 Listing status of the Group and suspension risk

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 parties acting in concert with it to above 90% of the issued Shares, the SGX-ST may suspend the listing of the Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least 10% of the issued Shares are held by at least 500 shareholders of the Company who are members of the public. In addition, pursuant to Rule 723 of the Listing Manual, the Company must ensure that at least 10% of its total issued Shares (excluding treasury shares) is at all times held in public hands (the “**Free Float Requirement**”).

As the Offeror does not intend to preserve the listing status of the Company, in the event that, *inter alia*, the Free Float Requirement is not satisfied, the Offeror intends to delist the Company and does not intend to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted.

Accordingly, the SGX-ST will suspend trading of the Shares on the SGX-ST following the close of the Offer (“**Suspension**”) if less than 10% of the total issued share capital of the Company is not held in public hands.

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8.4 Implications of delisting or Suspension for Shareholders

Shareholders who do not accept the Offer should note the following implications or consequences which may arise as a result of any suspension in, and/or delisting of the Shares:

- (i) Shares of unquoted companies are generally valued at a discount to the shares of comparable listed companies as a result of lack of marketability;
- (ii) It is likely to be difficult for Shareholders to sell their Shares in the absence of a public market for the Shares as there is no arrangement for such Shareholders to exit their investments in the Shares. If the Company is delisted, even if such Shareholders were subsequently able to sell their Shares, they may receive a lower price than that of the Offer Price;
- (iii) Given the time taken for the Offeror to exercise its right to compulsorily acquire the remaining Shares or the time taken for Dissenting Shareholders to exercise any rights they may have to compel the Offeror to acquire their Shares under Section 215(3) of the Companies Act, the settlement date on compulsory acquisition is likely to be later than the settlement date had the Offer been accepted;
- (iv) As an unlisted company, the Company will no longer be obliged to comply with the listing requirements of the SGX-ST, in particular the continuing corporate disclosure requirements under Chapter 7 of the Listing Manual and Appendices 7.1 to 7.4 to the Listing Manual. Shareholders will no longer enjoy the same level of protection, transparency and accountability afforded by the Listing Manual. Nonetheless, as a company incorporated in Singapore, the Company will still need to comply with the Companies Act and its Constitution and the interests of Shareholders who do not accept the Offer will be protected to the extent provided for by the Companies Act which includes, *inter alia*, the entitlement to be sent a copy of the profit and loss accounts and balance sheet at least 14 days before each annual general meeting, at which the accounts will be presented; and
- (v) There is no assurance that the Company will maintain its historical dividend payments in the future.

8.5 Offeror's intentions for the Group

The Offeror has no current intentions to (a) introduce any major changes to the existing business of the Company, (b) re-deploy the fixed assets of the Company, or (c) discontinue the employment of the existing employees of the Company or its subsidiaries, in each case, other than in the ordinary and usual course of business. However, the Offeror retains the flexibility at any time to further consider any options or opportunities in relation to the Company which may present themselves and which the Offeror may regard to be in the interests of the Company and WCL and their subsidiaries.

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9. OPINION

In arriving at our opinion on the Offer, we have taken into account the following key considerations (which should be read in conjunction with, and in the context of, the full text of this letter):

Factors in favour of the Offer Price:

- (a) Revenue has decreased significantly across the Period Under Review as majority of the completed development properties have been sold. The Company has not added any new property development projects during the Period Under Review;
- (b) Notwithstanding that the discount to NAV as implied by the Offer Price is 19.2%, the discount is lesser than the range of discounts at which the Shares had consistently traded at over the 1-year period up to and including the Last Trading Day. Similarly, the discount to Ex-cash NAV as implied by the Ex-cash Offer Price is 26.5% and is near the low end of the range of discounts over the same period;
- (c) The Shares have not traded above the Offer Price of S\$2.10 per Share since 14 July 2017 up to the Offer Announcement Date and the last transacted price of the Shares on the Last Trading Day was S\$1.74;
- (d) The Offer Price represents premia of 13.3%, 17.8%, 22.7% and 29.0% over the 1-year, 6-month, 3-month and 1-month VWAP of the Shares respectively;
- (e) The Offer Price represents respective premia of 22.7% and 20.7% over the VWAP and the closing price of the Shares on the Last Trading Day;
- (f) During the 1-year period up to and including the Last Trading Day, the Shares have traded thinly at an average daily trading volume of approximately 634,000 Shares representing approximately 0.22% of the Company's free float. While there appears to be a ready market for the Shares as indicated by the regular frequency of transactions, the absolute trading volume of the Shares is nevertheless very thin which renders the Shares illiquid for investors who wish to undertake transactions in larger amounts of Shares;
- (g) As compared to the relative performance of the market indices, the current market price and the trading volume of the Shares may have been underpinned by the Offer subsequent to the Announcement Date. As such, there is no assurance that the market price and trading volume of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Offer;
- (h) In comparison with the Comparable Companies:
 - (i) The LTM EV/EBITDA ratio of the Company is 13.7 times and is within the range of the EV/EBITDA ratios of the Comparable Companies, higher than the median of 10.9 times but below the mean of 15.3 times;
 - (ii) The LTM PER of the Company is 20.3 times and is within the range of the PER of the Comparable Companies, and higher than both the mean and median PER of 13.3 times and 11.0 times respectively;

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- (iii) The P/NAV ratio of the Company of 0.81 times is within the range of the P/NAV ratios of the Comparable Companies, and higher than both the mean and median P/NAV ratios of 0.66 times and 0.61 times respectively;
 - (iv) The Ex-cash P/NAV ratio of the Company is 0.74 times and is within the range of the Ex-cash P/NAV ratios of the Comparable Companies, and higher than both the mean and median Ex-cash P/NAV ratios of 0.60 times and 0.48 times respectively; and
 - (v) The P/RNAV ratio of the Company of 0.84 times is above the range of the P/RNAV ratios of the Comparable Companies;
- (i) In comparison with the Comparable Precedent Transactions:
- (i) The premium of approximately 22.7% implied by the Offer Price over the VWAP of the Last Trading Day is within the range and above the mean and median premia of 20.7% and 17.5% respectively as implied by the respective offer prices paid over the VWAP of the shares on their respective last trading days;
 - (ii) The premium of approximately 29.0% implied by the Offer Price over the 1-month VWAP of the Shares up to and including the Last Trading Day is within the range and above the mean and median premia of 28.7% and 21.0% respectively as implied by the respective offer price over 1-month VWAP of the shares;
 - (iii) The implied P/RNAV ratio of 0.84 times as implied by the Offer Price is within the range of the P/RNAV ratios and is above the respective mean and median P/RNAV ratios of 0.81 times and 0.80 times;
- (j) In comparison with the Precedent Privatisations:
- (i) The premium of 29.0% implied by the Offer Price over the 1-month VWAP of the Shares up to and including the Last Trading Day is within the range, and above the median but below the mean premia of 24.6% and 29.9% respectively as implied by the respective offer prices paid over the 1-month VWAP of the shares with respect to the Precedent Privatisations;
- (k) The LTM dividend yield of the Company is below that of the STI ETF, suggesting that Shareholders who accept the Offer may potentially experience an increase in dividend income if they re-invest the proceeds from the Offer in the shares of other investments including, but not limited to, the STI ETF. There is however, no assurance that the Company or any of the above selected alternative investments will continue to pay dividends in the future and/or maintain the level of dividends paid in past periods;

Factors against the Offer Price:

- (l) The Offer Price represents a discount of 19.2% to the unaudited NAV per Share as at 30 June 2018 and the Ex-cash Offer Price is S\$1.39 which represents a discount of 26.5% to the Ex-cash NAV per Share;

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- (m) The Offer Price represents a discount of approximately 10.6% to the average price target of S\$2.35 released by three brokers;
- (n) The Offer Price represents respective discounts of 4.4% and 4.5% to the VWAP of S\$2.196 and the closing price of S\$2.20 of the Shares on the Latest Practicable Date. It should be noted that there is no certainty that the Shares will continue to trade above the Offer Price during the duration of the Offer;
- (o) While the Offer Price represents a discount of approximately 16.0% to the RNAV per Share of S\$2.50, we wish to highlight that the RNAV per Share calculated is based on the estimated net profits on units of development properties offset by the deficit over book value for investments in HPL and does not take into account factors such as, *inter alia*, time value of money, market conditions, legal fees, liquidation costs, contractual obligations, regulatory requirements and availability of potential buyers, which may in theory, alter the RNAV that can be realised;
- (p) In comparison with the Comparable Precedent Transactions:
 - (i) The premium of approximately 22.7% implied by the Offer Price over the 3-month VWAP of the Shares up to and including the Last Trading Day is within the range but below the mean and the median premia of 23.6% and 24.2% respectively as implied by the respective offer price over the 3-month VWAP of the shares of the Comparable Precedent Transactions;
- (q) In comparison with the Precedent Privatisations:
 - (i) The premium of 22.7% implied by the Offer Price over the VWAP of the Shares on the Last Trading Day is within the range but below the respective mean and median premia of 24.0% and 22.9% implied by the respective offer prices paid over the VWAP of the shares on their respective last trading days with respect to the Precedent Privatisations; and
 - (ii) The premium of 22.7% implied by the Offer Price over the 3-month VWAP of the Shares up to and including the Last Trading Day is within the range but below the respective mean and the median premia of 34.1% and 27.5% as implied by the respective offer prices paid over the 3-month VWAP of the shares with respect to the Precedent Privatisations;
- (r) The LTM dividend yield of the Company is higher than that of the Comparable Companies, suggesting that Shareholders who accept the Offer may potentially experience a decrease in dividend income if they re-invest the proceeds from the Offer in the shares of, *inter alia*, the Comparable Companies. There is however, no assurance that the Company or any of the above selected alternative investments will continue to pay dividends in the future and/or maintain the level of dividends paid in past periods;

Other factors:

- (s) As at the Latest Practicable Date, the Offeror and the parties acting in concert with it collectively hold approximately 76.2% of the Shares and the Company has confirmed that there is no alternative or competing offer available to the Shareholders. As the Offeror and parties acting in concert with it have majority control of the Company and the Offer is unconditional in all respects, the likelihood of a competing offer is remote;

APPENDIX A – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE OFFER

- (t) The intention of the Offeror to exercise any rights of compulsory acquisition in the event that the Offeror acquires not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the Offer Announcement Date);
- (u) In the event of a Suspension due to the Free Float Requirement not being met, the Offeror had stated in the Offer Document that it intends to delist the Company and does not intend to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted; and
- (v) The Offeror has no present intention to make any major changes to the existing business of the Company.

Having considered the aforesaid points including the various factors set out in this letter and summarised in this section, we are of the opinion that the financial terms of the Offer are fair and reasonable, but not compelling, and are not prejudicial to the interests of minority shareholders. Accordingly, we advise the Recommending Directors to recommend that Shareholders accept the Offer, unless Shareholders are able to obtain a price higher than the Offer Price on the open market, taking into account all brokerage commissions or transactions costs in connection with open market transactions.

Recommending Directors should also note that transactions of the Shares are subject to possible market fluctuations and accordingly, our opinion on the Offer does not and cannot take into account the future transactions or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review.

This letter is addressed to the Recommending Directors for their benefit, in connection with and for the purpose of their consideration of the financial terms of the Offer and should not be relied on by any other party. The recommendation made by them to the Shareholders in relation to the Offer shall remain the sole responsibility of the Recommending Directors.

Whilst a copy of this letter may be reproduced in the Offer Document, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of PPCF 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 faithfully,
For and on behalf of
PrimePartners Corporate Finance Pte. Ltd.

Gerald Ong
Chief Executive Officer

Mark Liew
Chief Operating Officer

APPENDIX B – ADDITIONAL GENERAL INFORMATION

1. DIRECTORS

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

Name	Address	Description
Stephen Tin Hoi Ng	c/o 23rd Floor, Wheelock House 20 Pedder Street Hong Kong	Executive Chairman
Horace Wai-Chung Lee	c/o 23rd Floor, Wheelock House 20 Pedder Street Hong Kong	Non-Executive Director
Colm Martin McCarthy	c/o 501 Orchard Road #11-01 Wheelock Place Singapore 238880	Non-Executive Lead Independent Director
David Tik En Lim	c/o 3 Fusionopolis Way #21-20 Symbiosis Singapore 138633	Non-Executive Independent Director
Kevin Khien Kwok	c/o 1 Scotts Road #25-04 Shaw Centre Singapore 228208	Non-Executive Independent Director
Richard Lap Fung Li	c/o 76 Bras Basah Road Carlton Hotel Singapore 189558	Non-Executive Independent Director
Tan Bee Kim	c/o 501 Orchard Road #11-01 Wheelock Place Singapore 238880	Senior Executive Director
Tan Zing Yan	c/o 501 Orchard Road #11-01 Wheelock Place Singapore 238880	Executive Director

2. REGISTERED OFFICE OF THE COMPANY

The registered office of the Company is at 501 Orchard Road #11-01, Wheelock Place, Singapore 238880.

3. PRINCIPAL ACTIVITIES OF THE COMPANY

The Company was incorporated in the Republic of Singapore in 1972 and is listed on the Mainboard of the SGX-ST. The principal activities of the Company and the Group are those relating to property owners, developers, property managers and investment holding. The Company also acts as a holding company and provides management services to its subsidiaries.

APPENDIX B – ADDITIONAL GENERAL INFORMATION

4. SHARE CAPITAL OF THE COMPANY

4.1. Number and class of Shares

The Company has only one class of Shares, being ordinary shares. The Shares are quoted and listed on the Official List of the Mainboard of the SGX-ST. Based on a search conducted at the ACRA as at the Latest Practicable Date, the total issued and paid-up share capital of the Company is approximately S\$1,055,901,000 comprising 1,196,559,876 Shares (excluding treasury shares). The Company does not hold any treasury shares.

4.2. Rights of Shareholders in respect of capital, voting and dividends

The rights of Shareholders in respect of capital, voting and dividends are contained in the Constitution. An extract of the relevant provisions in the Constitution relating to the rights of Shareholders in respect of capital, voting and dividends is reproduced in Appendix F of this Circular. The Constitution is available for inspection at the registered address of the Company at 501 Orchard Road #11-01, Wheelock Place, Singapore 238880. Capitalised terms and expressions not defined in the extract have the meanings ascribed to them in the Constitution and/or the Companies Act.

4.3. Number of Shares issued since the end of the last financial year

As at the Latest Practicable Date, no new Shares have been issued by the Company since 31 December 2017, being the end of the last financial year.

4.4. Convertible instruments

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

5. SUMMARY OF FINANCIAL INFORMATION

5.1. Consolidated statement of profit or loss

A summary of the audited consolidated statement of profit or loss of the Group for FY2015, FY2016 and FY2017 and the unaudited results of the Group for 2QFY2018 and 1HFY2018 is set out below.

APPENDIX B – ADDITIONAL GENERAL INFORMATION

Consolidated Statement of Profit or Loss (S\$'000)

	Unaudited 2QFY2018	Unaudited 1HFY2018	Audited FY2017	Audited FY2016	Audited FY2015
Revenue	59,912	115,885	533,741	769,673	371,593
Net profit/loss before tax	29,267	62,952	123,421	60,641	62,623
Net profit/loss after tax	25,303	56,126	115,230	58,349	40,331
Net earnings per share (cents)	2.11	4.69	9.63	4.88	3.37
Net dividends per share (cents)	–	–	6.0	6.0	6.0

The above summary should be read together with the Annual Reports of the Company, the audited consolidated financial statements of the Group for the relevant years, and the related notes thereto, copies of which are available for inspection at the registered office of the Company at 501 Orchard Road #11-01, Wheelock Place, Singapore 238880 during normal business hours from the date of this Circular up to and including the date of the Closing Date.

The unaudited results of the Group for 2QFY2018 and 1HFY2018 are set out in fuller detail in Appendix E to this Circular.

5.2. Statements of financial position

A summary of the audited consolidated statement of financial position of the Group as at 31 December 2017 is set out below.

APPENDIX B – ADDITIONAL GENERAL INFORMATION

Statements of financial position As at 31 December 2017

	Note	Group		Company	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Non-current assets					
Property, plant and equipment	4	2,123	1,966	1,801	1,697
Investment properties	5	1,092,000	1,092,000	216,000	216,000
Amounts due from subsidiaries	6	–	–	803,835	1,102,118
Interests in subsidiaries	7	–	–	257,741	262,744
Interests in associates	8	584,132	575,577	–	–
Investments	9	428,639	204,135	–	–
Deferred tax assets	18	613	–	–	–
Other non-current assets	10	434	540	434	540
		<u>2,107,941</u>	<u>1,874,218</u>	<u>1,279,811</u>	<u>1,583,099</u>
Current assets					
Development properties	11	295,068	809,109	34,425	55,642
Trade and accrued receivables	12	165,446	32,936	4,587	873
Amounts due from subsidiaries	6	–	–	124,856	2,944
Amounts due from related corporations	13	11	43	11	41
Other receivables	14	15,372	12,124	3,171	2,668
Cash and cash equivalents	15	766,229	471,946	580,850	365,649
		<u>1,242,126</u>	<u>1,326,158</u>	<u>747,900</u>	<u>427,817</u>
Total assets		<u>3,350,067</u>	<u>3,200,376</u>	<u>2,027,711</u>	<u>2,010,916</u>
Equity attributable to owners of the Company					
Share capital	16	1,055,901	1,055,901	1,055,901	1,055,901
Reserves	17	2,072,209	1,933,385	599,759	633,735
Total equity		<u>3,128,110</u>	<u>2,989,286</u>	<u>1,655,660</u>	<u>1,689,636</u>
Non-current liability					
Deferred tax liabilities	18	13,018	12,533	2,558	2,510
		<u>13,018</u>	<u>12,533</u>	<u>2,558</u>	<u>2,510</u>
Current liabilities					
Trade payables	19	77,565	72,850	4,278	4,089
Deferred income and other payables	20	125,367	110,074	8,011	8,455
Amounts due to subsidiaries	6	–	–	357,192	305,872
Current tax liabilities		6,007	15,633	12	354
		<u>208,939</u>	<u>198,557</u>	<u>369,493</u>	<u>318,770</u>
Total liabilities		<u>221,957</u>	<u>211,090</u>	<u>372,051</u>	<u>321,280</u>
Total equity and liabilities		<u>3,350,067</u>	<u>3,200,376</u>	<u>2,027,711</u>	<u>2,010,916</u>

APPENDIX B – ADDITIONAL GENERAL INFORMATION

The above summary should be read together with the Annual Report of the Company for FY2017, and the audited consolidated financial statements of the Group for FY2017, which are set out in Appendix D to this Circular, and the related notes thereto.

5.3. Significant accounting policies

A summary of the significant accounting policies of the Group is set out in Note 3 to the audited consolidated financial statements of the Group for FY2017, which are reproduced in Appendix D to this Circular.

Save as disclosed in this Circular and publicly available information on the Group (including but not limited to that contained in the audited consolidated financial statements of the Group for FY2017 and Sections 4 and 5 of the unaudited results of the Group for 2QFY2018 and 1HFY2018), there are no significant accounting policies or any points from the notes to the financial statements which are of major relevance for the interpretation of the accounts.

5.4. Changes in accounting policies

On 1 January 2018, the Group adopted the new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)) issued by the Accounting Standards Council (ASC). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I) issued by the ASC.

The adoption of the new SFRS(I) framework does not have a significant impact on the Group's financial statements, except for SFRS(I) 9 Financial Instruments and SFRS(I) 15 Revenue from Contracts with Customers.

SFRS(I) 9 Financial Instruments

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new hedge accounting requirement. Under SFRS(I) 9, the Group has assessed and reclassified its previously available-for-sale investments to financial assets at fair value through other comprehensive income and recognised an expected credit loss on the debt investments as at 1 January 2018. The impact of the adoption of SFRS(I) 9 to the Group arising from this is a reclassification of \$1.2 million from fair value reserve (included in other reserves) to retained earnings as at 1 January 2018, resulting in a decrease in retained earnings.

The adoption of SFRS(I) 9 also resulted in a change of an associate's accounting policy for available-for-sale investments. The associate has reclassified these investments as financial assets at fair value through profit or loss as at 1 January 2018. The impact of the adoption of SFRS(I) 9 to the share of reserves of associate arising from this is a reclassification of \$3.1 million from fair value reserve (included in other reserves) to retained earnings as at 1 January 2018, resulting in an increase in retained earnings.

APPENDIX B – ADDITIONAL GENERAL INFORMATION

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group has adopted SFRS(I) 15 using the retrospective approach and applies all of the requirements of SFRS(I) 15 retrospectively, except for the practical expedients used for completed contracts. Under SFRS(I) 15, the Group capitalises sales commission paid to property agents on the sale of property as incremental costs to obtain a contract with customer if these costs are recoverable. Sales commissions are amortised to profit or loss as the Group recognises the related revenue. Previously, the sales commissions were recognised as expenses in profit or loss when incurred.

Under SFRS(I) 15, the Group recognises the cost of its sold units as expenses when incurred. Previously, the Group recognised the cost of sales over time by reference to the stage of completion of construction activity at the end of the reporting period as certified by quantity surveyor/architect.

In addition, certain amounts of development properties (1 January 2017: \$204,612,000), representing the contract assets arising, have been reclassified to trade and accrued receivables.

The impact of the adoption of SFRS(I) 15 is as follows:

	At 1 Jan 2017	At 31 Dec 2017
	Increase/ (Decrease)	Increase/ (Decrease)
	\$'000	\$'000
Statement of financial position		
Development properties	(188,368)	874
Trade and accrued receivables	204,612	0
Total assets	16,244	874
Retained earnings	16,244	898
Others	0	(24)
Total equity	16,244	874
	Quarter ended	Six-month ended
	30 Jun 2017	30 Jun 2017
	Increase/ (Decrease)	Increase/ (Decrease)
	\$ '000	\$'000
Consolidated statement of profit or loss		
Cost of sales	(1,802)	(934)
Profit for the period	1,802	934

APPENDIX B – ADDITIONAL GENERAL INFORMATION

Save as disclosed above, the Group has applied the same accounting policies and methods of computation as with those applied in the audited consolidated financial statements of the Group for FY2017 and there are no changes in the accounting policies of the Group which will cause the financial statements of the Group not to be comparable to a material extent.

6. MATERIAL CHANGES IN FINANCIAL POSITION

Save as disclosed in this Circular and publicly available information on the Company (including but not limited to announcements released by the Company in respect of its financial results such as the unaudited results of the Group for 2QFY2018 and 1HFY2018 as announced on 13 August 2018 and as set out in Appendix E to this Circular), there are no known material changes in the financial position of the Company as at the Latest Practicable Date since 31 December 2017, being the date to which the Company's last published audited consolidated financial statements were made up.

7. DISCLOSURE OF INTERESTS OF THE COMPANY AND THE DIRECTORS

7.1. Shareholdings and dealings

As at the Latest Practicable Date:

- (a) the Company does not have any direct or deemed interests in any Offeror Securities;
- (b) none of the Directors has any direct or deemed interests in any Offeror Securities;
- (c) each of the Company and the Directors have not dealt for value in any Offeror Securities during the Relevant Period;
- (d) save as disclosed below and in this Circular, as at the Latest Practicable Date, none of the Directors has any direct or deemed interests in any Company Securities:

Name	No. of Shares					
	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Mr. David Tik En Lim	20,000	n.m. ⁽²⁾	NIL	N.A.	20,000	n.m. ⁽²⁾
Mr. Richard Lap Fung Li	2,000	n.m. ⁽²⁾	NIL	N.A.	2,000	n.m. ⁽²⁾
Ms. Tan Bee Kim	30,000	n.m. ⁽²⁾	NIL	N.A.	30,000	n.m. ⁽²⁾

Notes:

⁽¹⁾ Calculated based on a total of 1,196,559,876 Shares (excluding treasury shares) as at the Latest Practicable Date.

⁽²⁾ "n.m." means not meaningful.

- (e) none of the Directors has dealt for value in any Company Securities during the Relevant Period.

APPENDIX B – ADDITIONAL GENERAL INFORMATION

7.2. Directors' intentions in relation to the Offer

The following Directors who have direct or deemed interests in the Shares have informed the Company of their intentions in respect of the Offer as follows:

- (a) Mr. David Tik En Lim has informed the Company that he intends to accept the Offer in respect of his own Shares.
- (b) Mr. Richard Lap Fung Li has informed the Company that he intends to accept the Offer in respect of his own Shares.
- (c) Ms. Tan Bee Kim has informed the Company that she intends to accept the Offer in respect of her own Shares.

7.3. Directors' service contracts

As at the Latest Practicable Date, (i) there are no service contracts of any Director or proposed director with the Company or any of its subsidiaries which have more than 12 months to run, which the employing company cannot, within the next 12 months, terminate without payment of compensation; and (ii) there are no such service contracts entered into between any of the Directors or proposed director with the Company or any of its subsidiaries, or amended during the period between the start of six (6) months preceding the Offer Announcement Date and the Latest Practicable Date.

7.4. Arrangements affecting directors

As at the Latest Practicable Date:

- (a) there are no payments or other benefits which will be made or given to any Director or any director of any corporation, which is by virtue of Section 6 of the Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;
- (b) 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; and
- (c) save as disclosed in Section 7 (Disclosure of Interests of the Company and the Directors) of this Appendix B, none of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

8. **DISCLOSURE OF INTERESTS OF THE INDEPENDENT FINANCIAL ADVISER**

None of the IFA or any of the funds whose investments are managed by the IFA on a discretionary basis, owns or controls any Company Securities as at the Latest Practicable Date, or has dealt with any Company Securities during the Relevant Period.

9. **MATERIAL CONTRACTS WITH INTERESTED PERSONS**

As at the Latest Practicable Date, there have been no material contracts (not being contracts entered into during the ordinary course of business carried on by the Company) entered into by the Company or any of its subsidiaries with Interested Persons, during the three (3) years preceding the Offer Announcement Date.

APPENDIX B – ADDITIONAL GENERAL INFORMATION

10. MATERIAL LITIGATION

As at the Latest Practicable Date:

- (a) neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole; and
- (b) the Directors are not aware of any litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole.

11. VALUATION REPORT

The Company has commissioned Savills Valuation and Professional Services (S) Pte. Ltd. and Savills Valuation and Professional Services Limited, independent valuers, to conduct independent valuations of the Group's significant properties (the "**Appraised Properties**"). Valuation certificates from Savills Valuation and Professional Services (S) Pte. Ltd. and Savills Valuation and Professional Services Limited are set out in Appendix G to this Circular.

Under Rule 26.3 of the Code, the Company is required, *inter alia*, to make an assessment of any potential tax liability which would arise if the assets, which are the subject of a valuation given in connection with an offer, were to be sold at the amount of the valuation. It is expected that the potential tax liabilities which the Group may incur would approximate S\$17.9 million, comprising the 17% tax rate in Singapore and 25% tax rate and land appreciation tax in the People's Republic of China, if the Appraised Properties were to be sold at the market value ascribed by Savills Valuation and Professional Services (S) Pte. Ltd. and Savills Valuation and Professional Services Limited.

Save for the sale of development properties and completed properties held for sale in the ordinary course of its business, the Group does not have any current plans for any imminent material disposal of the Group's properties as at the Latest Practicable Date. The aforesaid tax liabilities are likely to crystallise as they relate to the sale of development properties and completed properties held for sale in the ordinary course of the Group's business.

APPENDIX C1 – ADDITIONAL INFORMATION ON THE OFFEROR

The following information on the Offeror has been extracted from Appendix III to the Offer Document:

“APPENDIX III – ADDITIONAL INFORMATION ON THE OFFEROR

1. DIRECTORS OF THE OFFEROR

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

Name	Address	Description
<i>Mr. Stephen Tin Hoi Ng</i>	<i>c/o Wheelock and Company Limited 23rd Floor, Wheelock House 20 Pedder Street, Hong Kong</i>	<i>Director</i>
<i>Mr. Paul Yiu Cheung Tsui</i>	<i>c/o Wheelock and Company Limited 23rd Floor, Wheelock House 20 Pedder Street, Hong Kong</i>	<i>Director</i>
<i>Mr. Peter Zen Kwok Pao</i>	<i>c/o Wheelock and Company Limited 23rd Floor, Wheelock House 20 Pedder Street, Hong Kong</i>	<i>Director</i>

2. REGISTERED OFFICE OF THE OFFEROR

The registered office of the Offeror is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

3. PRINCIPAL ACTIVITIES OF THE OFFEROR

The principal activity of the Offeror is that of an investment holding company. As at the Latest Practicable Date, the Offeror has an issued and paid-up capital of US\$1,500 consisting of 1,500 ordinary shares.

4. SUMMARY OF FINANCIAL INFORMATION

The Offeror is an investment holding company which has not carried on any business since its incorporation except to hold the investment in the Company and to enter into certain arrangements in connection with the Offer. Accordingly, as at the Latest Practicable Date, no audited financial statements of the Offeror have been prepared since the date of its incorporation.

As no audited financial statements of the Offeror have been prepared since the date of its incorporation, there are no significant accounting policies to be noted.

5. MATERIAL CHANGE IN FINANCIAL POSITION

As at the Latest Practicable Date, save for the investment in the Company and the making and financing of the Offer, there has been no known material change in the financial position of the Offeror since the date of its incorporation.”

APPENDIX C2 – ADDITIONAL INFORMATION ON WCL

The following information on WCL has been extracted from Appendix IV to the Offer Document:

“APPENDIX IV – ADDITIONAL INFORMATION ON WCL

1. DIRECTORS OF WCL

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

Name	Address	Description
<i>Mr. Douglas Chun Kuen Woo</i>	<i>c/o Wheelock and Company Limited 23rd Floor, Wheelock House 20 Pedder Street, Hong Kong</i>	<i>Chairman & Managing Director</i>
<i>Mr. Stephen Tin Hoi Ng</i>	<i>c/o Wheelock and Company Limited 23rd Floor, Wheelock House 20 Pedder Street, Hong Kong</i>	<i>Deputy Chairman</i>
<i>Mr. Stewart Chi Kin Leun</i>	<i>c/o Wheelock and Company Limited 23rd Floor, Wheelock House 20 Pedder Street, Hong Kong</i>	<i>Vice Chairman</i>
<i>Mr. Paul Yiu Cheung Tsui</i>	<i>c/o Wheelock and Company Limited 23rd Floor, Wheelock House 20 Pedder Street, Hong Kong</i>	<i>Executive Director & Group Chief Financial Officer</i>
<i>Mr. Ricky Kwong Yiu Wong</i>	<i>c/o Wheelock and Company Limited 23rd Floor, Wheelock House 20 Pedder Street, Hong Kong</i>	<i>Executive Director</i>
<i>Mrs. Mignonne Cheng</i>	<i>c/o Wheelock and Company Limited 23rd Floor, Wheelock House 20 Pedder Street, Hong Kong</i>	<i>Non-Executive Director</i>
<i>Mr. Tak Hay Chau</i>	<i>c/o Wheelock and Company Limited 23rd Floor, Wheelock House 20 Pedder Street, Hong Kong</i>	<i>Independent Non-executive Director</i>
<i>Mr. Winston Kwok Wai Leong</i>	<i>c/o Wheelock and Company Limited 23rd Floor, Wheelock House 20 Pedder Street, Hong Kong</i>	<i>Independent Non-executive Director</i>
<i>Mr. Alan Howard Smith</i>	<i>c/o Wheelock and Company Limited 23rd Floor, Wheelock House 20 Pedder Street, Hong Kong</i>	<i>Independent Non-executive Director</i>
<i>Mr. Richard Yat Sun Tang</i>	<i>c/o Wheelock and Company Limited 23rd Floor, Wheelock House 20 Pedder Street, Hong Kong</i>	<i>Independent Non-executive Director</i>
<i>Mr. Kenneth Woo Shou Ting</i>	<i>c/o Wheelock and Company Limited 23rd Floor, Wheelock House 20 Pedder Street, Hong Kong</i>	<i>Independent Non-executive Director</i>

APPENDIX C2 – ADDITIONAL INFORMATION ON WCL

Name	Address	Description
Ms. Nancy Sau Ling Tse	c/o Wheelock and Company Limited 23rd Floor, Wheelock House 20 Pedder Street, Hong Kong	Independent Non-executive Director
Mr. Glenn Sekkemn Yee	c/o Wheelock and Company Limited 23rd Floor, Wheelock House 20 Pedder Street, Hong Kong	Independent Non-executive Director

2. REGISTERED OFFICE OF WCL

The registered office of WCL is at 23rd Floor, Wheelock House, 20 Pedder Street, Hong Kong.

3. PRINCIPAL ACTIVITIES OF WCL

WCL is principally engaged in investment holding and its principal subsidiaries are engaged in ownership of properties for development and letting, investment holding and container terminals in Hong Kong, Mainland China and Singapore. As at the Latest Practicable Date, WCL has an issued and paid-up capital of HK\$3,697,688,890 consisting of 2,047,349,287 ordinary shares.

4. SUMMARY OF FINANCIAL INFORMATION

A summary of the financial information relating to WCL for FY2015, FY2016 and FY2017 is set out below. The summary of the financial information should be read together with the audited consolidated financial statements of WCL as set out in the annual reports of WCL for FY2015, FY2016 and FY2017 (copies of which are available for inspection as set out in paragraph 4 of **Appendix VI** to this Offer Document). WCL has not released any interim results since the last published annual report for FY2017.

APPENDIX C2 – ADDITIONAL INFORMATION ON WCL

Summary of Financial Information of WCL

	12 Months Ended 31-Dec-2017 HK\$ Million	12 Months Ended 31-Dec-2016 HK\$ Million	12 Months Ended 31-Dec-2015 HK\$ Million
Revenue	70,953	60,579	57,431
Exceptional items	–	–	–
Profit before taxation	41,466	29,763	26,544
Profit after taxation	33,031	25,072	21,834
Non-controlling interests	12,461	8,778	7,602
Earnings per share			
– Basic	HK\$10.09	HK\$8.02	HK\$7.00
– Diluted	HK\$10.06	HK\$8.01	HK\$7.00
Dividend per share	HK\$1.425	HK\$1.300	HK\$1.150

Statement of the Assets and Liabilities shown in the last published audited accounts

	As at 31-Dec-2017 HK\$ Million	As at 31-Dec-2016 HK\$ Million	As at 31-Dec-2015 HK\$ Million
Non-current Assets			
<i>Investment properties</i>	346,442	329,057	325,044
<i>Fixed assets</i>	21,772	20,756	22,804
<i>Interest in associates</i>	25,533	17,539	20,857
<i>Interest in joint ventures</i>	16,390	17,578	18,481
<i>Equity and bond investments</i>	29,001	9,530	–
<i>Financial investments</i>	–	–	12,475
<i>Goodwill and other intangible assets</i>	298	298	305
<i>Deferred tax assets</i>	1,336	705	732
<i>Derivative financial assets</i>	204	324	769
<i>Other non-current assets</i>	1,158	609	289
	<u>442,134</u>	<u>396,396</u>	<u>401,756</u>
Current Assets			
<i>Properties for sale</i>	58,518	70,050	76,184
<i>Inventories</i>	12	29	46
<i>Trade and other receivable</i>	12,359	9,567	7,154
<i>Derivative financial assets</i>	175	429	352
<i>Bank deposits and cash</i>	56,474	43,964	27,266
	<u>127,538</u>	<u>124,039</u>	<u>111,002</u>

APPENDIX C2 – ADDITIONAL INFORMATION ON WCL

	As at 31-Dec-2017 HK\$ Million	As at 31-Dec-2016 HK\$ Million	As at 31-Dec-2015 HK\$ Million
Current Liabilities			
Trade and other payables	(32,314)	(28,881)	(26,493)
Deposit from sale of properties	(14,861)	(30,599)	(23,092)
Derivative financial liabilities	(347)	(777)	(620)
Taxation payable	(5,473)	(2,639)	(2,229)
Bank loans and other borrowings	(35,170)	(25,886)	(10,512)
	<u>(88,165)</u>	<u>(88,782)</u>	<u>(62,946)</u>
Net Current Assets	<u>39,373</u>	<u>35,257</u>	<u>48,056</u>
Non-current Liabilities			
Derivative financial liabilities	(814)	(2,073)	(2,102)
Deferred tax liabilities	(13,535)	(10,700)	(10,836)
Other deferred liabilities	(314)	(305)	(334)
Bank loans and other borrowings	(79,021)	(69,055)	(95,681)
	<u>(93,684)</u>	<u>(82,133)</u>	<u>(108,953)</u>
NET ASSETS	<u>387,823</u>	<u>349,520</u>	<u>340,859</u>
CAPITAL AND RESERVES			
Share capital	3,418	3,075	2,949
Reserves	238,266	212,290	198,718
Shareholders' equity	241,684	215,365	201,667
Non-controlling interests	146,139	134,155	139,192
TOTAL EQUITY	<u>387,823</u>	<u>349,520</u>	<u>340,859</u>

5. **MATERIAL CHANGES IN FINANCIAL POSITION**

As at the Latest Practicable Date, save as a result of the making and financing of the Offer and any other information on the WCL Group which is publicly available (including without limitation, the announcements released by the WCL Group on HKSE), there has been no known material change in the financial position of WCL since 31 December 2017, being the date of the last audited consolidated financial statements of WCL.

APPENDIX C2 – ADDITIONAL INFORMATION ON WCL

6. SIGNIFICANT ACCOUNTING POLICIES

*The significant accounting policies of WCL are disclosed on pages 117 to 136 of the audited consolidated financial statements of WCL for FY2017, a copy of which is available for inspection as set out in paragraph 4 of **Appendix VI** to this Offer Document.*

7. CHANGES IN ACCOUNTING POLICIES

*As at the Latest Practicable Date, there has been no change in the accounting policies of WCL which will cause the figures set out in paragraph 4 of this **Appendix IV** to this Offer Document to be not comparable to a material extent.”*

**APPENDIX D – AUDITED CONSOLIDATED
FINANCIAL STATEMENTS OF THE GROUP FOR FY2017**

The audited consolidated financial statements of the Group for FY2017 which are set out below have been reproduced from the Annual Report of the Company for FY2017, and were not specifically prepared for inclusion in this Circular.

All capitalised terms used in Note 3 to the audited consolidated financial statements of the Group for FY2017 set out below shall have the same meanings given to them in the Annual Report of the Company for FY2017.

A copy of the Annual Report of the Company for FY2017 is available for inspection at the registered address of the Company at 501 Orchard Road #11-01, Wheelock Place, Singapore 238880, during normal business hours until the Closing Date.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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Directors' Statement

Year ended 31 December 2017

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2017.

In our opinion:

- (a) the financial statements set out on pages 78 to 145 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

We authorised these financial statements for issue on the date of this statement.

DIRECTORS

The directors in office at the date of this statement are as follows:

Stephen Tin Hoi Ng
Horace Wai Chung Lee
Frank Yung-Cheng Yung
Greg Fook Hin Seow
Colm Martin McCarthy
David Tik En Lim
Kevin Khien Kwok
Tan Bee Kim
Tan Zing Yan

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Act, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

NAME OF DIRECTOR AND CORPORATION IN WHICH INTERESTS ARE HELD	HOLDINGS AT BEGINNING OF THE FINANCIAL YEAR	HOLDINGS AT END OF THE FINANCIAL YEAR
Wheelock Properties (Singapore) Limited - ordinary shares		
Tan Bee Kim - direct interest	30,000	30,000
Frank Yung-Cheng Yung - direct interest	80,000	80,000

**APPENDIX D – AUDITED CONSOLIDATED
FINANCIAL STATEMENTS OF THE GROUP FOR FY2017**

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DIRECTORS' INTERESTS (cont'd)

NAME OF DIRECTOR AND CORPORATION IN WHICH INTERESTS ARE HELD	HOLDINGS AT BEGINNING OF THE FINANCIAL YEAR	HOLDINGS AT END OF THE FINANCIAL YEAR		
Wheelock Properties (Singapore) Limited - ordinary shares				
David Tik En Lim - direct interest	-	20,000		
The ultimate holding company Wheelock and Company Limited - ordinary shares of HK\$0.50 each				
Stephen Tin Hoi Ng - direct interest	300,000	176,000		
Related Corporations i-CABLE Communications Limited - ordinary shares of HK\$1.00 each				
Stephen Tin Hoi Ng - direct interest	1,265,005	- [^]		
The Wharf (Holdings) Limited - ordinary shares of HK\$1.00 each				
Stephen Tin Hoi Ng - direct interest	4,445	9,445		
Wharf Real Estate Investment Company Limited - ordinary shares of HK\$1.00 each				
Stephen Tin Hoi Ng - direct interest	-	1,009,445		
Options to acquire ordinary shares of HK\$1.00 each in The Wharf (Holdings) Limited				
	AT BEGINNING OF THE FINANCIAL YEAR	AT END OF THE FINANCIAL YEAR	EXERCISE PERIOD	SUBSCRIPTION PRICE PER SHARE HK\$
Stephen Tin Hoi Ng	2,000,000*	1,000,000	06.06.2013 to 05.06.2018	23.83***
	5,000,000**	4,000,000	08.07.2016 to 07.07.2021	15.92***

[^] i-CABLE Communications Limited has ceased to be an associated company of Wheelock and Company Limited on 11 September 2017.

* The share options were/will be vested in 5 tranches within a period of 5 years, with each tranche covering one-fifth of the relevant options (i.e., exercisable to the extent of one-fifth of the relevant total number of The Wharf (Holdings) Limited's shares) and with the 1st, 2nd, 3rd, 4th and 5th tranche becoming exercisable from 6th of June in the years 2013, 2014, 2015, 2016 and 2017 respectively.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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Directors' Statement

Year ended 31 December 2017

DIRECTORS' INTERESTS *(cont'd)*

** The share options were/will be vested in 5 tranches within a period of 5 years, with each tranche covering one-fifth of the relevant options (i.e., exercisable to the extent of one-fifth of the relevant total number of The Wharf (Holdings) Limited's shares) and with the 1st, 2nd, 3rd, 4th and 5th tranche becoming exercisable from 8th of July in the years 2016, 2017, 2018, 2019 and 2020 respectively.

*** Exercise prices of share option have been adjusted with effect from 30 November 2017 as a result of the spin-off and separate listing of Wharf Real Estate Investment Company Limited.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations either at the beginning or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2018.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTIONS

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

AUDIT AND RISK MANAGEMENT COMMITTEE

The members of the Audit and Risk Management Committee during the year and at the date of this statement are:

- Kevin Khien Kwok (Chairman) (appointed on 1 May 2017)
- Frank Yung-Cheng Yung
- Greg Fook Hin Seow
- Colm Martin McCarthy
- David Tik En Lim

All the members of the Audit and Risk Management Committee are non-executive directors of the Company who are independent of the Group and the Company's management.

The Audit and Risk Management Committee performs the functions specified in Section 201B of the Act, the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Manual and the Code of Corporate Governance.

The Audit and Risk Management Committee held four meetings since the last directors' statement. In performing its functions, the Audit and Risk Management Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

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AUDIT AND RISK MANAGEMENT COMMITTEE *(cont'd)*

The Audit and Risk Management Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption and approval; and
- interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual).

The Audit and Risk Management Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit and Risk Management Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit and Risk Management Committee has undertaken a review of the nature and extent of non-audit services provided by the external auditors. In the opinion of the Audit and Risk Management Committee, these services would not affect the independence of the external auditors.

Accordingly, the Audit and Risk Management Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

The Company is in compliance with Rules 712 and 715 read with 716 of the SGX-ST Listing Manual in respect of the appointment of auditors for the Company and its subsidiaries.

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Tan Bee Kim
Director

Kevin Khien Kwok
Director

29 March 2018

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Independent Auditors' Report

Members of the Company
Wheelock Properties (Singapore) Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Wheelock Properties (Singapore) Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 78 to 145.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of development properties

(Refer to Note 3.6 and Note 11 to the financial statements)

Risk

The Group has residential development properties in Singapore and China. Development properties are stated at the lower of their cost and their net realisable values. The estimation of net realisable values of development properties involve significant management estimates and judgements on the estimated future selling prices of the development properties.

The uncertain global economic outlook and prevailing government policies might exert downward pressure on residential property prices which could present a risk that the estimated net realisable values of the Group's development properties might exceed future selling prices and losses would have to be recorded when the properties are sold.

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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(cont'd)*

Key audit matters *(cont'd)*

Valuation of development properties *(cont'd)*

Our Response

For development projects with slower-than-expected sales or with low or negative margins, we assessed the Group's estimation of the future selling prices of the development properties by comparing them to recent transacted sales prices of the same project and/or prices of comparable properties in the vicinity, and taking into consideration prevailing government measures.

We also considered the adequacy of the disclosures in respect of the allowance for diminution in value for development properties in the financial statements.

Our Findings

The Group makes estimates of future selling prices taking into consideration recent transacted sales prices, macroeconomic and impact of government measures. We found that cautious estimates were made in the determination of selling prices and allowance for diminution in value. We also found the disclosure of allowance for diminution in value to be appropriate.

Valuation of investment properties

(Refer to Note 3.5 and Note 5 to the financial statements)

The Group's investment properties are stated at their fair values. The fair values were determined by independent external valuers engaged by the Group. In estimating the fair values, there is significant judgement in the determination of the appropriate valuation methodologies to be used, and in estimating the assumptions to be applied in deriving the capitalisation rates and estimates of future rental income and vacancy rates.

Our Response

We assessed the objectivity and competency of the valuers engaged and held discussion with the valuers to understand their valuation approach and basis of valuation.

We considered the valuation methodologies used by the valuers by comparing against those applied by others for similar property types. We tested the inputs of the projected rental income and service charges to supporting leases and other documents used in the valuation. We also challenged the key unobservable inputs of capitalisation rates used in the valuation by comparing to historical rates and industry data, taking into consideration comparability and market factors.

We also considered the adequacy of disclosures in the financial statements in describing the inherent degree of subjectivity and key assumptions in the estimates.

Our Findings

The valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methodologies used by the valuers were in line with generally accepted market practices and the key assumptions used were supportable and within the range of industry data.

We also found the disclosures appropriately described the inherent degree of subjectivity and key assumptions in the estimates.

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Independent Auditors' Report

Members of the Company
Wheelock Properties (Singapore) Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(cont'd)*

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon, Notice of Annual General Meeting, Proxy Form, and Addendum to the Annual Report.

We obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(cont'd)*

Auditors' responsibilities for the audit of the financial statements *(cont'd)*

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Yvonne Chiu Sok Hua.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
29 March 2018

**APPENDIX D – AUDITED CONSOLIDATED
FINANCIAL STATEMENTS OF THE GROUP FOR FY2017**

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Statements of Financial Position

As at 31 December 2017

	NOTE	GROUP		COMPANY	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Non-current assets					
Property, plant and equipment	4	2,123	1,966	1,801	1,697
Investment properties	5	1,092,000	1,092,000	216,000	216,000
Amounts due from subsidiaries	6	-	-	803,835	1,102,118
Interests in subsidiaries	7	-	-	257,741	262,744
Interests in associates	8	584,132	575,577	-	-
Investments	9	428,639	204,135	-	-
Deferred tax assets	18	613	-	-	-
Other non-current assets	10	434	540	434	540
		2,107,941	1,874,218	1,279,811	1,583,099
Current assets					
Development properties	11	295,068	809,109	34,425	55,642
Trade and accrued receivables	12	165,446	32,936	4,587	873
Amounts due from subsidiaries	6	-	-	124,856	2,944
Amounts due from related corporations	13	11	43	11	41
Other receivables	14	15,372	12,124	3,171	2,668
Cash and cash equivalents	15	766,229	471,946	580,850	365,649
		1,242,126	1,326,158	747,900	427,817
Total assets		3,350,067	3,200,376	2,027,711	2,010,916
Equity attributable to owners of the Company					
Share capital	16	1,055,901	1,055,901	1,055,901	1,055,901
Reserves	17	2,072,209	1,933,385	599,759	633,735
Total equity		3,128,110	2,989,286	1,655,660	1,689,636
Non-current liability					
Deferred tax liabilities	18	13,018	12,533	2,558	2,510
		13,018	12,533	2,558	2,510
Current liabilities					
Trade payables	19	77,565	72,850	4,278	4,089
Deferred income and other payables	20	125,367	110,074	8,011	8,455
Amounts due to subsidiaries	6	-	-	357,192	305,872
Current tax liabilities		6,007	15,633	12	354
		208,939	198,557	369,493	318,770
Total liabilities		221,957	211,090	372,051	321,280
Total equity and liabilities		3,350,067	3,200,376	2,027,711	2,010,916

The accompanying notes form an integral part of these financial statements.

**APPENDIX D – AUDITED CONSOLIDATED
FINANCIAL STATEMENTS OF THE GROUP FOR FY2017**

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Consolidated Statement of Profit or Loss

Year ended 31 December 2017

	NOTE	2017 \$'000	2016 \$'000
Revenue	21	533,741	769,673
Cost of sales		(406,062)	(656,296)
Gross profit		127,679	113,377
Other income	25	6,370	10,007
Selling and marketing expenses		(11,259)	(12,357)
Administrative and corporate expenses		(14,936)	(12,906)
Other operating expenses			
- write-back of diminution in value of a development property	11	12,125	8,200
- changes in fair value on investment properties	5	(917)	(55,710)
- others	26	(1,240)	(321)
		9,968	(47,831)
Finance costs	24(e)	-	(2,172)
Share of profit of associates, net of tax	8	5,599	12,523
Profit before taxation		123,421	60,641
Tax expense	23	(8,191)	(2,292)
Profit for the year	24	115,230	58,349
Earnings per share			
Basic earnings per share (cents)	27	9.63	4.88
Diluted earnings per share (cents)	27	9.63	4.88

The accompanying notes form an integral part of these financial statements.

**APPENDIX D – AUDITED CONSOLIDATED
FINANCIAL STATEMENTS OF THE GROUP FOR FY2017**

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Consolidated Statement of Comprehensive Income

Year ended 31 December 2017

	2017 \$'000	2016 \$'000
Profit for the year	115,230	58,349
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
Share of other comprehensive income of associates, net of tax	(100)	(49)
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets		
- net change in fair value	99,551	(18,542)
- fair value reserve transferred to profit or loss on disposal	(430)	(3,553)
Exchange differences arising on consolidation of foreign subsidiaries	(6,689)	(12,328)
Share of other comprehensive income of associates, net of tax	3,056	2,625
Other comprehensive income for the year, net of tax	95,388	(31,847)
Total comprehensive income for the year	210,618	26,502

The accompanying notes form an integral part of these financial statements.

**APPENDIX D – AUDITED CONSOLIDATED
FINANCIAL STATEMENTS OF THE GROUP FOR FY2017**

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Consolidated Statement of Changes in Equity

Year ended 31 December 2017

	NOTE	ATTRIBUTABLE TO OWNERS OF THE COMPANY			
		SHARE CAPITAL \$'000	OTHER RESERVES \$'000	RETAINED EARNINGS \$'000	TOTAL EQUITY \$'000
Group					
At 1 January 2017		1,055,901	14,029	1,919,356	2,989,286
Total comprehensive income for the year					
Profit for the year		-	-	115,230	115,230
Other comprehensive income					
Available-for-sale financial assets					
- net change in fair value		-	99,551	-	99,551
- fair value reserve transferred to profit or loss on disposal		-	(430)	-	(430)
Exchange differences arising on consolidation of foreign subsidiaries		-	(6,689)	-	(6,689)
Share of other comprehensive income of associates, net of tax		-	2,956	-	2,956
Total other comprehensive income, net of tax		-	95,388	-	95,388
Total comprehensive income for the year		-	95,388	115,230	210,618
Transaction with owners of the Company, recorded directly in equity					
Distribution to owners					
Dividends to owners	28	-	-	(71,794)	(71,794)
Total transaction with owners		-	-	(71,794)	(71,794)
At 31 December 2017		1,055,901	109,417	1,962,792	3,128,110
At 1 January 2016		1,055,901	45,876	1,932,801	3,034,578
Total comprehensive income for the year					
Profit for the year		-	-	58,349	58,349
Other comprehensive income					
Available-for-sale financial assets					
- net change in fair value		-	(18,542)	-	(18,542)
- fair value reserve transferred to profit or loss on disposal		-	(3,553)	-	(3,553)
Exchange differences arising on consolidation of foreign subsidiaries		-	(12,328)	-	(12,328)
Share of other comprehensive income of associates, net of tax		-	2,576	-	2,576
Total other comprehensive income, net of tax		-	(31,847)	-	(31,847)
Total comprehensive income for the year		-	(31,847)	58,349	26,502
Transaction with owners of the Company, recorded directly in equity					
Distribution to owners					
Dividends to owners	28	-	-	(71,794)	(71,794)
Total transaction with owners		-	-	(71,794)	(71,794)
At 31 December 2016		1,055,901	14,029	1,919,356	2,989,286

The accompanying notes form an integral part of these financial statements.

**APPENDIX D – AUDITED CONSOLIDATED
FINANCIAL STATEMENTS OF THE GROUP FOR FY2017**

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Consolidated Statement of Cash Flows

Year ended 31 December 2017

	NOTE	2017 \$'000	2016 \$'000
Operating activities			
Profit for the year		115,230	58,349
Adjustments for:			
Tax expense		8,191	2,292
Depreciation of property, plant and equipment	4	208	226
Net change in fair value of forward exchange contracts		(686)	(1,031)
Exchange loss/(gain) (net)		17,854	(4,476)
Loss on disposal of property, plant and equipment		16	1
Loss on disposal of other assets		94	-
Interest income	25(a)	(3,851)	(4,201)
Interest income from investments	21	(5,992)	(9,325)
Finance costs	24(e)	-	2,172
Fixtures, plant and equipment included in investment property written off	5	-	43
Write-back of diminution in value of a development property		(12,125)	(8,200)
Changes in fair value on investment properties	5	917	55,710
Gain on disposal of investments		(430)	(3,553)
Dividend income from investments	21	(7,339)	(3,932)
Share of profit of associates, net of tax		(5,599)	(12,523)
		106,488	71,552
Changes in:			
- Development properties		517,046	297,478
- Trade and accrued receivables		(132,510)	(755)
- Amounts due from related corporations		32	(30)
- Other receivables		(4,364)	(6,266)
- Trade payables		5,173	(887)
- Deferred income and other payables		17,574	52,676
Cash generated from operations		509,439	413,768
Interest received		4,723	4,952
Income tax paid		(14,848)	(10,946)
Dividends paid	28	(71,794)	(71,794)
Cash flows from operating activities		427,520	335,980
Investing activities			
Proceeds from sale of property, plant and equipment		5	1
Proceeds from sale of investments		97,606	130,863
Proceeds from sale of other assets		12	-
Purchase of property, plant and equipment		(401)	(132)
Expenditure on investment properties		(917)	(1,753)
Acquisition of investments		(241,378)	(97,950)
Dividends received		5,175	3,847
Interest received		8,015	10,954
Cash flows from investing activities		(131,883)	45,830
Financing activities			
Repayment of bank loans		-	(531,208)
Drawdown of bank loan		-	16,545
Finance costs		-	(6,711)
Deposit pledged		-	(18,000)
Cash flows from financing activities		-	(539,374)
Net increase/(decrease) in cash and cash equivalents		295,637	(157,564)
Cash and cash equivalents at beginning of the year		453,946	611,565
Effect of exchange rate changes on balances held in foreign currencies		(1,354)	(55)
Cash and cash equivalents at end of the year	15	748,229	453,946

The accompanying notes form an integral part of these financial statements.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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Notes to the Financial Statements

Year ended 31 December 2017

These notes form an integral part of the financial statements.

1 DOMICILE AND ACTIVITIES

Wheelock Properties (Singapore) Limited (the Company) is incorporated in the Republic of Singapore and has its registered office at 501 Orchard Road #11-01, Wheelock Place, Singapore 238880.

The principal activities of the Group and the Company are those relating to property owners, developers, property managers and investment holding. The Company also acts as a holding company and provides management services to its subsidiaries.

The immediate holding company is Star Attraction Limited, incorporated in the British Virgin Islands. The intermediate holding company is Wheelock Investments Limited and the ultimate holding company is Wheelock and Company Limited, both of which are incorporated in Hong Kong.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the Group and individually as Group entities) and the Group's interests in associates.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore (FRSs).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- Available-for-sale financial assets are measured at fair value;
- Investment properties are measured at fair value; and
- Derivative financial instruments are measured at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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Notes to the Financial Statements

Year ended 31 December 2017

2 BASIS OF PREPARATION *(cont'd)*

2.4 Use of estimates and judgements *(cont'd)*

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 5 Valuation of investment properties; and
- Note 11 Estimation of allowance for diminution in value of development properties.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The finance team has overall responsibility for all significant fair value measurements, including Level 3 fair value.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit and Risk Management Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 5 – investment properties.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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2 BASIS OF PREPARATION *(cont'd)*

2.5 Changes in accounting policies

The Group has applied the following amendments for the first time for the annual period beginning on 1 January 2017:

- *Disclosure Initiative (Amendments to FRS 7)*;
- *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 12)*; and
- *Clarification of the scope of FRS 112 (Improvements to FRSs 2016)*.

The adoption of these amendments did not have any impact on the current or prior period and is not likely to affect future periods.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combinations* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests (NCI) in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

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Notes to the Financial Statements

Year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.1 Basis of consolidation *(cont'd)*

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(iii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investment in associates is accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the associate's operations or has made payments on behalf of the associate.

The Group applied the cost approach for the step acquisition for associates reclassified from available-for-sale financial assets to interest in associates. Under the cost approach, the fair value reserve relating to available-for-sale financial asset is transferred directly to retained earnings when the available-for-sale financial assets become an associate.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vi) Subsidiaries in the separate financial statement

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income arising on the retranslation of:

- available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the reporting date.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such monetary items that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

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Notes to the Financial Statements

Year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.3 Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative assets into the following categories: loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and accrued receivables, other receivables, amounts due from subsidiaries and related corporations.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits that are subject to an insignificant risk of changes in their fair values. For the purpose of the statement of cash flows, pledged deposits are excluded in cash and cash equivalents.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any other categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transactions costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments and foreign currency differences on available-for-sale equity instruments designated as hedged item in hedge accounting, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

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3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.3 Financial instruments *(cont'd)*

(ii) Non-derivative financial liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, trade payables, other payables (excluding income received in advance) and amounts due to subsidiaries.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(iv) Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency risk exposure.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be 'highly effective' in offsetting the changes in the fair value of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 to 125%.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and all changes in its fair value are recognised immediately in profit or loss.

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Notes to the Financial Statements

Year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.3 Financial instruments *(cont'd)*

(iv) Derivative financial instruments, including hedge accounting *(cont'd)*

Fair value hedges

Changes in fair value of a derivative hedging instrument designated as a fair value hedge are recognised in profit or loss. The hedged item is adjusted to reflect change in value in respect of the risk being hedged with any gain or loss being recognised in profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not recognised in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

3.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

When the property is sold, the related amount in the revaluation reserve is transferred to retained earnings.

(iii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.4 Property, plant and equipment *(cont'd)*

(iv) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss or capitalised into development properties as appropriate, on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

Plant and equipment	10% to 33 $\frac{1}{3}$ %
Furniture and fixtures	10% to 20%
Motor vehicles	20%

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any changes therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties. The cost of self-constructed investment properties includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment properties to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Property that is being constructed for future use as investment property is accounted for at fair value.

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Notes to the Financial Statements

Year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.6 Development properties

Development properties are measured at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs and other costs directly attributable to the development activities. Cost also includes an appropriate share of development overheads allocated based on normal capacity.

Borrowing costs that are directly attributable to the acquisition and development of the development property are capitalised as part of development property during the period of development.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

Properties under development, the sales of which are recognised using the percentage of completion method

The aggregated costs incurred together with attributable profits and net of progress billings are presented as development properties in the statement of financial position. If progress billings exceed costs incurred plus recognised profits, the balance is presented as deferred income.

Other properties under development

The aggregated costs incurred are presented as development properties while progress billings are presented separately as deferred income in the statement of financial position.

3.7 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity and debt securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in equity securities, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

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3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.7 Impairment *(cont'd)*

(i) Non-derivative financial assets *(cont'd)*

Loans and receivables

The Group considers evidence of impairment for loans and receivables at the specific asset level.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Associates

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3.7(ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than development properties, investment properties and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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Notes to the Financial Statements

Year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.7 Impairment *(cont'd)*

(ii) Non-financial assets *(cont'd)*

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.8 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit in profit or loss in the periods during which services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.9 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income or where it relates to net surplus for properties earmarked for redevelopment, in which case it is capitalised as part of the development costs.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investment in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value, the presumption that the carrying amount of the investment properties will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether the additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such determination is made.

3.10 Finance costs

Interest expense and similar charges are expensed in profit or loss in the period in which they are incurred using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

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Notes to the Financial Statements

Year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.11 Revenue

(i) Sale of development properties

For development properties under progressive payment scheme in Singapore, revenue from sales of properties under development is recognised by reference to the stage of completion using the percentage of completion method when the Group determines that (a) control and the significant risks and rewards of ownership of the work-in-progress transfer to the buyer in its current state as construction progresses, (b) the sales price is fixed and collectible, (c) the percentage of completion can be measured reliably, (d) there is no significant uncertainty as to the ability of the Group to complete the development, and (e) costs incurred or to be incurred can be measured reliably.

The percentage of completion is measured by reference to the survey of work performed, based on the ratio of construction costs incurred to date to the estimated total constructions costs. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work.

In all other instances, revenue from sales of development properties is only recognised upon the transfer of control and significant risks and rewards of ownership of the property to the purchasers. This generally coincides with the point in time when the development unit is delivered to the purchasers, except for those sold under deferred payment scheme. No revenue is recognised when there is significant uncertainty as to the collectability of consideration due or the possible return of units sold.

Payments received under deferred payment scheme are initially recognised as deferred income and then recognised in profit or loss upon payment of the full price consideration by the purchasers.

(ii) Rental income

Rental income from investment properties are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Dividend

Dividend income is recognised in profit or loss when the Group's right to receive payment is established, which in the case of quoted equity securities is the ex-dividend date.

(iv) Interest income

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

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3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.12 Inter-company interest-free loans

In the Company's financial statements, interest-free loans to subsidiaries are stated at fair value at inception. The difference between the fair value and the loan amount at inception is recognised as additional investment in subsidiaries in the Company's financial statements. Subsequently, these loans are measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest income in profit or loss over the expected repayment period.

Interest-free loans, where settlement is neither planned nor likely to occur in the foreseeable future, are in substance, part of the Company's net investment in the entities and are stated at cost less accumulated impairment losses.

Such balances are eliminated in full in the Group's consolidated financial statements.

3.13 Lease payments

Payments made under the operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent lease payments are charged to profit or loss in the accounting period in which they are incurred.

3.14 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.15 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, corporate expense and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and investment properties.

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FINANCIAL STATEMENTS OF THE GROUP FOR FY2017**

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Notes to the Financial Statements

Year ended 31 December 2017

4 PROPERTY, PLANT AND EQUIPMENT

	PLANT AND EQUIPMENT \$'000	FURNITURE AND FIXTURES \$'000	MOTOR VEHICLES \$'000	TOTAL \$'000
Group				
Cost				
At 1 January 2016	1,453	2,895	457	4,805
Additions	87	45	-	132
Disposals	(70)	(2)	-	(72)
Effect of movements in exchange rates	(4)	(1)	(7)	(12)
At 31 December 2016 and 1 January 2017	1,466	2,937	450	4,853
Additions	399	2	-	401
Disposals	(185)	(19)	-	(204)
Effect of movements in exchange rates	(2)	(1)	(4)	(7)
At 31 December 2017	1,678	2,919	446	5,043
Accumulated depreciation				
At 1 January 2016	1,013	1,304	387	2,704
Depreciation	186	51	22	259
Disposals	(69)	(1)	-	(70)
Effect of movements in exchange rates	(2)	(1)	(3)	(6)
At 31 December 2016 and 1 January 2017	1,128	1,353	406	2,887
Depreciation	179	31	11	221
Disposals	(166)	(17)	-	(183)
Effect of movements in exchange rates	(2)	(1)	(2)	(5)
At 31 December 2017	1,139	1,366	415	2,920
Carrying amounts				
At 1 January 2016	440	1,591	70	2,101
At 31 December 2016 and 1 January 2017	338	1,584	44	1,966
At 31 December 2017	539	1,553	31	2,123

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4 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	PLANT AND EQUIPMENT \$'000	FURNITURE AND FIXTURES \$'000	MOTOR VEHICLES \$'000	TOTAL \$'000
Company				
Cost				
At 1 January 2016	666	2,721	313	3,700
Additions	80	44	-	124
Disposals	(46)	(2)	-	(48)
At 31 December 2016 and 1 January 2017	700	2,763	313	3,776
Additions	205	1	-	206
Disposals	(85)	(18)	-	(103)
At 31 December 2017	820	2,746	313	3,879
Accumulated depreciation				
At 1 January 2016	540	1,153	313	2,006
Depreciation	76	44	-	120
Disposals	(46)	(1)	-	(47)
At 31 December 2016 and 1 January 2017	570	1,196	313	2,079
Depreciation	75	26	-	101
Disposals	(85)	(17)	-	(102)
At 31 December 2017	560	1,205	313	2,078
Carrying amounts				
At 1 January 2016	126	1,568	-	1,694
At 31 December 2016 and 1 January 2017	130	1,567	-	1,697
At 31 December 2017	260	1,541	-	1,801

The depreciation charge for the year is included in the financial statements as follows:

	NOTE	GROUP 2017 \$'000	GROUP 2016 \$'000
Charged to profit or loss	22	208	226
Capitalised to development properties		13	33
		221	259

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5 INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
At 1 January	1,092,000	1,146,000	216,000	234,000
Additions	917	1,753	101	368
Fixtures, plant and equipment included in investment property written off	-	(43)	-	-
Changes in fair value	(917)	(55,710)	(101)	(18,368)
At 31 December	1,092,000	1,092,000	216,000	216,000

Details of the properties are:

DESCRIPTION	SITE AREA (SQ. METRE)	TENURE
Wheelock Place, comprising 16-storey office tower, 5-level office and shopping podium, 2-basement levels of shops and car parks situated at 501 Orchard Road.	7,847	99-year lease commencing 15 September 1990
Scotts Square, a residential-cum-retail development situated at 6 Scotts Road. The retail podium comprises 3-storey plus 1-basement level of retail space and a basement car park which form the investment property.	6,609	Freehold

Wheelock Place and Scotts Square Retail are held for rental, mainly to external customers under operating leases. Each of the leases contains an initial non-cancellable period of 2 to 5 years. Subsequent renewals are negotiated with the lessees.

Contingent rentals, representing income based on certain sales achieved by the tenants, recognised in profit or loss amounted to \$1,649,000 (2016: \$2,366,000).

Measurement of fair value

Fair value hierarchy

The investment properties are revalued as at 31 December 2017 by a firm of independent professional valuers that has appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

The valuers have used the Income Capitalisation Method and Direct Comparison Method in arriving at the current open market values of the two properties.

The Income Capitalisation Method involves the conversion of the net rent of the property into a capital sum at a suitable rate of return which reflects the quality of the investment.

The Direct Comparison Method involves the analysis and study of recent sales evidence of similar properties in comparable developments in the subject/comparable vicinities.

The management has reviewed both methods of valuation and the assumptions therein and are satisfied with the appropriateness of the methodology and values.

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5 INVESTMENT PROPERTIES *(cont'd)*

Measurement of fair value *(cont'd)*

Fair value hierarchy *(cont'd)*

The fair value measurement for investment properties has been categorised as Level 3 fair value based on inputs to valuation techniques used (see note 2.4).

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property as well as the significant unobservable inputs used.

TYPE	VALUATION TECHNIQUE	UNOBSERVABLE INPUT	INTER-RELATIONSHIP BETWEEN KEY UNOBSERVABLE INPUTS AND FAIR VALUE MEASUREMENT
Investment properties	Income Capitalisation Method	Capitalisation rate (4.25% to 5.25% (2016: 4.25% to 5.25%))	An increase in capitalisation rate in isolation would result in a lower fair value measurement.
	Direct Comparison Method	Price per square foot (\$2,050 to \$3,300 (2016: \$2,150 to \$3,345))	A higher comparable price would result in a higher fair value measurement.

6 AMOUNTS DUE FROM/TO SUBSIDIARIES

Amounts due from subsidiaries

	COMPANY	
	2017 \$'000	2016 \$'000
Non-current		
Interest-free inter-company loans	919,369	1,361,221
Impairment loss	(115,534)	(259,103)
	803,835	1,102,118
Current		
Interest-free inter-company loans	220,921	3,041
Impairment loss	(96,065)	(97)
	124,856	2,944

The amounts due from subsidiaries are non-trade, interest-free, unsecured and not past due.

Included in the non-current interest-free inter-company loans are loans of \$343,165,000 (2016: \$914,042,000) which are repayable in December 2020 (2016: repayable between December 2017 and December 2020). The remaining loans form part of the Company's net investment in subsidiaries where settlement is neither planned nor likely to occur in the foreseeable future.

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6 AMOUNTS DUE FROM/TO SUBSIDIARIES *(cont'd)*

Impairment loss

The change in impairment loss in respect of amounts due from subsidiaries during the year is as follows:

	COMPANY	
	2017	2016
	\$'000	\$'000
At 1 January	259,200	264,364
(Write-back)/Recognition of impairment loss (net)	(47,499)	27,090
Amounts written off	(102)	(32,254)
At 31 December	211,599	259,200

For subsidiaries with available-for-sale financial assets, the Company assessed the recoverable amount of the amounts due from the subsidiaries using the net asset value of those subsidiaries, which included management's estimate of the fair value of the underlying available-for-sale financial assets with reference to the quoted bid price in an active market. For other subsidiaries, the Company assessed their recoverable amounts using the fair value approach, when there is a loss event. Based on this assessment, the Company made a net reversal of impairment loss of \$47,499,000 (2016: net impairment loss of \$27,090,000) on the amounts due from the subsidiaries.

Amounts due to subsidiaries

The non-trade amounts due to subsidiaries are interest-free, unsecured and repayable on demand.

7 INTERESTS IN SUBSIDIARIES

	COMPANY	
	2017	2016
	\$'000	\$'000
Investment in subsidiaries	162,100	162,100
Discount implicit in interest-free inter-company loans	95,641	100,644
	257,741	262,744

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7 INTERESTS IN SUBSIDIARIES *(cont'd)*

The following are the Company's subsidiaries:

COMPANY NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	EFFECTIVE EQUITY HELD BY THE GROUP	
			2017 %	2016 %
(i) Direct subsidiaries				
⁷ Belmont Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	-	100
¹ Botanica Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
¹ Caldecote Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
¹ Campden Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
¹ Everbilt Developers Pte Ltd	Property owner and developer	Singapore	100	100
¹ Glarus Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
¹ Glinka Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
⁶ Mer Vue Developments Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
¹ Palm Valley Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
¹ Pinehill Investments Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
¹ Preston Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
⁴ Springfield Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	-	100
¹ Wheelock Properties (Japan) Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
¹ WPJ Services Pte. Ltd.	Provision of real estate advisory services	Singapore	100	100
¹ WPS Capital Pte. Ltd.	Investment holding	Singapore	100	100

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7 INTERESTS IN SUBSIDIARIES (cont'd)

COMPANY NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	EFFECTIVE EQUITY HELD BY THE GROUP	
			2017 %	2016 %
(ii) Indirect subsidiaries				
Subsidiary of Palm Valley Properties Pte. Ltd.				
² Gold Unicorn Holdings Limited	Investment holding	Hong Kong	100	100
Subsidiary of Gold Unicorn Holdings Limited				
² 富汇房地产开发(富阳)有限公司	Residential development, construction and property management	People's Republic of China	100	100
Subsidiaries of Preston Properties Pte. Ltd.				
¹ Coleman Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
³ Wheelock Properties (UK) Limited	Property owner, developer, property management and investment holding	United Kingdom	100	100
Subsidiary of Coleman Properties Pte. Ltd.				
⁸ Wheelock Properties (Jersey) Limited	Property owner, developer, property management and investment holding	Jersey	100	100
Subsidiaries of WPS Capital Pte. Ltd.				
¹ Besvale Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
⁴ Cairnhill Investments Pte. Ltd.	Property owner, developer and investment holding	Singapore	-	100
¹ Colonnade Investments Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
⁷ Cone Investments Pte. Ltd.	Property owner, developer and investment holding	Singapore	-	100
⁴ Crag Investments Pte. Ltd.	Property owner, developer and investment holding	Singapore	-	100
⁴ Croft Investments Pte. Ltd.	Property owner, developer and investment holding	Singapore	-	100

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7 INTERESTS IN SUBSIDIARIES *(cont'd)*

COMPANY NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	EFFECTIVE EQUITY HELD BY THE GROUP	
			2017 %	2016 %
(ii) Indirect subsidiaries <i>(cont'd)</i>				
Subsidiaries of WPS Capital Pte. Ltd. <i>(cont'd)</i>				
¹ Cymbal Investments Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
¹ Dike Investments Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
⁷ Dormer Investments Pte. Ltd.	Property owner, developer and investment holding	Singapore	–	100
⁵ Ginger Investments Pte. Ltd.	Property owner, developer and investment holding	Singapore	–	100
¹ Grandville Investments Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
¹ Harrington Investments Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
¹ Joaquim Investments Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
¹ Kilburn Investments Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
¹ Lever Investments Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	–
¹ Intel Investments Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
¹ Lisle Investments Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	–
¹ Locus Investments Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	–
¹ Lorca Investments Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
¹ Manuka Investments Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	–
¹ Nassim Developments Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
¹ Orchard Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
¹ Pinedale Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
¹ Ridgeway Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100
¹ Rochester Investments Pte. Ltd.	Property owner, developer and investment holding	Singapore	100	100

¹ Audited by KPMG LLP, Singapore.

² Audited by other member firms of KPMG International.

³ No audit required.

⁴ These subsidiaries were struck off during the year.

⁵ This subsidiary is in the process of striking off.

⁶ This subsidiary is in the process of liquidation.

⁷ These subsidiaries were struck off on 8 March 2018.

⁸ This subsidiary was liquidated on 13 March 2018.

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8 INTERESTS IN ASSOCIATES

	GROUP	
	2017 \$'000	2016 \$'000
Investment in associates	584,132	575,577

Interests in associates include a loan of \$360,318,000 (2016: \$360,318,000) to an associate, 68 Holdings Pte. Ltd., which represents the Group's net investment in the associate for which settlement is neither planned nor likely to occur in the foreseeable future.

Details of associates are as follows:

NAME OF ASSOCIATE	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	EFFECTIVE EQUITY HELD BY THE GROUP	
			2017 %	2016 %
¹ 68 Holdings Pte. Ltd.	Investment holding	Singapore	40	40
² Hotel Properties Limited held by 68 Holdings Pte. Ltd.	Hotelier and investment holding	Singapore	22.55	22.56

¹ Audited by KPMG LLP, Singapore.

² Listed on the Singapore Exchange and audited by Deloitte & Touche LLP, Singapore.

The following table summarises the financial information of the Group's material associate based on its (consolidated) financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

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8 INTERESTS IN ASSOCIATES *(cont'd)*

	68 HOLDINGS GROUP \$'000
2017	
Non-current assets	3,838,293
Current assets	489,818
Non-current liabilities	(967,317)
Current liabilities	(393,816)
Net assets	2,966,978
Attributable to non-controlling interests	1,506,885
Attributable to investee's shareholders	1,460,093
Group's share of net assets of investee at beginning of the year	575,482
Group's share of:	
- profit for the year	5,599
- other comprehensive income	2,956
- total comprehensive income	8,555
Group's share of net assets of investee at end of the year	584,037
Transaction cost capitalised	95
Carrying amount of interests in investees at end of the year	584,132
Revenue	659,160
Profit for the year	41,621
Other comprehensive income	10,197
Total comprehensive income	51,818
Attributable to non-controlling interests	30,430
Attributable to investee's shareholders	21,388
Group's share of total comprehensive income	8,555
Add: Other comprehensive income	(2,956)
Group's share of profit of investees, net of tax	5,599

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8 INTERESTS IN ASSOCIATES *(cont'd)*

	68 HOLDINGS GROUP \$'000
2016	
Non-current assets	3,773,953
Current assets	512,215
Non-current liabilities	(924,714)
Current liabilities	(426,703)
Net assets	2,934,751
Attributable to non-controlling interests	1,496,047
Attributable to investee's shareholders	1,438,704
Group's share of net assets of investee at beginning of the year	560,383
Group's share of:	
- profit for the year	12,523
- other comprehensive income	2,576
- total comprehensive income	15,099
Group's share of net assets of investee at end of the year	575,482
Transaction cost capitalised	95
Carrying amount of interests in investees at end of the year	575,577
Revenue	577,616
Profit for the year	74,033
Other comprehensive income	13,492
Total comprehensive income	87,525
Attributable to non-controlling interests	49,778
Attributable to investee's shareholders	37,747
Group's share of total comprehensive income	15,099
Add: Other comprehensive income	(2,576)
Group's share of profit of investees, net of tax	12,523

9 INVESTMENTS

	GROUP	
	2017	2016
	\$'000	\$'000
Non-current investments		
Quoted available-for-sale financial assets:		
- Equity securities	325,269	96,128
- Debt securities	103,370	108,007
	428,639	204,135

The quoted equity securities and debt securities are classified as available-for-sale investments of the Group. The fair value of the available-for-sale financial assets is determined by reference to their quoted bid prices at the reporting date.

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10 OTHER NON-CURRENT ASSETS

	GROUP		COMPANY	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Club memberships	434	540	434	540

11 DEVELOPMENT PROPERTIES

	GROUP		COMPANY	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Properties under development, revenue is recognised using percentage of completion method for sold units:				
- Costs incurred and attributable profits	-	847,138	-	-
- Progress billings	-	(420,183)	-	-
- Allowance for diminution in value	-	(95,800)	-	-
	-	331,155	-	-
Other properties under development:				
- Costs incurred and attributable profit	232,084	249,758	-	-
- Allowance for diminution in value	(65,800)	(59,343)	-	-
	166,284	190,415	-	-
Completed properties, at cost:	128,829	296,690	34,425	55,642
- Allowance for diminution in value	(45)	(9,151)	-	-
	128,784	287,539	34,425	55,642
Total development properties	295,068	809,109	34,425	55,642
Finance costs capitalised into development properties:				
- Interest on borrowings paid and payable to banks	-	4,690	-	-
- Other financing costs	-	1,260	-	-
Interest income capitalised into development properties	(1,181)	(691)	-	-
	(1,181)	5,259	-	-

As at 31 December 2017, development property amounting to \$47,052,000 (2016: Nil) was pledged as security to obtain bank facility.

The Group recognises profit on sale of development properties in Singapore using the percentage of completion method. The stage of completion is measured by reference to the survey of work performed, based on the quantity surveyor/architect's certification of the estimated construction costs incurred to-date to the estimated total construction costs for each project.

For the Group's project in the People's Republic of China (PRC), profit on the sale of the development property is recognised on delivery of development property units to the purchasers.

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11 DEVELOPMENT PROPERTIES *(cont'd)*

In estimating the total construction costs for each project, management relied on historical experience, contractual agreements with contractors/suppliers and the work of professionals such as quantity surveyors/architects. Any change in the estimates of the construction costs, variations, omissions or the effect of a change in the estimate of the outcome of a contractual agreement could impact the computation of the percentage of completion and the amount of revenue and expenses recognised in profit or loss in the period in which the change is made and in subsequent periods.

The allowance for diminution in value is estimated taking into account estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent transacted selling prices for development project and/or selling prices of comparable projects and taking into consideration prevailing government measures. The estimated total construction costs are based on contracted amounts and, in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred. The allowance for diminution in value is included in "other operating expenses".

Movement in allowance for diminution in value in respect of development properties for sale were as follows:

	GROUP	
	2017 \$'000	2016 \$'000
At 1 January	(164,294)	(181,155)
Reversal of allowance during the year	12,125	8,200
Utilisation of allowance during the year	84,544	5,228
Translation differences	1,780	3,433
At 31 December	<u>(65,845)</u>	<u>(164,294)</u>

During the year, the Group has assessed the net realisable value of its development properties. Following the completion of one of its projects, The Panorama, an amount of \$12,125,000 (2016: \$8,200,000) of the allowance for diminution in value was reversed.

12 TRADE AND ACCRUED RECEIVABLES

	GROUP		COMPANY	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Trade receivables	107,973	27,496	4,227	406
Accrued receivables	57,473	5,440	360	467
	<u>165,446</u>	<u>32,936</u>	<u>4,587</u>	<u>873</u>

Accrued receivables mainly represent the remaining balance of sales consideration to be billed. In accordance with the Group's accounting policy, income is recognised on the progress of the construction work for development properties for sale. Upon receipt of the Temporary Occupation Permit/Architect's Certificate of Completion, the balance of sales consideration to be billed is included as accrued receivables.

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12 TRADE AND ACCRUED RECEIVABLES (cont'd)

The maximum exposure to credit risk for trade and accrued receivables at the reporting date by type of customer is:

	GROUP		COMPANY	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Residential	164,762	31,995	4,057	61
Commercial	25	51	-	-
Retail	659	890	530	812
	165,446	32,936	4,587	873

The ageing of trade receivables at the reporting date is:

	GROUP		COMPANY	
	GROSS 2017 \$'000	GROSS 2016 \$'000	GROSS 2017 \$'000	GROSS 2016 \$'000
Not past due	101,132	26,215	4,057	-
Past due 1 – 30 days	6,832	1,267	166	403
Past due 31 – 60 days	8	4	4	1
Past due 61 – 90 days	1	1	-	1
Past due 91 – 120 days	-	7	-	-
Past due 121 – 150 days	-	1	-	-
Past due more than 150 days	-	874	-	874
	107,973	28,369	4,227	1,279

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	GROUP AND COMPANY	
	2017 \$'000	2016 \$'000
At 1 January	873	953
Write-back of impairment loss	(49)	(80)
Amounts written off	(824)	-
At 31 December	-	873

The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Management believes that no additional credit risk beyond the amounts provided for impairment loss is inherent in the Group's trade receivables.

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13 AMOUNTS DUE FROM RELATED CORPORATIONS

The non-trade amounts due from related corporations are interest-free, unsecured, repayable on demand and not past due. There is no allowance for doubtful debts arising from the outstanding balances.

14 OTHER RECEIVABLES

	GROUP		COMPANY	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Accrued income	2,893	1,966	1,161	905
Deposits	704	680	37	43
Dividend receivables	2,116	-	-	-
Forward exchange contracts	875	189	-	-
Interest receivables	2,484	3,186	363	44
Prepaid expenses	5,177	5,251	1,571	1,604
Others	1,123	852	39	72
	15,372	12,124	3,171	2,668

15 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Amounts held under the "Project Account Rules – 1997 Ed", withdrawals from which are restricted to payments for expenditure incurred on projects	23,693	27,854	-	-
Fixed deposits at banks	253,102	83,182	235,103	65,183
Cash at banks and in hand	489,434	360,910	345,747	300,466
Cash and cash equivalents	766,229	471,946	580,850	365,649
Deposit pledged	(18,000)	(18,000)	-	-
Cash and cash equivalents in the statement of cash flows	748,229	453,946	580,850	365,649

The weighted average effective interest rates relating to cash and cash equivalents at the reporting date for the Group and the Company are 1.11% (2016: 0.89%) and 1.12% (2016: 0.96%) per annum respectively.

Interest rates are repriced at intervals of within one day to three months.

The deposit pledged represents fixed deposit of a subsidiary pledged as security to obtain credit facility from a bank.

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16 SHARE CAPITAL

	COMPANY	
	2017	2016
	NO. OF SHARES '000	NO. OF SHARES '000
<hr/>		
Issued and fully-paid ordinary shares, with no par value:		
At beginning and end of the year	<u>1,196,560</u>	<u>1,196,560</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital and retained earnings of the Group. The Board of Directors monitors the return on capital, which the Group defines as profit attributable to equity holders of the Company divided by total shareholders' equity. The Board also recommends the level of dividends to shareholders.

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

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17 RESERVES

	RETAINED EARNINGS \$'000	TRANSLATION RESERVE \$'000	GROUP FAIR VALUE RESERVE \$'000	HEDGING RESERVE \$'000	TOTAL \$'000
At 1 January 2017	1,919,356	27,504	(13,136)	(339)	1,933,385
Total comprehensive income for the year					
Profit for the year	115,230	-	-	-	115,230
Other comprehensive income					
Available-for-sale financial assets:					
- net change in fair value	-	-	99,551	-	99,551
- fair value reserve transferred to profit or loss on disposal	-	-	(430)	-	(430)
Exchange differences arising on consolidation of foreign subsidiaries	-	(6,689)	-	-	(6,689)
Share of other comprehensive income of associates, net of tax	-	(2,068)	5,024	-	2,956
Total other comprehensive income, net of tax	-	(8,757)	104,145	-	95,388
Total comprehensive income for the year	115,230	(8,757)	104,145	-	210,618
Transaction with owners of the Company, recorded directly in equity					
Distribution to owners					
Dividends to owners	(71,794)	-	-	-	(71,794)
Total transaction with owners	(71,794)	-	-	-	(71,794)
At 31 December 2017	1,962,792	18,747	91,009	(339)	2,072,209

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17 RESERVES (cont'd)

	GROUP				TOTAL \$'000
	RETAINED EARNINGS \$'000	TRANSLATION RESERVE \$'000	FAIR VALUE RESERVE \$'000	HEDGING RESERVE \$'000	
At 1 January 2016	1,932,801	35,458	10,757	(339)	1,978,677
Total comprehensive income for the year					
Profit for the year	58,349	-	-	-	58,349
Other comprehensive income					
Available-for-sale financial assets:					
- net change in fair value	-	-	(18,542)	-	(18,542)
- fair value reserve transferred to profit or loss on disposal	-	-	(3,553)	-	(3,553)
Exchange differences arising on consolidation of foreign subsidiaries	-	(12,328)	-	-	(12,328)
Share of other comprehensive income of associates, net of tax	-	4,374	(1,798)	-	2,576
Total other comprehensive income, net of tax	-	(7,954)	(23,893)	-	(31,847)
Total comprehensive income for the year	58,349	(7,954)	(23,893)	-	26,502
Transaction with owners of the Company, recorded directly in equity					
Distribution to owners					
Dividends to owners	(71,794)	-	-	-	(71,794)
Total transaction with owners	(71,794)	-	-	-	(71,794)
At 31 December 2016	1,919,356	27,504	(13,136)	(339)	1,933,385

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale investments held until the investments are derecognised or impaired.

The hedging reserve comprises the fair value changes on the derivative financial instruments designated as hedging instruments in cash flow hedges that are determined to be an effective hedge.

The reserves of the Company represent retained earnings.

	COMPANY	
	2017 \$'000	2016 \$'000
At 1 January	633,735	680,231
Profit for the year	37,818	25,298
Dividends paid	(71,794)	(71,794)
At 31 December	599,759	633,735

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18 DEFERRED TAX ASSETS AND LIABILITIES

	ASSETS		LIABILITIES	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Group				
Property, plant and equipment	-	-	87	48
Investment properties	-	-	11,589	11,430
Development properties	(779)	(92)	-	37
Investment	-	-	723	532
Others	-	-	785	578
Deferred tax (assets)/liabilities	(779)	(92)	13,184	12,625
Set off of tax	166	92	(166)	(92)
Net deferred tax (assets)/liabilities	(613)	-	13,018	12,533

Movements in deferred tax assets and liabilities during the year are as follows:

	BALANCE AS AT 1 JANUARY 2016 \$'000	RECOGNISED IN PROFIT OR LOSS (NOTE 23) \$'000	BALANCE AS AT 31 DECEMBER 2016 \$'000	RECOGNISED IN PROFIT OR LOSS (NOTE 23) \$'000	BALANCE AS AT 31 DECEMBER 2017 \$'000
	Group				
Deferred tax liabilities/(assets)					
Property, plant and equipment	39	9	48	39	87
Investment properties	11,401	29	11,430	159	11,589
Development properties	1,636	(1,691)	(55)	(724)	(779)
Investments	675	(143)	532	191	723
Others	248	330	578	207	785
Total	13,999	(1,466)	12,533	(128)	12,405
Company					
Deferred tax liabilities/(assets)					
Property, plant and equipment	20	6	26	26	52
Investment property	2,178	-	2,178	-	2,178
Development property	(119)	27	(92)	(73)	(165)
Others	120	278	398	95	493
Total	2,199	311	2,510	48	2,558

Deferred tax assets have not been recognised in respect of deductible temporary differences amounting to \$79.7 million (2016: \$164.3 million) and \$3.5 million (2016: \$3.5 million) for the Group and the Company respectively. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of the deductible temporary differences because it is not probable that future taxable profits will be available against which the Group can utilise the benefits.

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19 TRADE PAYABLES

	GROUP		COMPANY	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Expected cash flows in the next:				
1 – 30 days	5,818	19,501	322	165
31 – 60 days	2,398	12,042	161	129
61 – 90 days	7,565	2,040	548	542
More than 90 days, but less than 1 year	61,784	39,267	3,247	3,253
	77,565	72,850	4,278	4,089

Trade payables of the Group and the Company comprise mainly amounts owing to contractors for the construction of/additions to the development properties/investment properties. Included in trade payables is \$731,000 (2016: \$2,100,000) which relates to amounts due to related corporations.

20 DEFERRED INCOME AND OTHER PAYABLES

	GROUP		COMPANY	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Accrued expenses	8,361	8,885	3,173	3,375
Deposits	17,264	18,952	3,159	3,500
Deposits from related companies	479	352	479	352
Income received in advance	88,182	74,611	97	127
Others	11,081	7,274	1,103	1,101
	125,367	110,074	8,011	8,455

Included in the income received in advance is \$76,115,000 (2016: \$74,003,000) which relates to the sales consideration billed to purchasers of the properties under development where revenue is to be recognised on delivery of development property units to the purchasers.

21 REVENUE

	GROUP	
	2017 \$'000	2016 \$'000
Properties held for sale:		
- Recognised on completion of contract method	109,294	67,696
- Recognised on percentage of completion method	350,842	626,319
	460,136	694,015
Rental income	60,274	62,401
Dividend income from investments	7,339	3,932
Interest income from investments	5,992	9,325
	533,741	769,673

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22 OPERATING SEGMENTS

Business Segments

The Group has three reportable segments as described below. For each of the reportable segment, the Group's chief operating decision maker reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Property development: The development, construction and sale of development properties.

Property investment: The holding and management of investment properties.

Investments: The holding of investments in equity and debt securities.

Other operations include investment holding company and provision of management services.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

	PROPERTY DEVELOPMENT \$'000	PROPERTY INVESTMENT \$'000	INVESTMENTS \$'000	OTHER OPERATIONS \$'000	INTER-SEGMENT ELIMINATIONS \$'000	TOTAL \$'000
2017						
External revenue*	460,136	60,274	13,331	-	-	533,741
Inter-segment revenue	-	1,909	-	4,452	(6,361)	-
Interest income	3,829	22	-	16,202	(16,202)	3,851
Interest expense	(7,153)	-	-	(5,639)	12,792	-
Depreciation	(22)	(105)	-	(81)	-	(208)
Reportable segment profit before taxation	50,406	39,819	11,382	8,116	8,099	117,822
Share of profit of associates	-	-	-	-	-	5,599
Other material non-cash item:						
- Write-back of diminution in value of a development property	12,125	-	-	-	-	12,125
Reportable segment assets	1,571,118	1,315,510	497,045	1,015,898	(1,634,249)	2,765,322
Interests in associates	-	-	-	-	-	584,132
Capital expenditure**	-	1,116	-	202	-	1,318
Reportable segment liabilities	398,104	77,811	347,321	622,097	(1,242,401)	202,932

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22 OPERATING SEGMENTS (cont'd)

Business Segments (cont'd)

	PROPERTY DEVELOPMENT \$'000	PROPERTY INVESTMENT \$'000	INVESTMENTS \$'000	OTHER OPERATIONS \$'000	INTER-SEGMENT ELIMINATIONS \$'000	TOTAL \$'000
2016						
External revenue*	694,015	62,401	13,257	-	-	769,673
Inter-segment revenue	-	2,070	-	8,399	(10,469)	-
Interest income	4,179	22	-	11,491	(11,491)	4,201
Interest expense	(4,613)	-	-	(5,651)	8,394	(1,870)
Depreciation	(24)	(105)	-	(97)	-	(226)
Reportable segment profit/(loss) before taxation	22,509	(15,611)	16,799	5,223	19,198	48,118
Share of profit of associates	-	-	-	-	-	12,523
Other material non-cash item:						
- Write-back of diminution in value of a development property	8,200	-	-	-	-	8,200
Reportable segment assets	1,650,105	1,270,775	312,914	1,196,890	(1,805,885)	2,624,799
Interests in associates	-	-	-	-	-	575,577
Capital expenditure**	2	1,762	-	121	-	1,885
Reportable segment liabilities	704,864	78,879	219,451	602,961	(1,423,231)	182,924

* External revenue from property development relates to revenue recognised on development property sold using the percentage of completion method and completion of contract method.

** Comprises property, plant and equipment of \$401,000 (2016: \$132,000) and expenditure on investment properties of \$917,000 (2016: \$1,753,000).

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22 OPERATING SEGMENTS (cont'd)

Business Segments (cont'd)

Reconciliation of reportable segments

	GROUP	
	2017 \$'000	2016 \$'000
Profit before taxation		
Total profit before taxation for reportable segments	117,822	48,118
Share of profit of associates	5,599	12,523
Consolidated profit before taxation	123,421	60,641
Assets		
Total assets for reportable segments	2,765,322	2,624,799
Interests in associates	584,132	575,577
Unallocated deferred tax assets	613	–
Consolidated total assets	3,350,067	3,200,376
Liabilities		
Total liabilities for reportable segments	202,932	182,924
Unallocated current and deferred tax liabilities	19,025	28,166
Consolidated total liabilities	221,957	211,090

Geographical Segments

The operations of the Group are principally located in Singapore and People's Republic of China.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of revenue sources. Segment assets are based on the geographical location of the assets.

	SINGAPORE	PEOPLE'S REPUBLIC OF CHINA	OTHER COUNTRIES	TOTAL
	\$'000	\$'000	\$'000	\$'000
2017				
Revenue	411,341	122,400	–	533,741
Non-current assets #	1,678,640	49	–	1,678,689
Reportable segment assets	2,113,998	651,302	22	2,765,322
2016				
Revenue	688,720	80,953	–	769,673
Non-current assets #	1,670,003	80	–	1,670,083
Reportable segment assets	2,049,391	575,383	25	2,624,799

Include investment properties, property, plant and equipment, interests in associates and club memberships.

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22 OPERATING SEGMENTS *(cont'd)*

Major customers

There are no major customers which solely account for 10% or more of the Group's revenue.

23 TAX EXPENSE

	GROUP	
	2017	2016
	\$'000	\$'000
Current tax expense		
Current year	5,591	14,662
Over provision in respect of prior years	(369)	(12,536)
	5,222	2,126
Deferred tax expense		
Origination and reversal of temporary differences	(169)	(555)
Under/(Over) provision in respect of prior years	41	(911)
	(128)	(1,466)
Land appreciation tax		
Current year	3,097	1,632
	8,191	2,292

	GROUP	
	2017	2016
	\$'000	\$'000
Reconciliation of effective tax rate		
Profit before taxation	123,421	60,641
Share of profit of associates, net of tax	(5,599)	(12,523)
	117,822	48,118
Tax using Singapore tax rate of 17% (2016: 17%)	20,030	8,180
Deferred tax assets not recognised	2,537	611
Effect of tax rates in foreign jurisdictions	443	(151)
Non-deductible expenses	640	12,484
Tax exempt income	(412)	(1,888)
Over provision in respect of prior years	(328)	(13,447)
Utilisation of deferred tax assets previously not recognised	(17,225)	(3,698)
Tax incentives	(221)	(247)
Land appreciation tax	3,097	1,632
Others	(370)	(1,184)
	8,191	2,292

Judgement is required in determining the deductibility of certain expenses and taxability of certain income during the estimation of the provision for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the provision for tax and deferred tax provisions in the period in which such determination is made.

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23 TAX EXPENSE (cont'd)

Land appreciation tax

Under the Provisional Regulations on Land Appreciation Tax (LAT), all gains arising from transfer of real estate property in PRC are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of the land value, being the proceeds on sales of properties less deductible expenditure including cost of land use rights, borrowing costs and all property development expenditure.

24 PROFIT FOR THE YEAR

The following items have been charged/(credited) in arriving at profit for the year:

	NOTE	GROUP	
		2017 \$'000	2016 \$'000
Audit fees paid to:			
- Auditors of the Company	24(a)	405	359
- Other auditors of the Company		1	5
Non-audit fees paid to auditors of the Company	24(b)	168	285
Direct operating costs for income-generating investment properties		14,889	16,855
Staff costs	24(c)	12,283	11,743
(a) Audit fees paid to auditors of the Company:		415	373
- capitalised into development properties		(10)	(14)
- charged to profit or loss		405	359
(b) Non-audit fees paid to auditors of the Company:		175	294
- capitalised into development properties		(7)	(9)
- charged to profit or loss		168	285
(c) Staff costs:			
- wages, salaries and benefits-in-kind		12,477	12,453
- contributions to defined contribution plans		1,254	1,283
		13,731	13,736
- capitalised into development properties		(1,448)	(1,993)
- charged to profit or loss		12,283	11,743
(d) Directors' remuneration:			
- charged to profit or loss		2,024	2,066
(e) Finance costs:			
- interest on borrowings paid and payable to banks		-	6,560
- other financing costs		-	1,562
		-	8,122
- interest on borrowings paid and payable to banks capitalised into development properties		-	(4,690)
- other financing costs capitalised into development properties		-	(1,260)
- charged to profit or loss		-	2,172

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25 OTHER INCOME

	NOTE	GROUP	
		2017 \$'000	2016 \$'000
Interest income	25(a)	3,851	4,201
Gain on disposal of investments		430	3,553
Others		2,089	2,253
		6,370	10,007
(a) Interest income:			
- cash balances		4,999	4,824
- others		33	68
		5,032	4,892
- capitalised into development properties		(1,181)	(691)
- credited to profit or loss		3,851	4,201

26 OTHER OPERATING EXPENSES

	GROUP	
	2017 \$'000	2016 \$'000
Exchange loss/(gain):		
- effective portion of changes in fair value of fair value hedges	8,995	(2,705)
- net change in fair value of forward exchange contracts	(686)	(1,031)
- realised forward exchange contracts (net)	(7,622)	3,640
- others	297	301
	984	205
Loss on disposal of property, plant and equipment	16	1
Loss on disposal of other assets	94	-
Fixtures, plant and equipment included in investment property written off (refer to note 5)	-	43
Write-back of impairment loss on trade receivables (refer to note 12)	(49)	(80)
Irrecoverable GST expense	195	152
	1,240	321

27 EARNINGS PER SHARE

	GROUP	
	2017 \$'000	2016 \$'000
Basic and diluted earnings per share are based on:		
(i) Net profit attributable to ordinary shareholders	115,230	58,349
	'000	'000
(ii) Issued ordinary shares at beginning and end of the year	1,196,560	1,196,560

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28 DIVIDENDS

The following first and final exempt (one-tier) dividends were declared and paid by the Company:

	COMPANY	
	2017 \$'000	2016 \$'000
6.0 cents per share (2016: 6.0 cents)	71,794	71,794

After the reporting date, the following first and final exempt (one-tier) dividends were proposed by the directors. These exempt (one-tier) dividends have not been provided for:

	COMPANY	
	2017 \$'000	2016 \$'000
6.0 cents per share (2016: 6.0 cents)	71,794	71,794

29 COMMITMENTS

(i) Operating lease

The Group leases out its investment properties, Wheelock Place and Scotts Square Retail, held under operating leases during the financial year. The future minimum lease payments receivable under non-cancellable leases are as follows:

	GROUP	
	2017 \$'000	2016 \$'000
Within 1 year	48,834	47,221
After 1 year but within 2 years	34,282	41,761
After 2 years but within 3 years	17,487	25,557
After 3 years but within 4 years	5,536	10,474
After 4 years but within 5 years	1,227	2,653
	107,366	127,666

The lease typically runs for an initial period from 2 to 5 years. The non-cancellable operating lease receivables have not taken into account the potential new and renewal of leases and revision of rental rates after the expiry of these leases.

(ii) Commitments

	GROUP	
	2017 \$'000	2016 \$'000
Commitments in respect of:		
- capital expenditure contracted for the additions to the investment property but not provided for	337	1,384
- development expenditure contracted for the construction of the development properties but not provided for	10,869	47,399
	11,206	48,783

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30 RELATED PARTIES

Transactions with key management personnel

Key management personnel compensation comprised:

	GROUP	
	2017	2016
	\$'000	\$'000
Short-term employee benefits	1,635	1,660
Contributions to defined contribution plans	28	28
Directors fees	361	378
	2,024	2,066

Other related party transactions

Other than as disclosed elsewhere in the financial statements, significant related party transactions carried out at terms agreed upon between the Group and its related parties during the financial year are as follows:

	GROUP	
	2017	2016
	\$'000	\$'000
Rental income received from related companies	304	469
Brokerage and related fees paid to a related company	3	2
Capital expenditure and advertising and promotion expenses paid and payable to related companies	93	528
Project consultancy and design service fees paid to related companies	1,929	2,333
Maintenance fee paid to a related company	454	–
Professional fees paid to a related company	20	–
Payroll and other expenses paid on behalf (net)	156	179

31 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

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31 FINANCIAL INSTRUMENTS *(cont'd)*

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit and Risk Management Committee, which is responsible for overseeing the Group's risk management policies. The Audit and Risk Management Committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Management Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Management Committee.

Credit risk

Credit risk is the risk of financial loss resulting from the failure of customers or other parties to settle their financial and contractual obligations to the Group as and when they fall due. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Monies due from the customers are followed up, reviewed on a regular basis to understand the reasons of non-payment or delay in payment, if any, so that appropriate actions can be implemented promptly.

The Group establishes an allowance for impairment that represents its estimates of incurred losses in respect of trade and other receivables. The main component of this allowance is specific loss that relates to individually significant exposure.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and fixed deposits are placed with banks and financial institutions of significant standing. The Group limits its credit risk exposure in respect of investments by only investing in liquid securities which are placed with a diversity of creditworthy financial institutions.

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31 FINANCIAL INSTRUMENTS *(cont'd)*

Credit risk *(cont'd)*

The carrying amounts of financial assets represent the maximum credit exposure. The Group's and the Company's maximum exposure to credit risk at the reporting date was:

	NOTE	GROUP CARRYING AMOUNT		COMPANY CARRYING AMOUNT	
		2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000
Amounts due from subsidiaries*	6	–	–	352,487	657,883
Investments	9	428,639	204,135	–	–
Trade and accrued receivables	12	165,446	32,936	4,587	873
Amounts due from related corporations	13	11	43	11	41
Other receivables**	14	10,195	6,873	1,600	1,064
Cash and cash equivalents	15	766,229	471,946	580,850	365,649
		1,370,520	715,933	939,535	1,025,510

* Excludes interest-free inter-company loans to subsidiaries of \$576,204,000 (2016: \$447,179,000) which represent the Company's net investments in the subsidiaries.

** Excludes prepaid expenses of \$5,177,000 (2016: \$5,251,000) and \$1,571,000 (2016: \$1,604,000) for the Group and the Company respectively.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. All the properties under development have adequate cash or financing from the Group to ensure availability of funding till project completion.

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31 FINANCIAL INSTRUMENTS *(cont'd)*

Liquidity risk *(cont'd)*

The following are the contractual maturity of the Group's and the Company's financial liabilities, including estimated interest payments:

	CARRYING AMOUNT \$'000	CONTRACTUAL CASH FLOWS \$'000	WITHIN 1 YEAR \$'000
Group			
2017			
Non-derivative financial liabilities			
Trade payables	77,565	77,565	77,565
Deferred income and other payables*	37,185	37,185	37,185
	114,750	114,750	114,750
Derivative financial instruments			
Forward exchange contracts (net-settled)	(875)	(875)	(875)
	113,875	113,875	113,875
2016			
Non-derivative financial liabilities			
Trade payables	72,850	72,850	72,850
Deferred income and other payables*	35,463	35,463	35,463
	108,313	108,313	108,313
Derivative financial instruments			
Forward exchange contracts (net-settled)	(189)	(189)	(189)
	108,124	108,124	108,124

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31 FINANCIAL INSTRUMENTS *(cont'd)*

Liquidity risk *(cont'd)*

	CARRYING AMOUNT \$'000	CONTRACTUAL CASH FLOWS \$'000	WITHIN 1 YEAR \$'000
Company			
2017			
Non-derivative financial liabilities			
Trade payables	4,278	4,278	4,278
Deferred income and other payables*	7,914	7,914	7,914
Amounts due to subsidiaries	<u>357,192</u>	<u>357,192</u>	<u>357,192</u>
	369,384	369,384	369,384
2016			
Non-derivative financial liabilities			
Trade payables	4,089	4,089	4,089
Deferred income and other payables*	8,328	8,328	8,328
Amounts due to subsidiaries	<u>305,872</u>	<u>305,872</u>	<u>305,872</u>
	<u>318,289</u>	<u>318,289</u>	<u>318,289</u>

* Excludes income received in advance of \$88,182,000 (2016: \$74,611,000) and \$97,000 (2016: \$127,000) for the Group and the Company respectively.

The maturity analysis shows the undiscounted cash flows of the Group's and the Company's financial liabilities on the basis of their earliest possible contractual maturity. It is not expected that the cash flows in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relate primarily to the Group's cash deposits with financial institutions. Interest rates on cash deposits are determined based on floating market rates. The Group does not use derivative financial instruments to hedge interest rate risk.

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Year ended 31 December 2017

31 FINANCIAL INSTRUMENTS *(cont'd)*

Interest rate risk *(cont'd)*

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's and the Company's interest-bearing financial instruments were:

	GROUP CARRYING AMOUNT		COMPANY CARRYING AMOUNT	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Variable rate instrument				
Financial assets	763,480	465,365	580,165	365,122

Sensitivity analysis

A change of 10 basis points (bp) in interest rates at the reporting date would have increased/(decreased) profit before taxation by the amounts shown below. This analysis assumes that all other variables remain constant.

	GROUP PROFIT BEFORE TAXATION		COMPANY PROFIT BEFORE TAXATION	
	10 BP INCREASE \$'000	10 BP DECREASE \$'000	10 BP INCREASE \$'000	10 BP DECREASE \$'000
2017				
Variable rate instrument	763	(763)	580	(580)
2016				
Variable rate instrument	465	(465)	365	(365)

Currency risk

The Group is exposed to currency risk on investments that are denominated in currencies other than the respective functional currencies of the Group's entities. The currencies giving rise to this risk are primarily the Hong Kong Dollars (HKD) and the United States Dollars (USD).

In respect of non-monetary and monetary assets held in currency other than Singapore dollars, the Group uses forward exchange contracts to hedge foreign currency risks arising from its HKD denominated equity securities and USD denominated debt securities. Most of the forward exchange contracts would have maturities of less than 3 months after the reporting date. Where necessary, the forward exchange contracts are rolled over at maturity.

The fair value of the forward exchange contract designated as hedging instrument comprises derivative asset of \$419,000 (2016: \$49,000) as at 31 December 2017.

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31 FINANCIAL INSTRUMENTS *(cont'd)*

Currency risk *(cont'd)*

As at 31 December 2017, the Group has 4 (2016: 5) forward exchange contracts amounting to \$207,560,000 (2016: \$217,818,000).

Exposure to currency risk

Balances are denominated in the following currencies:

	HKD \$'000	USD \$'000	TOTAL \$'000
Group			
2017			
Investments	175,584	103,370	278,954
Other receivables	2,116	2,661	4,777
Cash and cash equivalents	-	270	270
Forward exchange contracts	(100,627)	(106,933)	(207,560)
Net exposure	<u>77,073</u>	<u>(632)</u>	<u>76,441</u>
2016			
Investments	96,128	108,007	204,135
Amounts due from related corporations	1	-	1
Other receivables	-	3,126	3,126
Cash and cash equivalents	-	304	304
Forward exchange contracts	(109,622)	(108,196)	(217,818)
Net exposure	<u>(13,493)</u>	<u>3,241</u>	<u>(10,252)</u>
Company			
2017			
Amounts due from subsidiaries	102,112	450,902	553,014
Cash and cash equivalents	-	170	170
	<u>102,112</u>	<u>451,072</u>	<u>553,184</u>
2016			
Amounts due from subsidiaries	111,240	474,391	585,631
Cash and cash equivalents	-	195	195
	<u>111,240</u>	<u>474,586</u>	<u>585,826</u>

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Year ended 31 December 2017

31 FINANCIAL INSTRUMENTS *(cont'd)*

Currency risk *(cont'd)*

Sensitivity analysis

A 10% strengthening of the following major currencies against the functional currency of each of the Group entities at the reporting date held by the Group would increase/(decrease) equity and profit before taxation by the amounts shown below. Similarly, a 10% weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

	GROUP		COMPANY	
	PROFIT BEFORE TAXATION	EQUITY	PROFIT BEFORE TAXATION	EQUITY
	\$'000	\$'000	\$'000	\$'000
2017				
HKD	(9,851)	17,558	10,211	-
USD	(63)	-	45,107	-
2016				
HKD	(10,962)	9,613	11,124	-
USD	324	-	47,459	-

Equity price risk - Sensitivity analysis

The Group has investment in quoted equity securities. A 10% increase/(decrease) in the underlying equity prices at the reporting dates would increase/(decrease) equity by the following amounts:

	2017 \$'000	2016 \$'000
Quoted equity investment available-for-sale	32,527	9,613

This analysis assumes that all other variables remain constant.

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31 FINANCIAL INSTRUMENTS (cont'd)

Accounting classification and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	NOTE	CARRYING AMOUNT				FAIR VALUE				
		FAIR VALUE - DERIVATIVE INSTRUMENTS	LOANS AND RECEIVABLES	AVAILABLE- FOR-SALE	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group										
2017										
Financial assets										
measured at fair value										
Investments	9	-	-	428,639	-	428,639	428,639	-	-	428,639
Forward exchange contracts	14	875	-	-	-	875	-	875	-	875
		<u>875</u>	<u>-</u>	<u>428,639</u>	<u>-</u>	<u>429,514</u>				
Financial assets not measured at fair value										
Trade and accrued receivables	12	-	165,446	-	-	165,446				
Amounts due from related corporations	13	-	11	-	-	11				
Other receivables*	14	-	9,320	-	-	9,320				
Cash and cash equivalents	15	-	766,229	-	-	766,229				
		<u>-</u>	<u>941,006</u>	<u>-</u>	<u>-</u>	<u>941,006</u>				
Financial liabilities not measured at fair value										
Trade payables	19	-	-	-	77,565	77,565				
Deferred income and other payables**	20	-	-	-	37,185	37,185				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>114,750</u>	<u>114,750</u>				

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Year ended 31 December 2017

31 FINANCIAL INSTRUMENTS *(cont'd)*

Accounting classification and fair values *(cont'd)*

	NOTE	CARRYING AMOUNT				FAIR VALUE				
		FAIR VALUE –		AVAILABLE- FOR-SALE	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
		DERIVATIVE INSTRUMENTS	LOANS AND RECEIVABLES							
Group										
2016										
Financial assets										
measured at fair value										
Investments	9	-	-	204,135	-	204,135	204,135	-	-	204,135
Forward exchange contracts	14	189	-	-	-	189	-	189	-	189
		<u>189</u>	<u>-</u>	<u>204,135</u>	<u>-</u>	<u>204,324</u>				
Financial assets not measured at fair value										
Trade and accrued receivables	12	-	32,936	-	-	32,936				
Amounts due from related corporations	13	-	43	-	-	43				
Other receivables*	14	-	6,684	-	-	6,684				
Cash and cash equivalents	15	-	471,946	-	-	471,946				
		<u>-</u>	<u>511,609</u>	<u>-</u>	<u>-</u>	<u>511,609</u>				
Financial liabilities not measured at fair value										
Trade payables	19	-	-	-	72,850	72,850				
Deferred income and other payables**	20	-	-	-	35,463	35,463				
		<u>-</u>	<u>-</u>	<u>-</u>	<u>108,313</u>	<u>108,313</u>				

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31 FINANCIAL INSTRUMENTS *(cont'd)*

Accounting classification and fair values *(cont'd)*

	NOTE	CARRYING AMOUNT				FAIR VALUE				
		FAIR VALUE – DERIVATIVE INSTRUMENTS	LOANS AND RECEIVABLES	AVAILABLE- FOR-SALE	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Company										
2017										
Financial assets not measured at fair value										
Amounts due from subsidiaries***	6	-	352,487	-	-	352,487	-	342,255	-	342,255
Trade and accrued receivables	12	-	4,587	-	-	4,587				
Amounts due from related corporations	13	-	11	-	-	11				
Other receivables*	14	-	1,600	-	-	1,600				
Cash and cash equivalents	15	-	580,850	-	-	580,850				
		-	939,535	-	-	939,535				
Financial liabilities not measured at fair value										
Trade payables	19	-	-	-	4,278	4,278				
Deferred income and other payables**	20	-	-	-	7,914	7,914				
Amounts due to subsidiaries	6	-	-	-	357,192	357,192				
		-	-	-	369,384	369,384				

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Year ended 31 December 2017

31 FINANCIAL INSTRUMENTS *(cont'd)*

Accounting classification and fair values *(cont'd)*

	NOTE	CARRYING AMOUNT				TOTAL \$'000	FAIR VALUE			
		FAIR VALUE - DERIVATIVE INSTRUMENTS \$'000	LOANS AND RECEIVABLES \$'000	AVAILABLE- FOR-SALE \$'000	OTHER FINANCIAL LIABILITIES \$'000		LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	TOTAL \$'000
Company										
2016										
Financial assets not measured at fair value										
Amounts due from subsidiaries***										
	6	-	657,883	-	-	657,883	-	658,780	-	658,780
Trade and accrued receivables										
	12	-	873	-	-	873				
Amounts due from related corporations										
	13	-	41	-	-	41				
Other receivables*										
	14	-	1,064	-	-	1,064				
Cash and cash equivalents										
	15	-	365,649	-	-	365,649				
		-	1,025,510	-	-	1,025,510				
Financial liabilities not measured at fair value										
Trade payables										
	19	-	-	-	4,089	4,089				
Deferred income and other payables**										
	20	-	-	-	8,328	8,328				
Amounts due to subsidiaries										
	6	-	-	-	305,872	305,872				
		-	-	-	318,289	318,289				

* Excludes prepaid expenses and forward exchange contracts of \$6,052,000 (2016: \$5,440,000) and \$1,571,000 (2016: \$1,604,000) for the Group and the Company respectively.

** Excludes income received in advance of \$88,182,000 (2016: \$74,611,000) and \$97,000 (2016: \$127,000) for the Group and the Company respectively.

*** Excludes interest-free inter-company loans to subsidiaries of \$576,204,000 (2016: \$447,179,000) which represent the Company's net investments in the subsidiaries.

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31 FINANCIAL INSTRUMENTS *(cont'd)*

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

TYPE	VALUATION TECHNIQUE
Group	
Derivatives	The fair value of financial derivatives instrument is derived from valuation from the bank, which were based on valuation techniques in which significant inputs were based on observable market data.

Financial instruments not measured at fair value

TYPE	VALUATION TECHNIQUE
Company	
Amounts due from subsidiaries	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.

32 FULL CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND ADOPTION OF NEW STANDARDS

Applicable to 2018 financial statements

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading on the Singapore Exchange, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I). As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

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Year ended 31 December 2017

32 FULL CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND ADOPTION OF NEW STANDARDS *(cont'd)*

Applicable to 2018 financial statements *(cont'd)*

In addition to the adoption of the new framework, the Group will also concurrently apply the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date:

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The Group and the Company do not expect the application of the above standards and interpretations to have a significant impact on the financial statements, except for SFRS(I) 15 and SFRS(I) 9 for the Group.

Summary of quantitative impact

The Group is currently finalising the transition adjustments. The impact of assessment of adopting SFRS(I) is preliminary because accounting policy and transition changes can continue to be made until 31 December 2018. The following reconciliations provide an estimate of the expected impacts on initial application of SFRS(I) 1, SFRS(I) 15 and SFRS(I) 9 on the Group's financial position as at 31 December 2017 and 1 January 2018 and the Group's profit or loss and other comprehensive income for the year ended 31 December 2017 except the assessment of the estimated impact from the subsidiary in China and the associate, 68 Holdings Pte. Ltd..

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32 FULL CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND ADOPTION OF NEW STANDARDS (cont'd)

Statement of Financial Position for the Group

	NOTE	31 DECEMBER 2017			1 JANUARY 2018	
		CURRENT		SFRS(I)		SFRS(I)
		FRAME-WORK \$'000	SFRS(I) 15 \$'000	FRAME-WORK \$'000	SFRS(I) 9 \$'000	FRAME-WORK \$'000
Assets						
Investments	(iv)	428,639	-	428,639	(1,196)	427,443
Others		1,679,302	-	1,679,302	-	1,679,302
Non-current assets		2,107,941	-	2,107,941	(1,196)	2,106,745
Current assets						
Development properties	(i)	295,068	874	295,942	-	295,942
Trade and accrued receivables		165,446	-	165,446	-	165,446
Others		781,612	-	781,612	-	781,612
Current assets		1,242,126	874	1,243,000	-	1,243,000
Total assets		3,350,067	874	3,350,941	(1,196)	3,349,745
Equity						
Retained earnings		1,962,792	898	1,963,690	(1,196)	1,962,494
Others		1,165,318	(24)	1,165,294	-	1,165,294
Total equity		3,128,110	874	3,128,984	(1,196)	3,127,788
Liabilities						
Deferred tax liabilities		13,018	-	13,018	-	13,018
Non-current liability		13,018	-	13,018	-	13,018
Current liabilities						
Trade and other payables		202,932	-	202,932	-	202,932
Others		6,007	-	6,007	-	6,007
Current liabilities		208,939	-	208,939	-	208,939
Total liabilities		221,957	-	221,957	-	221,957
Total equity and liabilities		3,350,067	874	3,350,941	(1,196)	3,349,745

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Year ended 31 December 2017

32 FULL CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND ADOPTION OF NEW STANDARDS (cont'd)

Consolidated Statement of Profit or Loss

	NOTE	31 DECEMBER 2017		
		CURRENT		SFRS(I)
		FRAME-WORK	SFRS(I) 15	FRAME-WORK
		\$'000	\$'000	\$'000
Continuing operations				
Revenue		533,741	-	533,741
Cost of sales	(i), (ii)	(406,062)	(15,405)	(421,467)
Gross profit		127,679	(15,405)	112,274
Other income		6,370	-	6,370
Selling and marketing expenses	(i)	(11,259)	59	(11,200)
Administrative and corporate expenses		(14,936)	-	(14,936)
Other operating expenses				
- write-back of diminution in value of a development property		12,125	-	12,125
- change in fair value on investment properties		(917)	-	(917)
- others		(1,240)	-	(1,240)
		9,968	-	9,968
Share of profit of associates, net of tax		5,599	-	5,599
Profit/(Loss) before taxation		123,421	(15,346)	108,075
Tax expense		(8,191)	-	(8,191)
Profit/(Loss) for the year		115,230	(15,346)	99,884

Consolidated Statement of Comprehensive Income

	NOTE	31 DECEMBER 2017		
		CURRENT		SFRS(I)
		FRAME-WORK	SFRS(I) 15	FRAME-WORK
		\$'000	\$'000	\$'000
Profit/(Loss) for the year	(i), (ii)	115,230	(15,346)	99,884
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
Share of other comprehensive income of associate, net of tax		(100)	-	(100)
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income of associate, net of tax		3,056	-	3,056
Others		92,432	-	92,432
Other comprehensive income for the year, net of tax		95,388	-	95,388
Total comprehensive income for the year		210,618	(15,346)	195,272

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32 FULL CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND ADOPTION OF NEW STANDARDS *(cont'd)*

SFRS(I) 1

When the Group adopts SFRS(I) in 2018, the Group will apply SFRS(I) 1 with 1 January 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective in 2018, restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. The Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group plans to adopt SFRS(I) 15 in its financial statements for the year ending 31 December 2018, using the retrospective approach. As a result, the Group will apply all of the requirements of SFRS(I) 15 retrospectively, except as described below, and the comparative period presented in the 2018 financial statements will be restated.

The expected impact upon the adoption of SFRS(I) 15 are described below. The information below reflects the Group's expectations of the implications arising from the changes in accounting treatment. Effects may change when the transition adjustments are finalised.

Development properties sales

(i) Sales commissions paid to sales or marketing agents on the sale of real estate units

The Group pays commissions to property agents on the sale of property and currently recognises such commissions as expense when incurred. Under SFRS(I) 15, the Group will capitalise such commissions as incremental costs to obtain a contract with customer if these costs are recoverable. These costs are amortised to profit or loss as the Group recognises the related revenue.

(ii) Amortisation of contract costs

The Group currently recognises cost of sales based on the estimated total construction costs for its sold units using the developments' percentage of completion. However, under SFRS(I) 15, the Group will recognise the costs of its sold units as expenses when incurred.

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Year ended 31 December 2017

32 FULL CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND ADOPTION OF NEW STANDARDS *(cont'd)*

SFRS(I) 9

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirement.

- The Group plans to take advantage of the exemption in SFRS(I) 1 allowing it not to restate comparative information in the 2018 SFRS(I) financial statements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018.
- The following assessments have to be made on the basis of facts and circumstances that existed at 1 January 2018.
 - The determination of the business model within which a financial asset is held.
 - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.
 - The designation of an investment in equity instruments that is not held for trading as at fair value through other comprehensive income (FVOCI).
 - The designation and revocation of previous designations of certain financial assets and financial liabilities measured at fair value through profit or loss (FVTPL).
- If an investment in a debt security has low credit risk at 1 January 2018, the Group plans to assume that the credit risk on the asset has not increased significantly since its initial recognition.
- New hedge accounting requirements are applied prospectively. All hedging relationships designated under FRS 39 *Financial Instruments: Recognition and Measurement* at 31 December 2017 that meet the criteria for hedge accounting under SFRS(I) 9 at 1 January 2018 will be regarded as continuing hedging relationships.

The expected impact on adoption of SFRS(I) 9 are described below. The information below reflects the Group's expectation of the implications arising from changes in the accounting treatment, however, the actual tax effect may change when the transition adjustments are finalised.

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32 FULL CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND ADOPTION OF NEW STANDARDS *(cont'd)*

SFRS(I) 9 *(cont'd)*

(iii) Classification and measurement: financial assets

The Group has assessed and accounted for its investments through FVOCI.

(iv) Impairment

SFRS(I) 9 replaces the current 'incurred loss' model with a forward-looking expected credit loss (ECL) model. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and certain loan commitments and financial guarantee contracts.

Under SFRS(I) 9, loss allowances of the Group will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group plans to apply the simplified approach and record lifetime ECL on all trade receivables and any contract assets arising from the application of SFRS(I) 15. The Group and the Company do not expect a significant increase in impairment for trade and other receivables as at 1 January 2018. The Group expects an increase in ECL of \$1.2 million (excluding tax impact) for debt securities as at 1 January 2018.

The Group is currently finalising the testing of its expected credit loss model and the quantum of the final transition adjustments may be different upon finalisation.

Applicable to financial statements for the year 2019 and thereafter

The following new SFRS(I)s, amendments to and interpretations of SFRS(I)s are effective for annual periods beginning after 1 January 2018:

Applicable to 2019 financial statements

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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Notes to the Financial Statements

Year ended 31 December 2017

32 FULL CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND ADOPTION OF NEW STANDARDS *(cont'd)*

Applicable to financial statements for the year 2019 and thereafter *(cont'd)*

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28).

The Group is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Group's preliminary assessment of SFRS(I) 16, which is expected to have an impact on the Group, is as described below.

SFRS(I) 16

SFRS(I) 16 replaces existing lease accounting guidance. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied. SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 January 2019. Accordingly, existing lease contracts that are still effective on 1 January 2019 continue to be accounted for as lease contracts under SFRS(I) 16. The Group has performed a preliminary assessment of the impact on its financial statements based on its existing operating lease arrangements (refer to note 29).

Until 2018, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

(i) The Group as lessee

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rate. In addition, the nature of expenses related to those leases will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

**APPENDIX D – AUDITED CONSOLIDATED
FINANCIAL STATEMENTS OF THE GROUP FOR FY2017**

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32 FULL CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND ADOPTION OF NEW STANDARDS *(cont'd)*

SFRS(I) 16 *(cont'd)*

(ii) The Group as lessor

SFRS(I) 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively. However, SFRS(I) 16 requires more extensive disclosures to be provided by a lessor.

**APPENDIX E – UNAUDITED RESULTS OF THE GROUP
FOR 2QFY2018 AND 1HFY2018**

WHEELOCK
PROPERTIES

Co. Reg. No. 197201797H
(Incorporated in the Republic of Singapore)

UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2018

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**APPENDIX E – UNAUDITED RESULTS OF THE GROUP
FOR 2QFY2018 AND 1HFY2018**

WHEELOCK PROPERTIES (SINGAPORE) LIMITED
(Incorporated in the Republic of Singapore)

1(a)(i) CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Quarter ended			Six-month ended		
	30 Jun 2018	30 Jun 2017	Change	30 Jun 2018	30 Jun 2017	Change
	\$'000	\$'000	%	\$'000	\$'000	%
		(Restated)			(Restated)	
Revenue	59,912	128,732	(53.5)	115,885	222,467	(47.9)
Cost of sales	(31,934)	(80,226)	(60.2)	(71,199)	(158,736)	(55.1)
Gross profit	27,978	48,506	(42.3)	44,686	63,731	(29.9)
Other income	3,727	1,505	147.6	6,294	2,925	115.2
Selling and marketing expenses	(1,077)	(2,678)	(59.8)	(2,120)	(5,135)	(58.7)
Administrative and corporate expenses	(2,973)	(3,672)	(19.0)	(5,700)	(7,510)	(24.1)
Other operating expenses						
- write-back of diminution in value of a development property	0	1,300	(100.0)	0	1,300	(100.0)
- changes in fair value on investment properties	(425)	(108)	293.5	(908)	(544)	66.9
- others	(92)	(1,014)	(90.9)	(1,295)	(936)	38.4
	(517)	178	390.4	(2,203)	(180)	NM
Share of profit of associates, net of tax	2,129	2,513	(15.3)	21,995	3,521	524.7
Profit before taxation	29,267	46,352	(36.9)	62,952	57,352	9.8
Tax expense	(3,964)	(8,054)	(50.8)	(6,826)	(9,867)	(30.8)
Profit for the period	25,303	38,298	(33.9)	56,126	47,485	18.2

**APPENDIX E – UNAUDITED RESULTS OF THE GROUP
FOR 2QFY2018 AND 1HFY2018**

1(a)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended			Six-month ended		
	30 Jun 2018	30 Jun 2017	Change	30 Jun 2018	30 Jun 2017	Change
	\$'000	\$'000	%	\$'000	\$'000	%
		(Restated)		(Restated)		
Profit for the period	25,303	38,298	(33.9)	56,126	47,485	18.2
Other comprehensive income:						
Items that will not be reclassified subsequently to profit or loss:						
Equity investments at fair value through other comprehensive income - net change in fair value	(45,665)	0	NA	(2,966)	0	NA
Items that may be reclassified subsequently to profit or loss:						
Available-for-sale financial assets - net change in fair value	0	34,837	(100.0)	0	63,224	(100.0)
Debt investments at fair value through other comprehensive income - net change in fair value	(1,946)	0	NA	(3,486)	0	NA
- fair value reserve transferred to profit or loss	41	0	NA	1,043	0	NA
Exchange differences arising on consolidation of foreign subsidiaries	(1,532)	(287)	433.8	1,407	(7,877)	117.9
Share of other comprehensive income of associates, net of tax	(1,354)	5,502	(124.6)	191	3,520	(94.6)
Other comprehensive income for the period, net of income tax	(50,456)	40,052	(226.0)	(3,811)	58,867	(106.5)
Total comprehensive income for the period	(25,153)	78,350	(132.1)	52,315	106,352	(50.8)

**APPENDIX E – UNAUDITED RESULTS OF THE GROUP
FOR 2QFY2018 AND 1HFY2018**

1(a)(iii) NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The following items have been charged or (credited) in arriving at profit for the period:

	Quarter ended			Six-month ended		
	30 Jun 2018	30 Jun 2017	Change	30 Jun 2018	30 Jun 2017	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Exchange gain (net)						
- net change in fair value of forward exchange contracts	(315)	0	NA	0	0	NA
- others	260	0	NA	0	0	NA
	(55)	0	NA	0	0	NA
Interest income	(3,015)	(833)	261.9	(5,302)	(1,654)	220.6
Others	(657)	(672)	(2.2)	(992)	(1,271)	(22.0)
Other income	(3,727)	(1,505)	147.6	(6,294)	(2,925)	115.2
Exchange loss (net)						
- net change in fair value of forward exchange contracts	0	(992)	(100.0)	984	(948)	203.8
- others	0	1,841	(100.0)	(942)	1,708	(155.2)
	0	849	(100.0)	42	760	(94.5)
Write-back of impairment loss on trade receivables	0	(49)	(100.0)	0	(49)	(100.0)
Loss on disposal of property, plant and equipment	1	0	NA	1	0	NA
Loss on disposal of investments	0	0	NA	1,025	0	NA
Fixtures, plant and equipment included in investment property written off	0	0	NA	127	0	NA
Loss on disposal of other assets	0	94	(100.0)	0	94	(100.0)
Changes in expected credit loss on debt investments	41	0	NA	18	0	NA
Others	50	120	(58.3)	82	131	(37.4)
Other operating expenses - others	92	1,014	(90.9)	1,295	936	38.4

**APPENDIX E – UNAUDITED RESULTS OF THE GROUP
FOR 2QFY2018 AND 1HFY2018**

	Quarter ended			Six-month ended		
	30 Jun 2018	30 Jun 2017	Change	30 Jun 2018	30 Jun 2017	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Depreciation of property, plant and equipment	65	48	35.4	131	94	39.4
Dividend income from investments	(7,791)	(4,975)	56.6	(7,791)	(4,975)	56.6
Interest income from investments	(891)	(1,589)	(43.9)	(1,992)	(3,184)	(37.4)
(Over)/Under provision of tax in prior years	(5)	30	(116.7)	(218)	(324)	(32.7)

NA: Not Applicable

NM: Not Meaningful

**APPENDIX E – UNAUDITED RESULTS OF THE GROUP
FOR 2QFY2018 AND 1HFY2018**

1(b)(i) STATEMENTS OF FINANCIAL POSITION

	Group			Company		
	30 Jun 2018	31 Dec 2017	01 Jan 2017	30 Jun 2018	31 Dec 2017	01 Jan 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		(Restated)	(Restated)			
Non-current assets						
Property, plant and equipment	1,998	2,123	1,966	1,733	1,801	1,697
Investment properties	1,092,000	1,092,000	1,092,000	216,000	216,000	216,000
Amounts due from subsidiaries	0	0	0	675,260	803,835	1,102,118
Interests in subsidiaries	0	0	0	253,420	257,741	262,744
Interests in associates	606,318	584,132	575,577	0	0	0
Investments	381,902	428,639	204,135	0	0	0
Deferred tax assets	613	613	0	0	0	0
Other non-current assets	434	434	540	434	434	540
	2,083,265	2,107,941	1,874,218	1,146,847	1,279,811	1,583,099
Current assets						
Development properties	244,602	295,942	620,741	34,432	34,425	55,642
Trade and accrued receivables	57,481	165,446	237,548	200	4,587	873
Amounts due from subsidiaries	0	0	0	32,792	124,856	2,944
Amounts due from related corporations	10	11	43	10	11	41
Other receivables	14,776	15,372	12,124	3,390	3,171	2,668
Cash and cash equivalents	853,736	766,229	471,946	791,149	580,850	365,649
	1,170,605	1,243,000	1,342,402	861,973	747,900	427,817
Total assets	3,253,870	3,350,941	3,216,620	2,008,820	2,027,711	2,010,916
Equity attributable to owners of the Company						
Share capital	1,055,901	1,055,901	1,055,901	1,055,901	1,055,901	1,055,901
Reserves	2,053,604	2,073,083	1,949,629	541,390	599,759	633,735
Total equity	3,109,505	3,128,984	3,005,530	1,597,291	1,655,660	1,689,636
Non-current liabilities						
Interest-bearing liability (Ref: 1(b)(ii))	1,025	0	0	0	0	0
Deferred tax liabilities	13,607	13,018	12,533	2,559	2,558	2,510
	14,632	13,018	12,533	2,559	2,558	2,510
Current liabilities						
Trade payables	69,680	77,565	72,850	4,133	4,278	4,089
Deferred income and other payables	52,814	125,367	110,074	7,631	8,011	8,455
Amounts due to subsidiaries	0	0	0	396,535	357,192	305,872
Current tax liabilities	7,239	6,007	15,633	671	12	354
	129,733	208,939	198,557	408,970	369,493	318,770
Total liabilities	144,365	221,957	211,090	411,529	372,051	321,280
Total equity and liabilities	3,253,870	3,350,941	3,216,620	2,008,820	2,027,711	2,010,916

APPENDIX E – UNAUDITED RESULTS OF THE GROUP FOR 2QFY2018 AND 1HFY2018

REVIEW OF FINANCIAL POSITION

Group

The Group's total assets were at \$3.3 billion as at 30 June 2018. The lower trade receivables and higher cash balances were mainly attributed to the sales proceeds received from the development properties. The decrease in investments was due mainly to the redemption of quoted securities.

Development properties and deferred income were lower due mainly to recognition of revenue for 雍景山 upon handover of units.

The Group's investment and development properties were valued by firms of independent professional valuers as at 30 June 2018.

1(b)(ii) BORROWINGS

	Group	
	30 Jun 2018	31 Dec 2017
	\$'000	\$'000
Repayable after 1 year but within 5 years: Interest-bearing liability (secured)	1,025	0

The bank loan is secured by mortgage over the land of Phase 3 of 雍景山.

**APPENDIX E – UNAUDITED RESULTS OF THE GROUP
FOR 2QFY2018 AND 1HFY2018**

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

	Quarter ended		Six-month ended	
	30 Jun 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017
	\$'000	\$'000	\$'000	\$'000
		(Restated)		(Restated)
Operating activities				
Profit for the period	25,303	38,298	56,126	47,485
Adjustments for:				
Tax expense	3,964	8,054	6,826	9,867
Depreciation of property, plant and equipment	65	48	131	94
Net change in fair value of forward exchange contracts	(315)	(992)	984	(948)
Exchange (gain)/loss (net)	(6,474)	4,151	(2,632)	11,616
Changes in expected credit loss on debt investments	41	0	18	0
Loss on disposal of property, plant and equipment	1	0	1	0
Interest income	(3,015)	(833)	(5,302)	(1,654)
Interest income from investments	(891)	(1,589)	(1,992)	(3,184)
Fixtures, plant and equipment included in investment property written off	0	0	127	0
Write-back of diminution in value of a development property	0	(1,300)	0	(1,300)
Changes in fair value on investment properties	425	108	908	544
Loss on disposal of investments	0	0	1,025	0
Dividend income from investments	(7,791)	(4,975)	(7,791)	(4,975)
Loss on disposal of other assets	0	94	0	94
Share of profit of associates, net of tax	(2,129)	(2,513)	(21,995)	(3,521)
	9,184	38,551	26,434	54,118
Changes in:				
Development properties	22,107	49,016	52,969	63,796
Trade and accrued receivables	53	(60,479)	107,965	(40,195)
Amounts due from related corporations	2	46	1	28
Other receivables	1,832	(1,536)	1,670	(2,119)
Trade payables	1,600	(1,365)	(8,069)	(17,742)
Deferred income and other payables	(29,554)	17,684	(74,156)	43,963
Cash generated from operations	5,224	41,917	106,814	101,849

**APPENDIX E – UNAUDITED RESULTS OF THE GROUP
FOR 2QFY2018 AND 1HFY2018**

	Quarter ended		Six-month ended	
	30 Jun 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017
	\$'000	\$'000	\$'000	\$'000
		(Restated)		(Restated)
(Cont'd)				
Cash generated from operations	5,224	41,917	106,814	101,849
Interest received	2,970	1,181	5,125	2,121
Income tax paid	(1,630)	(4,188)	(2,974)	(7,914)
Dividends paid	(71,794)	(71,794)	(71,794)	(71,794)
Cash flows from operating activities	(65,230)	(32,884)	37,171	24,262
Investing activities				
Proceeds from sale of investments	0	0	42,585	0
Proceeds from sale of other assets	0	12	0	12
Purchase of property, plant and equipment	(1)	(40)	(9)	(51)
Expenditure on investment properties	(424)	(108)	(1,035)	(544)
Acquisition of investments	0	(49,916)	0	(49,916)
Dividends received	1,679	0	3,783	0
Interest received	0	0	2,947	3,895
Cash flows from investing activities	1,254	(50,052)	48,271	(46,604)
Financing activities				
Drawdown of bank loan	0	0	1,031	0
Finance costs	(12)	0	(18)	0
Movement in deposit pledged	18,000	0	18,000	0
Cash flows from financing activities	17,988	0	19,013	0
Net (decrease)/increase in cash and cash equivalents	(45,988)	(82,936)	104,455	(22,342)
Cash and cash equivalents at beginning of the period	900,080	512,645	748,229	453,946
Effect of exchange rate changes on balances held in foreign currencies	(356)	(52)	1,052	(1,947)
Cash and cash equivalents at end of the period (Note 1)	853,736	429,657	853,736	429,657

**APPENDIX E – UNAUDITED RESULTS OF THE GROUP
FOR 2QFY2018 AND 1HFY2018**

	Quarter ended		Six-month ended	
	30 Jun 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017
	\$'000	\$'000	\$'000	\$'000
Note 1				
Cash and cash equivalents in the statements of financial position	853,736	447,657	853,736	447,657
Less: Deposit pledged	0	(18,000)	0	(18,000)
Cash and cash equivalents in the consolidated statement of cash flows	853,736	429,657	853,736	429,657

Deposit pledged represents bank balance of a subsidiary pledged as security to obtain credit facility.

**APPENDIX E – UNAUDITED RESULTS OF THE GROUP
FOR 2QFY2018 AND 1HFY2018**

1(d)(i) STATEMENTS OF CHANGES IN EQUITY

	Share Capital	Other Reserves	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000	\$'000
Group				
At 1 April 2018	1,055,901	154,167	1,996,384	3,206,452
Total comprehensive income for the period				
Profit for the period	0	0	25,303	25,303
Other comprehensive income: Items that will not be reclassified subsequently to profit or loss:				
Equity investments at fair value through other comprehensive income				
- net change in fair value	0	(45,665)	0	(45,665)
Items that may be reclassified subsequently to profit or loss:				
Debt investments at fair value through other comprehensive income				
- net change in fair value	0	(1,946)	0	(1,946)
- fair value reserve transferred to profit or loss	0	41	0	41
Exchange differences arising on consolidation of foreign subsidiaries	0	(1,532)	0	(1,532)
Share of other comprehensive income of associates, net of tax	0	(1,354)	0	(1,354)
Total other comprehensive income	0	(50,456)	0	(50,456)
Total comprehensive income for the period	0	(50,456)	25,303	(25,153)
Transaction with owners of the Company, recorded directly in equity				
Distribution to owners				
Dividends to owners	0	0	(71,794)	(71,794)
Total transaction with owners	0	0	(71,794)	(71,794)
At 30 June 2018	1,055,901	103,711	1,949,893 *	3,109,505

**APPENDIX E – UNAUDITED RESULTS OF THE GROUP
FOR 2QFY2018 AND 1HFY2018**

	Share Capital	Other Reserves	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000	\$'000
		(Restated)	(Restated)	(Restated)
Group				
At 1 April 2017, as previously stated	1,055,901	32,874	1,929,411	3,018,186
Impact on adoption of new accounting standards	0	(30)	15,376	15,346
At 1 April 2017, restated	1,055,901	32,844	1,944,787	3,033,532
Total comprehensive income for the period				
Profit for the period	0	0	38,298	38,298
Other comprehensive income				
Available-for-sale financial assets - net change in fair value	0	34,837	0	34,837
Exchange differences arising on consolidation of foreign subsidiaries	0	(287)	0	(287)
Share of other comprehensive profit of associates, net of tax	0	5,502	0	5,502
Total other comprehensive income	0	40,052	0	40,052
Total comprehensive income for the period	0	40,052	38,298	78,350
Transaction with owners of the Company, recorded directly in equity				
Distribution to owners				
Dividends to owners	0	0	(71,794)	(71,794)
Total transaction with owners	0	0	(71,794)	(71,794)
At 30 June 2017	1,055,901	72,896	1,911,291	3,040,088

**APPENDIX E – UNAUDITED RESULTS OF THE GROUP
FOR 2QFY2018 AND 1HFY2018**

	Share Capital	Other Reserves	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000	\$'000
		(Restated)	(Restated)	(Restated)
Group				
At 1 January 2018, as previously stated	1,055,901	109,417	1,962,792	3,128,110
Impact on adoption of new accounting standards	0	(1,895)	2,769	874
At 1 January 2018, restated	1,055,901	107,522	1,965,561	3,128,984
Total comprehensive income for the period				
Profit for the period	0	0	56,126	56,126
Other comprehensive income: Items that will not be reclassified subsequently to profit or loss:				
Equity investments at fair value through other comprehensive income				
- net change in fair value	0	(2,966)	0	(2,966)
Items that may be reclassified subsequently to profit or loss:				
Debt investments at fair value through other comprehensive income				
- net change in fair value	0	(3,486)	0	(3,486)
- fair value reserve transferred to profit or loss	0	1,043	0	1,043
Exchange differences arising on consolidation of foreign subsidiaries	0	1,407	0	1,407
Share of other comprehensive income of associates, net of tax	0	191	0	191
Total other comprehensive income	0	(3,811)	0	(3,811)
Total comprehensive income for the period	0	(3,811)	56,126	52,315
Transaction with owners of the Company, recorded directly in equity				
Distribution to owners				
Dividends to owners	0	0	(71,794)	(71,794)
Total transaction with owners	0	0	(71,794)	(71,794)
At 30 June 2018	1,055,901	103,711	1,949,893 *	3,109,505

**APPENDIX E – UNAUDITED RESULTS OF THE GROUP
FOR 2QFY2018 AND 1HFY2018**

	Share Capital	Other Reserves	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000	\$'000
		(Restated)	(Restated)	(Restated)
Group				
At 1 January 2017, as previously stated	1,055,901	14,029	1,919,356	2,989,286
Impact on adoption of new accounting standards	0	0	16,244	16,244
At 1 January 2017, restated	1,055,901	14,029	1,935,600	3,005,530
Total comprehensive income for the period				
Profit for the period	0	0	47,485	47,485
Other comprehensive income				
Available-for-sale financial assets - net change in fair value	0	63,224	0	63,224
Exchange differences arising on consolidation of foreign subsidiaries	0	(7,877)	0	(7,877)
Share of other comprehensive profit of associates, net of tax	0	3,520	0	3,520
Total other comprehensive income	0	58,867	0	58,867
Total comprehensive income for the period	0	58,867	47,485	106,352
Transaction with owners of the Company, recorded directly in equity				
Distribution to owners				
Dividends to owners	0	0	(71,794)	(71,794)
Total transaction with owners	0	0	(71,794)	(71,794)
At 30 June 2017	1,055,901	72,896	1,911,291	3,040,088

* This included unrealised revaluation gains of \$434 million from the investment in 68 Holdings Pte. Ltd. The Board of Directors is, on grounds of financial prudence, of the view that these non-cash book gains should not be considered as available for distribution.

**APPENDIX E – UNAUDITED RESULTS OF THE GROUP
FOR 2QFY2018 AND 1HFY2018**

	Share Capital	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000
Company			
At 1 April 2018	1,055,901	603,263	1,659,164
Total comprehensive income for the period			
Profit for the period	0	9,921	9,921
Transaction with owners of the Company, recorded directly in equity			
Distribution to owners			
Dividends to owners	0	(71,794)	(71,794)
Total transaction with owners	0	(71,794)	(71,794)
At 30 June 2018	1,055,901	541,390	1,597,291

	Share Capital	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000
Company			
At 1 April 2017	1,055,901	623,167	1,679,068
Total comprehensive income for the period			
Profit for the period	0	14,981	14,981
Transaction with owners of the Company, recorded directly in equity			
Distribution to owners			
Dividends to owners	0	(71,794)	(71,794)
Total transaction with owners	0	(71,794)	(71,794)
At 30 June 2017	1,055,901	566,354	1,622,255

**APPENDIX E – UNAUDITED RESULTS OF THE GROUP
FOR 2QFY2018 AND 1HFY2018**

	Share Capital	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000
Company			
At 1 January 2018	1,055,901	599,759	1,655,660
Total comprehensive income for the period			
Profit for the period	0	13,425	13,425
Transaction with owners of the Company, recorded directly in equity			
Distribution to owners			
Dividends to owners	0	(71,794)	(71,794)
Total transaction with owners	0	(71,794)	(71,794)
At 30 June 2018	1,055,901	541,390	1,597,291

	Share Capital	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000
Company			
At 1 January 2017	1,055,901	633,735	1,689,636
Total comprehensive income for the period			
Profit for the period	0	4,413	4,413
Transaction with owners of the Company, recorded directly in equity			
Distribution to owners			
Dividends to owners	0	(71,794)	(71,794)
Total transaction with owners	0	(71,794)	(71,794)
At 30 June 2017	1,055,901	566,354	1,622,255

1(d)(ii) SHARE CAPITAL

Since the last financial year ended 31 December 2017, there has been no change in the issued and paid-up share capital of the Company (1,196,559,876 shares).

As at 30 June 2018, there were no unissued shares of the Company or its subsidiaries under option or other convertibles (30 June 2017: nil).

There were no treasury shares or subsidiary holdings as at 30 June 2018 (30 June 2017: nil). There were no sales, transfers, cancellation and/or use of treasury shares or subsidiary holdings during the financial period ended 30 June 2018.

APPENDIX E – UNAUDITED RESULTS OF THE GROUP FOR 2QFY2018 AND 1HFY2018

2. AUDIT OR REVIEW OF RESULTS BY AUDITORS

Certain financial information set out in sections 1, 4, 5, 6, 11 and 12 of this announcement has been extracted from the interim financial information which have been reviewed by the Company's independent auditors in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

3. AUDITORS' REPORT

Refer to the attached review report.

4. BASIS OF PREPARATION

Except as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the period ended 30 June 2018, as those applied in the Group's audited financial statements for the year ended 31 December 2017.

5. EFFECT OF CHANGES IN ACCOUNTING POLICIES AND METHODS

On 1 January 2018, the Group adopted the new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)) issued by the Accounting Standards Council (ASC). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I) issued by the ASC.

The adoption of the new SFRS(I) framework does not have a significant impact on the Group's financial statements, except for SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers*.

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new hedge accounting requirement. Under SFRS(I) 9, the Group has assessed and reclassified its previously available-for-sale investments to financial assets at fair value through other comprehensive income and recognised an expected credit loss on the debt investments as at 1 January 2018. The impact of the adoption of SFRS(I) 9 to the Group arising from this is a reclassification of \$1.2 million from fair value reserve (included in other reserves) to retained earnings as at 1 January 2018, resulting in a decrease in retained earnings.

The adoption of SFRS(I) 9 also resulted in a change of an associate's accounting policy for available-for-sale investments. The associate has reclassified these investments as financial assets at fair value through profit or loss as at 1 January 2018. The impact of the adoption of SFRS(I) 9 to the share of reserves of associate arising from this is a reclassification of \$3.1 million from fair value reserve (included in other reserves) to retained earnings as at 1 January 2018, resulting in an increase in retained earnings.

SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

APPENDIX E – UNAUDITED RESULTS OF THE GROUP FOR 2QFY2018 AND 1HFY2018

The Group has adopted SFRS(I) 15 using the retrospective approach and applies all of the requirements of SFRS(I) 15 retrospectively, except for the practical expedients used for completed contracts. Under SFRS(I) 15, the Group capitalises sales commission paid to property agents on the sale of property as incremental costs to obtain a contract with customer if these costs are recoverable. Sales commissions are amortised to profit or loss as the Group recognises the related revenue. Previously, the sales commissions were recognised as expenses in profit or loss when incurred.

Under SFRS(I) 15, the Group recognises the cost of its sold units as expenses when incurred. Previously, the Group recognised the cost of sales over time by reference to the stage of completion of construction activity at the end of the reporting period as certified by quantity surveyor/architect.

In addition, certain amounts of development properties (1 January 2017: \$204,612,000), representing the contract assets arising, have been reclassified to trade and accrued receivables.

The impact of the adoption of SFRS(I) 15 is as follows:

	At 1 Jan 2017	At 31 Dec 2017
	Increase/ (Decrease)	Increase/ (Decrease)
	\$'000	\$'000
Statement of financial position		
Development properties	(188,368)	874
Trade and accrued receivables	204,612	0
Total assets	16,244	874
Retained earnings	16,244	898
Others	0	(24)
Total equity	16,244	874

	Quarter ended 30 Jun 2017	Six-month ended 30 Jun 2017
	Increase/ (Decrease)	Increase/ (Decrease)
	\$'000	\$'000
Consolidated statement of profit or loss		
Cost of sales	(1,802)	(934)
Profit for the period	1,802	934

6. EARNINGS PER SHARE

	Quarter ended		Six-month ended	
	30 Jun 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017
		(Restated)		(Restated)
Basic earnings per share	2.11 cents	3.20 cents	4.69 cents	3.97 cents
Diluted earnings per share	2.11 cents	3.20 cents	4.69 cents	3.97 cents

Basic and diluted earnings per share are calculated based on the Group's profit attributable to Shareholders and on the weighted average number of shares of the Company in issue for the 2nd quarter and period ended 30 June 2018 of 1,196,559,876 (2017: 1,196,559,876).

APPENDIX E – UNAUDITED RESULTS OF THE GROUP FOR 2QFY2018 AND 1HFY2018

7. NET ASSET VALUE PER SHARE

Group		Company	
30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
	(Restated)		
\$2.60	\$2.61	\$1.33	\$1.38

8. REVIEW OF PERFORMANCE

Revenue and Profit

The Group achieved revenue of \$60 million for the 2nd quarter ended 30 June 2018, a decrease of 54% when compared to the same period last year. Profit after tax for the 2nd quarter ended 30 June 2018 was \$25 million.

The Group achieved revenue of \$116 million for the 6-month ended 30 June 2018, a decrease of 48% when compared to the same period last year. Profit after tax for the 6-month ended 30 June 2018 was \$56 million.

Revenue for the 2nd quarter and 6-month ended 30 June 2018 decreased as The Panorama and Ardmore Three were completely sold last year and lower sales from Scotts Square. This was partially offset by higher sales from 雍景山 and dividend income from the Group's investment in quoted securities.

The lower cost of sales for the 2nd quarter and 6-month ended 30 June 2018 corresponded to the lower revenue for property development.

Other income for the 2nd quarter and 6-month ended 30 June 2018 was higher due mainly to the interest income from higher cash balances.

The selling and marketing expenses were lower compared to the same period last year due mainly to sales in Ardmore Three during the previous year.

Other operating expenses for the 6-month ended 30 June 2018 were higher due mainly to the loss on early redemption of the Group's investment in quoted securities and \$1 million write-back of diminution in value made on The Panorama in the same period last year.

The Group's share of profit of associates was higher due mainly to recognition of profits from development in London (Holland Park Villas).

The lower tax expense for the 2nd quarter and 6-month ended 30 June 2018 corresponded to the lower revenue for property development and partially offset by the recognition of land appreciation tax for 雍景山 upon handover of units.

Net Cash Flow

Net cash flow generated from operating activities for the 6-month ended 30 June 2018 was \$37 million, mainly due to sales proceeds received from the development properties. This was partially offset by payment of dividends. For investing activities, the Group has received proceeds of \$43 million from early redemption of quoted securities.

APPENDIX E – UNAUDITED RESULTS OF THE GROUP FOR 2QFY2018 AND 1HFY2018

Property Review as at 30 June 2018

Scotts Square is 90% sold (303 out of 338 units). Of the remaining unsold inventory, 96% of the 25 units earmarked for lease are tenanted.

Both The Panorama and Ardmore Three were completely sold in June and November 2017 respectively.

In China, about 99.5% or 877 of the 881 units launched in Phase 1, 2A and 3 of 雍景山 have been sold.

Occupancy in our investment properties remained high. Overall occupancy for Wheelock Place was 96%, whilst that for Scotts Square Retail was 97%.

9. VARIANCE FROM PROSPECT STATEMENT

No forecast has been prepared. The Group's performance for the period under review is broadly in line with the prospect statement made when the 1st quarter of 2018 financial results were announced.

10. CURRENT YEAR'S PROSPECTS

Rental income from Wheelock Place and Scotts Square Retail, as well as the Group's investments in quoted securities, will continue to contribute to the Group's recurring income.

The associate, Hotel Properties Limited, will continue marketing the remaining completed residential properties in London. Their hotels and resorts are expected to continue their contributions although geopolitical risks remain in certain regions.

Marketing is on-going for the remaining completed residential apartments in Scotts Square.

The construction of the highrise apartments of Phase 2A of 雍景山 has been completed and units are currently being handed over to purchasers. Construction for Phase 3 is currently in progress and sales are on-going.

11. DIVIDEND

The Directors do not recommend any interim dividend for the 2nd quarter ended 30 June 2018 (30 June 2017: nil)

ADDITIONAL INFORMATION

12. SEGMENTAL INFORMATION

The Group has three reportable segments as described below:

Property development: The development, construction and sale of development properties.

Property investment: The holding and management of investment properties.

Investments: The holding of investments in quoted securities.

Other operations include investment holding company and provision of management services.

**APPENDIX E – UNAUDITED RESULTS OF THE GROUP
FOR 2QFY2018 AND 1HFY2018**

	Property Development	Property Investment	Investments	Other Operations	Inter- segment Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Quarter ended 30 Jun 2018						
Total revenue from external customers	36,560	14,670	8,682	0	0	59,912
Inter-segment revenue	0	359	0	792	(1,151)	0
Reportable segment profit/ (loss) before taxation	10,313	9,418	8,670	(1,208)	(55)	27,138
Share of profit of associates, net of tax						2,129
Profit before taxation						29,267

	Property Development	Property Investment	Investments	Other Operations	Inter- segment Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	(Restated)					(Restated)
Quarter ended 30 Jun 2017						
Total revenue from external customers	107,114	15,054	6,564	0	0	128,732
Inter-segment revenue	0	505	0	1,068	(1,573)	0
Reportable segment profit before taxation	25,327	10,474	5,693	876	1,469	43,839
Share of profit of associates, net of tax						2,513
Profit before taxation						46,352

**APPENDIX E – UNAUDITED RESULTS OF THE GROUP
FOR 2QFY2018 AND 1HFY2018**

	Property Development	Property Investment	Investments	Other Operations	Inter-segment Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Six-month ended 30 Jun 2018						
Total revenue from external customers	76,431	29,671	9,783	0	0	115,885
Inter-segment revenue	0	752	0	1,563	(2,315)	0
Reportable segment profit/ (loss) before taxation	15,602	19,106	8,652	(2,346)	(57)	40,957
Share of profit of associates, net of tax						21,995
Profit before taxation						62,952

	Property Development	Property Investment	Investments	Other Operations	Inter-segment Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	(Restated)					(Restated)
Six-month ended 30 Jun 2017						
Total revenue from external customers	184,176	30,132	8,159	0	0	222,467
Inter-segment revenue	0	1,010	0	2,056	(3,066)	0
Reportable segment profit before taxation	22,837	19,927	7,423	2,072	1,572	53,831
Share of profit of associates, net of tax						3,521
Profit before taxation						57,352

APPENDIX E – UNAUDITED RESULTS OF THE GROUP FOR 2QFY2018 AND 1HFY2018

13. COMMENTS ON SEGMENT RESULTS

Lower revenue for property development for the 2nd quarter and 6-month ended 30 June 2018 as The Panorama and Ardmore Three were completely sold last year and lower sales from Scotts Square. This was partially offset by higher sales from 雍景山.

The increase in revenue and profit for investments for the 2nd quarter and 6-month ended 30 June 2018 was due mainly to higher dividend from the Group's investments. This was partially offset by lower interest income from the Group's investment in quoted securities.

14. INTERESTED PERSON TRANSACTIONS

The Company has not obtained a general mandate from shareholders for interested person transactions.

15. CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

The Board of Directors of the Company confirms that to the best of its knowledge, nothing has come to the attention of the Board which may render the financial statements for the 2nd quarter ended 30 June 2018 to be false or misleading in any material respects.

16. CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

17. SUBSEQUENT EVENT

On 19 July 2018, a voluntary unconditional general offer was made by DBS Bank Ltd., for and on behalf of Star Attraction Limited (the "Offeror") for all issued and paid-up ordinary shares in the capital of the Company, other than those shares already owned or agreed to be acquired by the Offeror. Please refer to the Offer Announcement dated 19 July 2018 and Offer Document dated 10 August 2018 for more information.

The Singapore Code on Take-Overs and Mergers

The unaudited results for the 2nd quarter and 6-month period ended 30 June 2018 have been reported on in accordance with The Singapore Code on Take-overs and Mergers.

Auditors' Consent

KPMG LLP, named as the auditors of the Company in the Unaudited Condensed Interim Financial Statements for the 6-month period ended 30 June 2018 (the "Interim Financial Information"), has given and has not withdrawn its written consent to the release of its review letter dated 13 August 2018 on the Interim Financial Information of the Group for purpose of attachment to the Company's announcement on its unaudited results for the period ended 30 June 2018, and all references to its name in the form and context in which they appear herein.

APPENDIX E – UNAUDITED RESULTS OF THE GROUP FOR 2QFY2018 AND 1HFY2018

Independent Financial Adviser's Consent

PrimePartners Corporate Finance Pte. Ltd., the independent financial adviser to the directors of the Company who are considered independent for the purposes of the offer by Star Attraction Limited for all the issued ordinary shares of the Company, has given and has not withdrawn its consent to the release of the unaudited results for the 2nd quarter and 6-month period ended 30 June 2018 with the inclusion therein of its name and its letter dated 13 August 2018.

By Order of the Board

Pearly Oon
Company Secretary
13 August 2018

APPENDIX E – UNAUDITED RESULTS OF THE GROUP FOR 2QFY2018 AND 1HFY2018



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16 Raffles Quay #22-00
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Singapore 048581

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The Board of Directors
Wheelock Properties (Singapore) Limited
501 Orchard Road
#11-01 Wheelock Place
Singapore 238880

Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed consolidated statements of financial position of Wheelock Properties (Singapore) Limited (the “Company”) and its subsidiaries (the “Group”) and the condensed statement of financial position of the Company as at 30 June 2018, the related condensed consolidated statements of profit or loss and condensed consolidated statements of comprehensive income of the Group for the three-month and six-month period ended 30 June 2018, the condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group for the six-month period ended 30 June 2018, and certain explanatory notes (the “Interim Financial Information”). Management is responsible for the preparation and presentation of this Interim Financial Information in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this Interim Financial Information based on our review.

Scope of review

We conducted our review in accordance with the Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not prepared, in all material respects, in accordance with FRS 34 *Interim Financial Reporting*.

APPENDIX E – UNAUDITED RESULTS OF THE GROUP FOR 2QFY2018 AND 1HFY2018

*Wheelock Properties (Singapore) Limited and its subsidiaries
Interim Financial Information
Six-month period ended 30 June 2018*



Other matters

We have not carried out a review in accordance with Singapore Standards on Review Engagements on the interim financial information for the three-month and six-month periods ended 30 June 2017 included as comparative figures in this interim financial information, as the Group was not required to present reviewed financial information for those periods. The interim financial information for the three-month and six-month periods ended 30 June 2017 is the responsibility of management and directors.

Restriction of use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Interim Financial Information for the purpose of assisting the Company to comply with Rule 25 of the Singapore Code on Take-overs and Mergers, and for no other purpose. Our report is included in the Company's announcement of its unaudited results for the period ended 30 June 2018, for the information of its members. We do not assume responsibility to anyone other than the Company for our work, for our report, or for the conclusions we have reached in our report.

KPMG LLP

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
13 August 2018

**APPENDIX E – UNAUDITED RESULTS OF THE GROUP
FOR 2QFY2018 AND 1HFY2018**



PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

13 August 2018

The Board of Directors of
Wheelock Properties (Singapore) Limited
501 Orchard Road #11-01
Wheelock Place
Singapore 238880

Dear Sirs,

WHELOCK PROPERTIES (SINGAPORE) LIMITED (THE "COMPANY")

VOLUNTARY UNCONDITIONAL CASH OFFER FOR ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE SHARE CAPITAL OF THE COMPANY, NOT ALREADY OWNED OR AGREED TO BE ACQUIRED BY STAR ATTRACTION LIMITED (THE "OFFEROR")

On 19 July 2018, DBS Bank Ltd. announced for and on behalf of the Offeror, a voluntary unconditional cash offer (the "Offer") for all the issued and paid-up ordinary shares (the "Shares") in the share capital of the Company, other than those Shares already owned or agreed to be acquired by the Offeror as at the date of the Offer.

On 13 August 2018, the Company announced its unaudited consolidated results for the second quarter ended 30 June 2018 (the "2Q2018 Results"). This letter has been prepared for inclusion in the 2Q2018 Results and we have given and have not withdrawn our consent to the release of the 2Q2018 Results with the inclusion therein of our name and this letter dated 13 August 2018.

We have examined the 2Q2018 Results and have discussed the same with the management of the Company who are responsible for its preparation. We have also considered the report by KPMG LLP (the Company's auditors) dated 13 August 2018 on their review of the unaudited condensed interim financial information for the half year ended 30 June 2018. For the purpose of this letter, we have relied on and assumed the accuracy and completeness of all information provided to us by the Company. Save as provided in this letter, we do not express any other opinions or views on the 2Q2018 Results. The Board of Directors of the Company remains solely responsible for the 2Q2018 Results.

Based on the above, we are of the opinion that the 2Q2018 Results have been prepared by the Company after due and careful enquiry.

This letter is provided to the Board of Directors of the Company solely for the purpose of complying with Rule 25 of the Singapore Code of Take-overs and Mergers and not for any other purpose. We do not accept any responsibility to any person(s), other than the Board of Directors of the Company in respect of, arising out of, or in connection with this letter.

Yours sincerely
For and on behalf of
PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

A handwritten signature in black ink, appearing to be "Gerald Ong", written over a horizontal line.

Gerald Ong
Chief Executive Officer

A handwritten signature in black ink, appearing to be "Mark Liew", written over a horizontal line.

Mark Liew
Chief Operating Officer

PrimePartners Corporate Finance Pte. Ltd. (Co Regn No: 200207389D)
16 Collyer Quay #10-00 Income at Raffles Singapore 049318 Tel: (65) 6229 8088 Fax: (65) 6229 8089

APPENDIX F – EXTRACTS FROM THE COMPANY’S CONSTITUTION

The provisions in the Constitution relating to rights of Shareholders in respect of capital, voting and dividends.

All capitalised terms used in the following extracts shall have the same meanings ascribed to them in the Constitution and/or the Companies Act, a copy of which is available for inspection at the registered office of the Company at 501 Orchard Road #11-01, Wheelock Place, Singapore 238880, during normal business hours until the Closing Date.

(A) RIGHTS IN RESPECT OF CAPITAL

SHARE CAPITAL

- | | | |
|----|---|--|
| 6. | Subject to Applicable Laws and these Regulations relating to new shares and to any special rights attached to any share for the time being issued, all shares shall be under the absolute control of the Members in General Meeting but subject thereto, the Directors may allot, grant options over or otherwise dispose of the same to such persons on such terms and conditions, for such consideration, at such times as the Directors may determine provided that the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same. | Shares under control of General Meeting. |
| 7. | The Company in General Meeting may authorise the Directors to exercise any power of the Company to issue shares and convertible securities, such authority being confined to a particular exercise of that power or generally. Any such authority may be unconditional or subject to conditions and shall continue in force until the conclusion of the Annual General Meeting commencing next after the date on which the approval was given or the expiration of the period within which the next Annual General Meeting after that date is required by Applicable Laws to be held (whichever is earlier) but may be previously revoked or varied by the Company in General Meeting. Notwithstanding that the authority conferred by the Company in General Meeting to the Directors may have ceased to be in force, the Directors may issue shares in pursuance of any instrument made or granted by the Directors while such authority was in force in the manner permitted by Applicable Laws. | Authority to Directors to issue shares. |
| 8. | (1) Any share in the Company may be issued with such preferred, deferred, or other special rights, or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine. | Company may issue shares with preferred, deferred or other special rights. |
| | (2) The Company may issue shares for such consideration (if any) payable to the Company in such manner permitted under Applicable Laws. | Issue of shares. |

APPENDIX F – EXTRACTS FROM THE COMPANY’S CONSTITUTION

- (3) Subject to the provisions of Applicable Laws (and these Regulations) the Company may issue preference shares which are, or at the option of the Company are, liable to be redeemed on such terms and in such manner as the Company before the issue thereof may by Ordinary Resolution determine. Where required by Applicable Laws, the total number of issued preference shares shall not at any time exceed the total number of issued ordinary shares.
9. In the event of the Company at any time issuing preference capital, the Company shall have power to issue further preference capital ranking equally with or in priority to the preference shares already issued and the rights conferred upon the holders of preference shares shall not unless otherwise expressly provided by the conditions of issue of such shares be deemed to be altered by the creation or issue of such further preference capital ranking equally with or in priority thereto. Issue of further preference shares.
10. Subject to the provisions of Applicable Laws, all or any of the special rights or privileges for the time being attached to any preference shares for the time being issued may from time to time (whether or not the Company is being wound up) be modified, affected, altered or abrogated and preference capital other than redeemable preference shares may be repaid if authorised by Special Resolution passed by Members in respect of such preference shares at a special meeting called for the purpose. Save as provided hereunder and unless required under Applicable Laws, all the provisions of these Regulations as to General Meetings of the Company shall mutatis mutandis apply to any such special meeting but so that the necessary quorum shall be two persons at least being or representing by proxy Members in respect of not less than one-quarter of the preference shares issued (and if at any adjourned meeting of such Members such quorum as aforesaid is not present, any two Members in respect of such preference shares who are personally present shall be a quorum) and that every such Member shall be entitled on a poll to one vote for every preference share held by him, and that any such Member present either in person or by proxy may demand a poll. Alteration of rights of preference shareholders.

Provided that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing if obtained from the Members in respect of three-fourths of the preference shares concerned within two months of the meeting shall be as valid and effectual as a Special Resolution carried at the meeting.

APPENDIX F – EXTRACTS FROM THE COMPANY’S CONSTITUTION

- | | | |
|-----|---|------------------------------------|
| 11. | Preference shareholders shall have the same rights as ordinary shareholders as regards the receiving of notices, reports and balance sheets and the attending of General Meetings of the Company. Unless the conditions of the issue of the relevant class of preference shares provide otherwise and unless the terms therein comply with Applicable Laws, preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital of the Company or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or where the dividend on the preference shares is more than six months in arrears. | Rights of preference shareholders. |
| 12. | If by the conditions of allotment of any shares, the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the persons who for the time being, and from time to time, shall be the Members in respect of the shares, or their legal personal representatives. | Instalments of shares. |
| 13. | Save as otherwise permitted by Applicable Laws, the repayment of preference capital other than redeemable preference capital, or any alteration of preference shareholders’ rights, may only be made pursuant to a Special Resolution of the preference shareholders concerned, provided always that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two months of the meeting, shall be as valid and effectual as a Special Resolution carried at the meeting. | Repayment of preference capital. |
| 14. | The Company may pay a commission to any person in consideration of his subscribing, or agreeing to subscribe, whether absolutely or conditionally, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the capital of the Company or options therefor or debentures or debenture stock of the Company. Any such commission may be paid in whole or in part in cash or fully or partly paid shares of the Company or options therefor as may be arranged, and the Company may, in addition to, or in lieu of, such commission, in consideration of any person so subscribing or agreeing to subscribe, whether absolutely or conditionally, or of his procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the Company or options therefor, confer on any such person an option to call within a specified time for a specified number or amount of shares in the Company at a specified price or on such other terms and conditions as the Directors may deem fit. The payment or agreement to pay a commission or the conferring of an option shall be in the discretion of the Directors on behalf of the Company. The requirements of the provisions of Applicable Laws shall be observed. | Commission for subscribing. |

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15. If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may, subject to the conditions and restrictions required in Applicable Laws, pay interest on so much of the share capital (except treasury shares) as is for the time being paid up and may charge the same to capital as part of the cost of the construction or provision. Power to charge interest on capital.
16. (1) The Company and CDP shall not be bound to register more than three persons as the joint holders of any share except in the case of executors or administrators (or trustees) of the estate of a deceased Member. Joint holders and Depositors.
- (2) Subject to Regulation 16(1), any two or more persons may be registered as joint holders of any share or named in the Depository Register as joint Depositors. In the case of the death of any one or more of the joint registered holders or joint Depositors of any share, the survivors shall be the only persons recognised by the Company as having any title to or interest in such share but the Company may require such evidence of death as it may deem fit.
- (3) Any one of the joint holders of any share or joint Depositors may give effectual receipts for any dividends, bonuses or other moneys payable to such joint holders or joint Depositors. The first named on the Register or the Depository Register shall, however, as regards voting, proxy, service of notices and delivery of certificates and dividend warrants, be deemed to be the sole owner of such share and any notice given to such person shall be deemed notice to all the joint holders or joint Depositors, as the case may be.
- (4) The joint holders of any share or the joint Depositors in respect of any share shall be liable jointly and severally in respect of all calls, payments and liabilities in respect of such share.
17. Save as herein otherwise provided the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and a Depositor as the absolute owner of the number of shares which are entered against his name in the Depository Register and accordingly shall not be bound (except as ordered by a court of competent jurisdiction or as required under Applicable Laws) to recognise even when having notice of any equitable or other claim to or interest in any such share on the part of any person. Member absolute owner.

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| 18. | No person shall exercise any rights or privileges as a Member until his name shall have been entered in the Register or the Depository Register and he shall have paid all calls and other moneys for the time being due and payable on any share in respect of which he is a Member alone or jointly with any other person. | Exercise of rights of Members. |
| 19. | The Company shall not give any financial assistance for the purpose of or in connection with the acquisition or proposed acquisition of any shares in the Company or its holding company (if any) unless the same is permitted by Applicable Laws. | Company not to give financial assistance for acquisition of shares. |
| 20. | Subject to and in accordance with Applicable Laws, the Company may purchase or otherwise acquire shares (whether ordinary preference, treasury or otherwise), options, stocks, debentures, debenture stocks, bonds, obligations, securities, and all other equity, derivative, debt and financial instruments issued by it on such terms as the Company may think fit and to the extent permitted and in the manner prescribed by such Applicable Laws. If required by any Applicable Laws, all shares so purchased or acquired by the Company shall, unless held in treasury in accordance with Applicable Laws, be immediately cancelled. On cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, Applicable Laws. | Company may acquire its own shares. |

SHARE CERTIFICATE

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| 21. | Every certificate for shares shall be under the Seal or the Share Seal as provided in Regulation 138. | Share certificates. |
| 22. | Every registered holder shall be entitled to receive, and the Company shall allot and despatch to CDP for the account of every Depositor who is a Member, within such period as may be permitted and/or required under Applicable Laws of the closing date for the subscription of securities or within such period as the conditions of issue shall provide or, where applicable, within such period as may be permitted and/or required under Applicable Laws after the day of lodgement of a registered transfer (as defined in Regulation 44) (other than such transfer as the Company is for any reason entitled to refuse to register and does not register), one certificate in respect of each class of shares held by him or registered in the name of CDP, as the case may be, for all his shares or shares registered in the name of CDP, as the case may be, of that class or several certificates in such denominations as the Company shall, in its absolute discretion but subject to Applicable Laws, consider reasonable for his shares or shares registered in the name of CDP, as the case may be, of that class, in the case of the registered holder, upon payment of two dollars per certificate (or such lesser sum as the Directors shall from time to time determine) and in the case of a Depositor, the Directors shall waive all payments for every certificate after the first Provided That (i) the Company shall not be bound to issue more than one certificate | Registered holder's right to certificate. |

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in respect of a share held jointly by several persons (including Depositors) and delivery thereof to one of several joint holders or, in the case of shares registered in the name of CDP, to CDP, shall be sufficient delivery to all such holders (including Depositors) and (ii) where a registered holder or CDP has transferred part of his shares or shares registered in the name of CDP, as the case may be, comprised in a share certificate the Company shall without charge and within such period as may be permitted and/or required under Applicable Laws after the lodgement of the registered transfer despatch to the registered holder or CDP as the case may be a certificate in respect of the shares not transferred.

23. Every certificate of shares shall specify the information required by Applicable Laws, including the distinctive number and class of shares in respect of which it is issued, whether the shares are fully or partly paid up and the amount (if any) unpaid thereon. None of the shares shall be required to have a distinguishing number. Certificates shall specify number of shares.
24. Subject to the provisions of Applicable Laws, if any such certificate shall be defaced, worn out, destroyed, stolen or lost, it may be replaced on such evidence being produced and on such indemnity or undertaking (if required) being given by the Member, registered holder, CDP, transferee, person entitled thereto or the purchasing member company of the Exchange or on behalf of its client as the Directors shall require and (in the case of defacement or wearing out) on delivery up of the old certificate and (in any case) on payment of such sum not exceeding two dollars per replacement certificate as the Directors may from time to time require. In the case of theft, destruction or loss the person entitled to such replacement certificate shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such theft, destruction or loss and to such indemnity or undertaking. Issue of replacing certificates.
25. The certificates of shares, or options in respect of shares, registered in the names of two or more persons may, without prejudice to the provisions of Regulation 22, be delivered to the person first named on the Register or, in the case of shares or option registered in the name of CDP, to CDP. Delivery of share certificates.

LIEN ON SHARES

26. The Company shall have a first and paramount lien on every share (not being a fully-paid share) and all dividends or interests from time to time declared in respect thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share, and the Company shall also have a lien on all shares standing registered in the name of a single person or joint persons or in respect of which a Depositor is or joint Depositors are named in the Depository Register and all dividends or interests from time to time declared in respect thereof for all moneys presently payable by such person, or in the case of a joint holder or Depositor, either such person or his estate to the Company. The Company’s lien shall be restricted to unpaid calls and Company’s lien on shares.

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instalments, costs, charges and expenses referred to in Regulation 32 and interest (if any) on the specific shares in respect of which such amounts are due and unpaid and to such amounts as the Company may be called upon by Applicable Laws to pay in respect of the shares of the Member or deceased Member and shall also pay all costs, charges and expenses which the Company may have incurred or become liable for in order to recover payment of or in consequence of non-payment of such call. The Board may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Regulation.

27. For the purpose of enforcing such lien the Directors may sell all or any of the shares subject thereto in such manner as they think fit, but no sale shall be made until such time as the moneys in respect of which such lien exists or some part thereof are presently payable, and until a notice in writing stating the amount due and demanding payment, and giving notice of intention to sell in default, shall have been served in such a manner as the Directors shall think fit on such Member or the person (if any) entitled by transmission to the shares, and default in payment shall have been made by him or them for seven days after such notice. Right to enforce lien by sale.
28. The net proceeds of any such sale shall be applied in or towards satisfaction of the unpaid calls, accrued interest and expenses and the residue (if any) shall be paid to the Member or his executors, administrators or assignees or as such Member shall direct. Application of proceeds of sale.
29. To give effect to any such sale the Directors may authorise some person to transfer the shares sold to the purchaser and the Directors may enter the purchaser’s name in the Register as holder of the shares or may request CDP to enter the purchaser’s name in the Depository Register as the Depositor thereof, and the purchaser shall not be bound to see to the regularity or validity of, or be affected by any irregularity or invalidity in the proceedings or be bound to see to the application of the purchase money, and after his name has been entered in the Register or the Depository Register the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only. How sale to be effected.

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CALLS ON SHARES

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| 30. | The Directors may from time to time make calls upon the Members in respect of any moneys unpaid on their shares or on any class of their shares and not by the conditions of allotment thereof made payable at fixed times, and each Member shall (subject to his having been given at least fourteen 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. A call may be made payable by instalments. A call may be revoked or postponed as the Directors may determine. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. | Powers of Directors to make calls. |
| 31. | The joint holders of a share or the joint Depositors in respect of a share shall be jointly and severally liable to pay all calls or instalments and interest or costs, charges and expenses referred to in Regulation 32 (if any) in respect thereof. | Joint and several liability of holders and Depositors. |
| 32. | If before or on the day appointed for payment thereof a call or instalment thereof payable in respect of a share is not paid, the person from whom the amount of the call or instalment is due shall pay interest on such amount at the rate of ten per cent. per annum or such other rate as the Directors shall decide from time to time from the day appointed for payment thereof to the time of actual payment, and shall also pay all costs, charges and expenses which the Company may have incurred or become liable for in order to recover payment of or in consequence of non-payment of such call or instalment, but the Directors may waive payment of such interest, costs, charges and expenses wholly or in part. | Interest on unpaid calls. |
| 33. | Any sum which by the terms of allotment of a share is made payable upon issue or at any fixed date and any instalment of a call shall for all purposes of these Regulations be deemed to be a call duly made and payable on the date fixed for payment, and in case of non-payment the provisions of these Regulations as to payment of interest, costs, charges and expenses, forfeiture and the like, and all the other relevant provisions of Applicable Laws or of these Regulations shall apply as if such sum were a call duly made and notified as hereby provided. | Sums payable under terms of allotment to be deemed calls. |
| 34. | The Directors may from time to time make arrangements on the issue of shares for a difference between the Members in respect of such shares in the amount of calls to be paid and in the time of payment of such calls. | Difference in calls between various Members. |
| 35. | Any Member may with the sanction of the Directors and upon such terms as to payment of dividends or interest or otherwise as the Directors may determine make payments in advance of calls. Capital paid on shares in advance of calls shall not, whilst carrying interest, confer a right to participate in profits. The Board may at any time repay the amount so advanced on giving to such Member not less than 3 months’ notice in writing of its intention in that behalf, unless before | Payment of calls in advance. |

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the expiration of such notice the amount so advanced shall have been called up on the share in respect of which it was advanced.

FORFEITURE OF SHARES

36. If any Member fails to pay the whole or any part of any call or instalment or interest, costs, charges or expenses referred to in Regulation 32, on or before the day appointed for the payment of the same, the Directors may at any time thereafter during such time as the call or instalment or interest, costs, charges or expenses remain unpaid serve a notice on such Member requiring him to pay the same, together with any interest (including interest upon interest) and expenses that may have been incurred by the Company by reason of such non-payment. Notice to be given of intended forfeiture.
37. The notice shall name a further day (not being less than fourteen days from the date of service of the notice) and a place on and at which such call or instalment or interest, costs, charges or expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or instalment or interest, costs, charges or expenses is payable shall be liable to be forfeited. Form of notice.
38. If the Member shall fail to comply with the requirements of any notice as aforesaid, any share in respect of which the notice has been given, may at any time thereafter, before payment of all such calls or instalments or interest, costs, charges and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. If notice not complied with shares may be forfeited.
39. Any share so forfeited shall be deemed to be the property of the Company, and the Directors may sell, re-allot, or otherwise dispose of the same upon such terms and in such manner as they think fit. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may effect a transfer of the share in favour of the person to whom the share is sold or disposed and his name shall thereupon be entered in either the Register or the Depository Register, as may be appropriate, in respect of the share and shall not be bound to see 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 in reference to the forfeiture, sale, re-allotment or disposal of the share and after registration of the transfer, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only. Forfeited shares property of Company.

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40. When any share shall have been so forfeited notice of the resolution shall be given to the Member in respect of such share prior to the forfeiture and an entry of the forfeiture with the date thereof shall forthwith be made in the Register and the Company shall request CDP to make a corresponding entry in the Depository Register. The provisions of this Regulation are directory only and no forfeiture shall be in any manner invalidated by any omission to give such notice or to make such entry as aforesaid.
- Notice of forfeiture to be given to Members.
41. The Directors may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such terms as they think fit.
- Power to annul forfeiture.
42. The Board may accept a surrender of any share liable to be forfeited hereunder. Any Member whose or in respect of whom shares shall have been forfeited or surrendered shall cease to be a Member in respect of the forfeited or surrendered shares but shall, notwithstanding, be liable to pay, and shall forthwith pay to the Company all calls or instalments or interest, costs, charges and expenses owing upon or in respect of such shares at the time of forfeiture or surrender, as if the shares had not been forfeited or surrendered and to satisfy all (if any) the claims and demands which the Company might have enforced in respect of the shares at the time of forfeiture or surrender without any deduction or allowance for the value of the shares at the time of forfeiture or surrender together with any interest thereon from the time of forfeiture or surrender until payment, at the rate of eight per cent. per annum or such other rate as may be prescribed by the Directors and the Directors may enforce the payment of such moneys or any part thereof if they think fit, but shall not be under any obligation so to do. Any residue after the satisfaction of the unpaid calls, accrued interest, costs, charges and expenses shall be paid to the Member, his executor, administrator or assignee or as he directs.
- Liability on forfeited share.
- The forfeiture or surrender of a share shall involve the extinction at the time of forfeiture or surrender of all interest in and all claims and demands against the Company in respect of the shares, and all other rights and liabilities incident to the share as between the Member whose share is forfeited or surrendered and the Company, except only such of those rights and liabilities as are by these Regulations expressly saved, or as are by Applicable Laws given or imposed in the case of past Members.
43. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that shares in the Company have been duly forfeited or surrendered 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 shares.
- Declaration by Director conclusive of fact of forfeiture.

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TRANSFER OF SHARES

44. Subject to the restrictions of these Regulations and any restrictions imposed by Applicable Laws or the Exchange or CDP, any Member may transfer all or any of his shares, but every transfer by any Member must either be by means of:–
- Member may transfer shares.
- (a) an instrument in the form approved by the Exchange and required by Applicable Laws, which must be left at the Office or such other place or places as the Directors may appoint from time to time for registration, duly stamped and accompanied by the certificates of the shares to be transferred, and such other evidence (if any) as the Directors may require to prove the title of the intending transferor or his right to transfer the shares (“a registered transfer”); or
- (b) book-entry in the Depository Register in accordance with Applicable Laws.
45. The instrument of transfer of a share which is the subject of a registered transfer shall be signed by or on behalf of both the transferor and the transferee and be witnessed and the transferor shall be deemed to remain the holder of the share concerned until the name of the transferee is entered in the Register in respect thereof. CDP may transfer any share in respect of which its name is entered in the Register by means of a registered transfer. CDP shall not be required as transferee to sign any form of transfer for the transfer of shares to it. The Directors may dispense with the execution of the instrument of transfer by the transferee and the requirement that the instrument of transfer be witnessed in any case in which they think fit in their discretion so to do. Shares of different classes shall not be comprised in the same instrument of transfer. This Regulation 45 shall not apply to any transfer of shares by way of book-entry in compliance with Applicable Laws.
- Instrument of transfer to be executed.
46. No share shall in any circumstances be issued or transferred to any infant, bankrupt or mentally disordered person but nothing herein contained shall be construed as imposing on the Company any liability in respect of the registration of such transfer if the Company has no actual knowledge of the same.
- Restriction on transfer.

Nothing in this Regulation shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

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| 47. | In the case of registered transfers, all instruments of transfers submitted and the certificates of the shares to which they refer which shall be registered shall be retained by the Company, but any instrument of transfer and the certificates of the shares to which they refer which the Directors may refuse to register shall (except in any case of fraud) be returned to the party presenting the same. If a certificate lodged and retained comprises more shares than the transfer, a new certificate for the residue shall be issued without payment to the transferor. | Instrument of transfer to be retained. |
| 48. | In the case of a registered transfer, a fee not exceeding two dollars (or such other sum as may be permitted under the rules for the time being of the Exchange) for each transfer as the Directors may from time to time determine shall be charged for the registration of a transfer except that CDP shall not be liable to pay any fee in respect of the registration of a transfer. | Transfer fee. |
| 49. | In the case of a registered transfer, the Directors may in their discretion and without assigning any reason therefor decline to register any transfer of shares on which the Company has a lien, but there shall be no restriction on the transfer of fully paid securities except where required by Applicable Laws. | Power of directors to refuse to register transfer. |
| 50. | In the case of a registered transfer, if the Directors refuse to register any transfer of any shares they shall serve on the transferor and transferee, within thirty days, or such other period as may be permitted and/or required under Applicable Laws, of the day on which the transfer was lodged with the Company (or such other period as may be approved by the Exchange), a notice in writing informing each of them of such refusal and the reasons therefor. | Notice of refusal to register to be sent by Company. |
| 51. | The Company shall provide a book to be called “Register of Transfers”, which shall be kept under the control of the Directors, and in which shall be entered the particulars of every transfer or transmission of shares (other than a transfer or transmission of shares by means of book-entry in the Depository Register). | Register of Transfers. |
| 52. | The Register of Transfers may be closed at such times and for such period as the Directors may from time to time determine, provided always that it shall not be closed for more than thirty days in any calendar year, and during such periods the Directors may suspend the registration of transfers. Notice of such closure, being given within such period as may be permitted and/or required under Applicable Laws, shall be advised to any stock exchange upon which the Company is listed, stating the period and purpose or purposes for which the closure is being made. | Closure of Register of Transfers. |

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53. Subject as hereinbefore provided and subject to any Applicable Laws requiring the Company to keep and maintain company records, the Company shall be entitled to destroy:– Destruction of records.

- (a) at any time after the expiration of six years from the date of registration thereof or on which an entry in respect thereof shall have been made (as the case may be), all instruments of transfer of shares, options, warrants, loan stocks or debentures or other forms of security of the Company which shall have been so registered or entered and all letters of request, renounced allotment letters, renounceable share certificates, forms of acceptance and transfer and applications for allotment and all records on microfilm or on any other system of data recording and storage;
- (b) at any time after the expiration of one year from the date of cancellation thereof, all registered certificates for shares or debentures or representing any other form of security of the Company (being certificates for shares, debentures or other securities in the name of a transferor and in respect whereof the Company has registered a transfer) and all mandates and other written directions as to the payment of dividends or interest (being mandates or directions which have been cancelled); and
- (c) at any time after the expiration of one year from the date of the recording thereof, all notifications of change of name or address;

and it shall conclusively be presumed in favour of the Company that:–

- (i) every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered;
- (ii) every certificate for shares or debentures or representing any other form of security so destroyed was a valid certificate duly and properly cancelled; and
- (iii) every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company.

Provided that:–

- (1) the provisions aforesaid shall apply only to the destruction of documents in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;

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- (2) nothing herein contained shall be construed as imposing on the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any case where the conditions of Proviso (1) above are not fulfilled;
- (3) references herein to the destruction of any documents include references to the disposal thereof in any manner; and
- (4) any document referred to in this Regulation 53(b) and (c) may be destroyed at a date earlier than that authorised by this Regulation provided that a copy of such document shall have been made in any form whether in electronic or digital form which shall not be destroyed before the expiration of the period applicable to the destruction of the original of such document and in respect of which the Directors shall take adequate precautions for guarding against falsification and for facilitating its production.

TRANSMISSION OF SHARES

- 54. In the case of the death of a Member, the survivor where the deceased was a joint registered holder or a joint Depositor, and the legal personal representative of the deceased where he was a sole or only surviving registered holder or joint Depositor, save as otherwise provided herein or required or provided by Applicable Laws, shall be the only person recognised by the Company as having any title to or interest in respect of his shares, but nothing herein contained shall release the estate of a deceased holder or Depositor from any liability in respect of any share in respect of which he was a Member solely or jointly. Transmission of shares.

- 55. Any person becoming entitled to a share in consequence of the death or bankruptcy of a registered holder of a share shall upon producing such evidence of his title as the Directors may require, have the right either to be registered himself as the holder of the share or to make such transfer thereof as the deceased or bankrupt holder could have made, but the Directors shall in either case have the same right to refuse or suspend registration as they would have had in the case of a transfer of the share by the deceased or bankrupt holder before the death or bankruptcy. Title on death or bankruptcy.

If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him and stating that he so elects. For the purposes of these Regulations relating to the registration of transfers of shares, such notice shall be deemed to be a transfer and the Directors shall have the same power of refusing to give effect thereto by registration as if the event upon which the transmission took place had not occurred and the notice were a transfer executed by the person from whom the title by transmission is derived.

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In the case of any person becoming entitled to the interest of a Depositor in respect of a share in consequence of the death of the Depositor, Section 81SQ of the SFA shall apply.

56. A person becoming entitled to a share or an interest in respect of a share in consequence of the death or bankruptcy of any Member shall have the right to receive and give a discharge for any dividends or other moneys payable in respect of the share, but he shall have no right to receive notice of or to attend or vote at meetings of the Company, or (save as aforesaid) to any of the rights or privileges of a Member in respect of the share, unless and until he shall be registered as the holder or named in the Depository Register as the Depositor in respect thereof Provided always that the Directors may at any time give notice requiring any such person to elect either to be registered or named in the Depository Register himself or to transfer the share, and if the notice is not complied with in accordance with these Regulations within ninety days the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.
- Persons entitled to dividends on transmission.
57. The Company shall be entitled to charge a fee not exceeding ten dollars or such other sum as may be determined from time to time on the registration in the Register of every probate, letter of administration, death or marriage certificate, power of attorney, notice in lieu of distringas or other instruments.
- Fee on registration of probate, etc.

CONVERSION OF SHARES INTO STOCK

58. The Company in General Meeting may convert any paid-up shares into stock and may from time to time reconvert such stock into paid-up shares of any denomination.
- Conversion of shares to stock.
59. When any shares have been converted into stock the several holders of and Depositors in respect of such stock may transfer their respective interests therein or any part of such interests in such manner as the Company in General Meeting shall direct, but in default of any direction then in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances will admit. The Directors may if they think fit from time to time fix the minimum amount of stock transferable.
- Stockholders entitled to transfer interest.
60. The several holders of and Depositors in respect of stock shall be entitled to participate in the dividends and profits of the Company according to the amount of their respective interests in such stock and such interests shall, in proportion to the amount thereof, confer on the holders thereof and the Depositors in respect thereof respectively the same rights, privileges and advantages for the purposes of voting at meetings of the Company and for other purposes as if they held or were Depositors in respect of the shares from which the stock arose, but so that none of such rights, privileges or advantages (except the participation in the dividends, profits and assets of the Company) shall
- Stockholders entitled to profits.

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be conferred by any such part of consolidated stock as would not, if existing in shares, have conferred such rights, privileges or advantages.

61. All such provisions of these Regulations as are applicable to paid up shares shall apply to stock and in all such provisions the words “shares” and “shareholder” shall include “stock” and “stockholder”. Definitions.

INCREASE OF CAPITAL

62. The Company in General Meeting may from time to time by Ordinary Resolution, or as otherwise permitted and/or required under Applicable Laws and applicable Regulations, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued have been fully paid-up or not, increase its capital by the creation and issue of new shares, such aggregate increase to be of such amount and to be divided into shares of such respective amounts as the Company by the resolution authorising such increase shall direct and if no direction be given as the Directors shall determine. Power to increase capital.
63. The new shares shall be issued upon such terms and conditions (including such consideration) and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct and, in particular such new shares may be issued with a preferential, qualified or postponed right to dividends, and in the distribution of assets of the Company, and with special, limited, or conditional voting rights, or that confer no voting rights where permitted under Applicable Laws. On what conditions new shares may be issued.
64. Subject to applicable Regulations and Applicable Laws, unless otherwise determined and subject to such other terms and conditions as may be determined by the Members in General Meeting, or unless permitted under the listing rules of the Exchange as may be in force from time to time, all new shares shall, before issue, be offered to such Members as at the date of the offer are entitled to receive notices from the Company of General Meetings, in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer may 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 subject to these Regulations dispose of those shares in such manner as they think most beneficial to the Company provided always that the Directors shall, in their absolute discretion and without assigning any reason therefor, have the absolute discretion to determine whether or not such offer shall be made to any Member in any country or jurisdiction outside the Republic of Singapore. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to the shares of the persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered in the manner hereinbefore Shareholders’ rights of pre-emption.

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provided or which are not offered to Members outside the Republic of Singapore.

65. Subject to any directions that may be given in accordance with the powers contained in the Constitution or these Regulations, any capital raised by the creation of new shares shall be considered as part of the original capital and as consisting of ordinary shares and shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien and otherwise as if it had been part of the original capital.
- New capital considered part of original capital.

ALTERATION OF CAPITAL

66. The Company may:–
- Alteration of capital.
- (1) by Ordinary Resolution, or as otherwise permitted under Applicable Laws:–
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the shares of Members to be consolidated determine which particular shares are to be consolidated into each consolidated share and in the case of any shares of Members being consolidated with shares of another Member may make such arrangements as may be thought fit for the sale of the consolidated share or any fractions thereof and for such purpose may appoint some person to transfer the consolidated share to the purchaser and arrange either for the distribution among the persons entitled thereto of the net proceeds of such sale after deduction of the expenses of sale or for the payment of such net proceeds to the Company provided that when the necessary unissued shares are available the Directors may in each case where the number of shares in respect of which any holder or Depositor is a Member is not an exact multiple of the number of shares to be consolidated into a single share issue to each such holder or Depositor credited as fully paid up by way of capitalisation the minimum number of shares required to round up his shareholding to such a multiple (such issue being deemed to have been effected immediately prior to consolidation) and the amount required to pay up such shares shall be appropriated at the Directors’ discretion from any of the sums standing to the credit of any of the Company’s Reserve Accounts or to the credit of profit and loss account and capitalised by applying the same in paying up such shares;

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- (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 share capital by the amount of the shares so cancelled; or
 - (c) by subdivision of its existing shares or any of them divide its capital or any part thereof into shares of smaller amount than is fixed by this Constitution and so that as between the holders or Depositors of the resulting shares one or more of such shares may by the resolution by which the subdivision is effected be given any preference or advantage as regards dividend, capital, voting or otherwise over the others or any other of such shares;
 - (d) convert its share capital or any class of shares from one currency to another;
- (2) by Special Resolution, or as otherwise permitted under Applicable Laws:–
- (a) reduce its share capital, or any undistributable reserve in any manner and with and subject to any matter or consent required by such Applicable Laws; or
 - (b) convert one class of shares into another class of shares where permitted to do so under Applicable Laws;

and the Board shall do all other things as may be necessary or expedient to carry into effect or incidental to any of the above resolutions.

CENTRAL DEPOSITORY SYSTEM

155. So long as shares in the capital of the Company are listed for quotation on the Exchange, the Directors shall have power generally to take such steps (not inconsistent with these Regulations) as they may deem necessary, advisable or appropriate to achieve or facilitate the trading of the Company’s shares, debentures or other securities through the Central Depository System established under the SFA.

Central Depository System.

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CAPITALISATION OF PROFITS AND RESERVES

156. (1) The Directors may, with the sanction of an Ordinary Resolution of the Company, including any Ordinary Resolution passed pursuant to Regulation 8(1):-
- Capitalisation of profits and reserves.
- (a) issue shares for which such consideration (if any) is payable to the Company to the persons registered as holders of shares in the Register or (as the case may be) in the Depository Register at the close of business on:
- (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
- (ii) (in the case of an Ordinary Resolution passed pursuant to Regulation 8(1)) such other date as may be determined by the Directors, in proportion to their then holdings of shares; and/or
- (b) capitalise any sum standing to the credit of any of the Company’s reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register or (as the case may be) in the Depository Register at the close of business on:
- (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
- (ii) (in the case of an Ordinary Resolution passed pursuant to Regulation 8(1)) such other date as may be determined by the Directors,
- in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full new shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, new shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as shares in the proportion aforesaid.
- (2) The Directors may do all acts and things considered necessary or expedient to give effect to any such share issue and/or capitalisation under Regulation 156(1) with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter on behalf of all the Members interested into

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an agreement with the Company providing for any such share issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

(B) RIGHTS IN RESPECT OF VOTING

MODIFICATION OF CLASS RIGHTS

67. (1) Subject to any Applicable Laws, all or any of the special rights or privileges attached to any class of shares in the capital of the Company for the time being may, at any time, as well before as during liquidation, be modified, affected, altered or abrogated, either with the consent in writing of the Members in respect of not less than three-fourths of the issued shares of the class, or with the sanction of a Special Resolution passed at a separate General Meeting of the Members in respect of shares of the class, and all the provisions contained in these Regulations relating to General Meeting shall mutatis mutandis apply to every such meeting, but so that the quorum thereof shall be not less than two persons personally present and being or representing by proxy of one-third of the issued shares of the class, and that any Member in respect of shares of the class, present in person or by proxy, shall on a poll be entitled to one vote for each share of the class in respect of which he is a Member, and if at any adjourned meeting of such Members such quorum as aforesaid is not present, any two Members in respect of shares of the class who are personally present shall be a quorum. The Directors shall comply with the provisions of Applicable Laws as to forwarding a copy of any such consent or resolution to the Registrar of Companies.
- Modification of class rights.
- (2) The foregoing provisions of this Regulation shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the separate rights whereof are to be varied.
- (3) Subject to the terms on which any shares may be issued, the rights or privileges attached to any class of shares in the capital of the Company shall be deemed to be varied or abrogated by the reduction of the capital paid up on such shares or by the allotment of further shares ranking in priority thereto for payment of a dividend or repayment of capital but shall not be deemed to be varied or abrogated by the creation or issue of any new shares ranking *pari passu* in all respects (save as to the date from which such new shares shall rank for dividend) with or subsequent to those already issued.

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GENERAL MEETINGS

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| 72. | In addition to any other meetings, a General Meeting shall be held once at least in every calendar year in the Republic of Singapore or such other jurisdiction as permitted and/or required by Applicable Laws, at such time and place as may be determined by the Directors, but so that no more than fifteen months shall be allowed to elapse between any two such General Meetings except in accordance with Applicable Laws. | General Meetings. |
| 73. | The General Meetings referred to in Regulation 72 above shall be called Annual General Meetings. | Annual General Meetings. |
| 74. | All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings. | Extraordinary General Meetings. |
| 75. | The Directors may call an Extraordinary General Meeting of the Company whenever they think fit. | Directors may call Extraordinary General Meetings. |
| 76. | The Directors shall, on the requisition of the Members in respect of not less than one-tenth of the issued shares of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene an Extraordinary General Meeting of the Company, and in the case of such requisition the provisions of Section 176 of the Act and/or such other relevant provisions of Applicable Laws shall apply. | Extraordinary Meetings called on requisition of Members. |
| 77. | (1) Subject to Applicable Laws, the notices convening meetings shall specify the place, day, and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a Member. | Notice of Meeting. |
| | (2) All notices as stated in Regulation 77(1) above shall be given to all shareholders at least fourteen days (or such other time as permitted and/or required under Applicable Laws) before the meeting (excluding the date of notice and the date of meeting). Where notices contain Special Resolutions, they must be given to shareholders at least twenty-one days (or such other time as permitted and/or required under Applicable Laws) before the meeting (excluding the date of notice and the date of meeting). | |

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- (3) Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolutions in respect of such businesses. At least fourteen days’ notice (or such other time as permitted and/or required under Applicable Laws) of every such meeting shall be given, where required by Applicable Laws, by advertisement in at least one English Language daily newspaper circulating in Singapore, and in writing to each stock exchange on which the Company is listed, unless the Directors determine that such publication is impracticable or impossible.
78. Any Member entitled to be present and vote at a meeting or his proxy may submit any resolution to any General Meeting Provided That at least for the prescribed time before the day appointed for the meeting he shall have served upon the Company a notice in writing by him containing the proposed resolution, and stating his intention to submit the same. The prescribed time above-mentioned shall be such that, between the date that the notice is served and the day appointed for the meeting, there shall be not less than seven nor more than fourteen intervening days. Members may submit resolution to meeting on giving notice to Company.
79. Upon receipt of any such notice as in the last preceding Regulation mentioned, the Secretary shall include in the notice of the meeting in any case where the notice of intention is received before the notice of the meeting is issued, and shall in any other case issue as quickly as possible to the Members notice that such resolution will be proposed. Secretary to give notice to Members.
80. The omission to give any notice to or non-receipt of any notice by any Member shall not invalidate the meeting or any resolution passed or proceedings at any such meeting. Omission to give notice.

PROCEEDINGS AT GENERAL MEETINGS

81. All business shall be deemed special that is transacted at an Extraordinary General Meeting and also all business that is transacted at an Annual General Meeting with the exception of the consideration of the financial statements and reports (if any) of the Directors and Auditors, the fixing of the fees of Directors, the election of Directors in the place of those retiring, the declaration of dividends and the appointment of and the fixing of the remuneration of the Auditors. Special business.
82. Except at any time when a corporation is the sole Member two Members present in person or by proxy shall be a quorum for a General Meeting and no business shall be transacted at any General Meeting unless the requisite quorum is present at the commencement of the business. For the purposes of this Regulation, “Member” includes a person attending as a proxy. A corporation being a Member shall be deemed to be personally present if represented in accordance with the provisions of Regulation 97. Quorum.

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83. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or the next following business day if such a day is a public holiday), at the same time and place, or to such other day, time and place as the Directors may by notice to the Members appoint. If at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the Members present shall be a quorum. If quorum not present.
84. The Chairman of the Board of Directors shall preside as Chairman at every General Meeting. If he is unable to be present at a General Meeting, the Chairman may nominate a Director of the Company to preside as Chairman at a General Meeting in his stead. If there be no such Chairman or (where applicable) failing any nomination by the Chairman as aforementioned, or if at any meeting the Chairman or his nominee (as the case may be) shall not be present within fifteen minutes after the time appointed for holding the same, or shall be unwilling to act as Chairman, the Directors present may choose a Chairman and in default of their doing so, the Members present shall choose one of the Directors to be Chairman, or if no Director be present, or if all the Directors present decline to take the chair, one of themselves to be Chairman of the meeting. Chairman.
85. The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. Whenever any meeting is adjourned for thirty days or more, at least three days’ notice of the place and hour of such adjourned meeting shall be given as in the case of the original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting. Power to adjourn.
86. (1) Where required by Applicable Laws, all resolutions at General Meetings shall be voted by poll. How matters to be decided.
- (2) Subject to Regulation 86(1), at every General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands by the Members present in person or by proxy and entitled to vote, unless before or upon the declaration of the result of the show of hands a poll be demanded by the Chairman of the meeting or by any two Members present in person or by proxy, and entitled to vote at the meeting or by a Member or Members present in person or by proxy representing not less than five per cent of the total voting rights of all Members having the right to vote at the meeting or by a Member in respect of 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 five per cent of the total sum paid up on all the shares conferring that right. Unless a poll be so demanded, a declaration

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by the Chairman of the meeting that a resolution has been carried, or has been carried unanimously or by a particular majority, or lost, or not carried by a particular majority, shall be conclusive, and an entry to that effect in the book of proceedings of the Company shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favour of or against such resolution.

- (3) Where required by Applicable Laws, the Chairman of the meeting shall appoint at least one scrutineer for each General Meeting who shall be independent of the persons undertaking the polling process.
87. If a poll is required under Regulation 86(1) or duly demanded under Regulation 86(2) it shall be taken in such manner as the Chairman directs, and the results of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand of a poll may be withdrawn. In case of any dispute as to the admission or rejection of a vote, the Chairman shall determine the same, and such determination made in good faith shall be final and conclusive. The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded. Chairman’s direction as to poll.
88. In 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 required under Regulation 86(1) or demanded under Regulation 86(2), as the case may be, shall have a second or casting vote. In the event of equality of votes.
89. Subject to Regulation 86(1), no poll shall be demanded on the election of a Chairman of a meeting or on a question of adjournment. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs. Poll on election of Chairman.
90. If:– Error in the counting of votes.
- (a) any objection shall be raised as to the qualification of any voter; or
 - (b) any votes have been counted which ought not to have been counted or which might have been rejected; or
 - (c) any votes are not counted which ought to have been counted,
- the objection or error shall not vitiate the decision of the meeting on any resolution unless the same is raised or pointed out at the meeting or adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the Chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the Chairman decides that the same is of sufficient magnitude to vitiate the resolution or may otherwise have

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affected the decision of the meeting. The decision of the Chairman on such matters shall be final and conclusive.

91. A resolution in writing signed by all the Members or their agents authorised in writing shall (except where a meeting is prescribed by Applicable Laws) be as valid and effectual as if it had been passed at a meeting of the Members duly convened and held, and any such resolution may consist of several documents in like form, each signed by or on behalf of one or more Members. In the case of a corporate body which is a Member such resolution may be signed on its behalf by any two of its directors or by any person (whether identified by name or by reference to the holding of any particular office) duly authorised by such corporate body by resolution of its directors or other governing body or by Power of Attorney to sign resolutions on its behalf.
- Written Resolution.

VOTES OF MEMBERS

92. Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a meeting of Members or classes of Members, each Member entitled to vote may vote in person or by proxy. A holder of ordinary shares shall, where required by Applicable Laws, be entitled to be present and to vote at any General Meeting in respect of any share or shares upon which all calls due to the Company have been paid. On a show of hands every Member present in person and each proxy shall, save as set out herein and subject to the requirement of Applicable Laws, have one vote and on a poll, every Member present in person or by proxy shall have one vote for each share in respect of which he is a Member or represents and upon which all calls or other sums due thereon to the Company have been paid Provided Always That:–
- (a) where a Member who is not a Relevant Intermediary is represented by one or more proxies, only the first named proxy specified in the relevant instrument of proxy shall be deemed to be authorised to vote on a show of hands and the second named proxy shall not be so entitled to vote unless the first named proxy is not present or fails to cast a vote;
- (b) where a Member who is a Relevant Intermediary is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands; and
- Voting rights.

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- (c) if the Member (whether a Relevant Intermediary or not) is a Depositor, the Company shall be entitled on a poll to accept as validly cast by a Depositor votes in respect of such number of shares as is equal to the number of shares appearing against his name in the Depository Register seventy-two hours (or any such duration permitted under Applicable Laws) prior to the commencement of the relevant General Meeting as certified by CDP to the Company.
93. In the case of joint Members any one of such Members may vote but if more than one such Member is present at the meeting, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Members; and for this purpose seniority shall be determined by the order in which the names stand in the Register or the Depository Register, as the case may be. Where there are several executors or administrators of a deceased Member in whose sole name any shares stand, any one of such executors or administrators may vote in respect of such shares unless any other of such executors or administrators is present at the meeting at which such a vote is tendered and objects to the vote. Right of joint Members.
94. Save as herein expressly provided, no person other than a Member who is duly registered or who is certified by CDP as named in the Depository Register seventy-two hours (or any such time permitted under Applicable Laws) before the General Meeting and who shall have paid everything for the time-being due from him and payable to the Company in respect of his shares, shall be entitled to be present or to vote on any question either personally or by proxy at any General Meeting. Members only entitled to vote if transfer effected.
95. A Member who is mentally disordered, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by the committee, curator bonis, or other person in the nature of committee or curator bonis appointed by that court, and any such committee, curator bonis, or other person may, on a show of hands or on a poll, vote by proxy. Votes of Members who are mentally disordered.
96. Votes whether by a show of hands or on a poll may be given either personally or by proxy, attorney or representative. A proxy need not be a Member of the Company. Votes to be given by proxy or personally.
97. Any corporation which is a Member may, by resolution of its directors or other governing body, authorise any person to act as its representative at any meetings of the Company; and such representative shall be entitled to exercise the same powers on behalf of the corporation which he represents as if he had been an individual shareholder. Corporation may attend by representative.

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98. Subject to Applicable Laws:– Execution of proxies.
- (1) an instrument appointing a proxy shall be in writing and:–
- (a) in the case of an individual shall be:–
- (i) signed by the appointor or his attorney if the instrument of proxy is delivered personally or sent by post; or
- (ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and
- (b) in the case of a corporation shall be:–
- (i) either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation if the instrument of proxy is delivered personally or sent by post; or
- (ii) authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.

The Directors may, for the purposes of this Regulation, designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

The signature on, or authorisation of, such instrument need not be witnessed. Where an instrument appointing a proxy is signed or authorised on behalf of the appointor (which shall, for purposes of this paragraph include a Depositor) by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to these Regulations, failing which the instrument may be treated as invalid.

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- (2) The Directors may, in their absolute discretion:–
- Directors may approve method and manner, and designate procedure, for electronic communications.
- (a) approve the method and manner for an instrument appointing a proxy to be authorised; and
- (b) designate the procedure for authenticating an instrument appointing a proxy, as contemplated in Regulations 98(1)(a)(ii) and 98(1)(b)(ii) for application to such Members or class of Members as they may determine. Where the Directors do not so approve and designate in relation to a Member (whether of a class or otherwise), Regulation 98(1)(a)(i) and/or (as the case may be) Regulation 98(1)(b)(i) shall apply.
99. (1) An instrument appointing a proxy or the power of attorney or other authority, if any:–
- Deposit of proxies.
- (a) if sent personally or by post, must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the General Meeting; or
- (b) if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the General Meeting,
- and in either case not less than 72 hours before the time appointed for the holding of the General Meeting or adjourned General Meeting to which it is to be used and in default shall not be treated as valid.
- (2) The Directors may, in their absolute discretion, and in relation to such Members or class of Members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in Regulation 99(1)(b). Where the Directors do not so specify in relation to a Member (whether of a class or otherwise), Regulation 99(1)(a) shall apply.
100. Subject to Applicable Laws and Regulations:–
- Appointment of proxies.
- (1) a Member who is not a Relevant Intermediary may appoint not more than two proxies to attend and vote at the same General Meeting. Where such Member’s proxy form appoints more than one proxy, the proxy form shall specify the percentage of shares to be represented by each proxy in the proxy form and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named;

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- (2) a Member who is a Relevant Intermediary may appoint more than two proxies to attend and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member’s proxy form appoints more than two proxies, the proxy form shall specify the number and class of shares in relation to which each proxy has been appointed; and
- (3) The proxy form as stated in Regulations 100(1) and 100(2) shall be in such form as the Directors may from time to time approve. The Company shall be entitled, in determining rights to vote and other matters in respect of a completed proxy form, to have regard to the instructions (if any) given by and the notes (if any) set out in the proxy form.
- (4) In any case where a member is a Depositor, the Company shall be entitled (i) to reject any instrument of proxy executed by that Depositor if that Depositor’s name does not appear in the Depository Register seventy-two hours (or any such time permitted under Applicable Laws) prior to the commencement of the relevant General Meeting as certified by CDP to the Company, and (ii) for the purpose of a poll, to treat an instrument of proxy executed by a Depositor as representing the number of shares equal to the number of shares appearing against his name in the Depository Register referred to in (i) above, notwithstanding the number of shares actually specified in the relevant instrument of proxy.
- (5) A Member who has deposited an instrument appointing any number of proxies to vote on his behalf at a General Meeting shall not be precluded from attending and voting in person at that General Meeting. Any such appointment of all the proxies concerned shall be deemed to be revoked upon the attendance of the Member appointing the proxy/proxies at the relevant General Meeting.
101. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or transfer of the share in respect of which the vote is given Provided That no notice in writing of the death or insanity or revocation or transfer shall have been received at the Office at least seventy-two hours (or any such time stipulated under Applicable Laws) before the time fixed for holding the meeting. When vote by proxy valid though authority revoked.
102. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. Instrument deemed to confer authority to demand for poll.

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103. Where the capital of the Company consists of shares of different monetary denominations, voting rights may, at the discretion of the Board, be prescribed in such manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.
- Voting in respect of shares of different monetary denominations.

NOTICES

167. (1) A notice or document may be served by the Company upon a Member, either personally, or by sending it through the post in a prepaid letter or wrapper addressed to such Member at his address as appearing in the Register or the Depository Register, as the case may be. Notwithstanding the aforesaid provisions, where the Directors have determined that any notice or other document shall not be served to a Member in any country or jurisdiction outside the Republic of Singapore, any Member who is described in the Register or the Depository Register, as the case may be, by an address not within the Republic of Singapore shall be deemed to be duly served with such notice or document when such notice or document is duly posted up in the Office or advertised in a newspaper circulating in Singapore.
- How notices, documents to be served.
- (2) Without prejudice to the provision of Regulation 167(1), but subject otherwise to any Applicable Laws relating to electronic communications, any notice or document (including, without limitation, any accounts, balance-sheet, financial statements or report) which is required or permitted to be given, sent or served under Applicable Laws or under this Constitution by the Company, or by the Directors, to a Member may be given, sent or served using electronic communications:
- Electronic communications.
- (a) to the current address of that person; or
- (b) by making it available on a website prescribed by the Company from time to time, or
- (c) in such manner as such Member expressly consents to by giving notice in writing to the Company
- in accordance with the provisions of this Constitution and any Applicable Laws.
- (3) For the purposes of Regulation 167(2) above, a Member shall be implied to have agreed to receive such notice or document by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document, unless otherwise provided under Applicable Laws.
- Implied Consent.

APPENDIX F – EXTRACTS FROM THE COMPANY’S CONSTITUTION

- (4) Notwithstanding Regulation 167(3) above, the Directors may, at their discretion, at any time give a Member an opportunity to elect within a specified period of time whether to receive such notice or document by way of electronic communications or as a physical copy, and such member shall be deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such an event have a right to receive a physical copy of such notice or document, unless otherwise provided under Applicable Laws. Deemed Consent.
- (5) Where a notice or document is given, sent or served by electronic communications:
- (a) to the current address of a person pursuant to Regulation 167(2)(a), it shall be deemed to have been duly given, sent or served at the time of transmission of the electronic communication by the email server or facility operated by the Company or its service provider to the current address of such person (notwithstanding any delayed receipt, non-delivery or “returned mail” reply message or any other error message indicating that the electronic communication was delayed or not successfully sent), unless otherwise provided under Applicable Laws; or
 - (b) by making it available on a website pursuant to Regulation 167(2)(b), it shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the website, or unless otherwise provided under Applicable Laws.
168. All notices directed to be given to the Members shall, with respect to any share to which persons are jointly entitled, be given to whichever of such persons is named first in the Register or the Depository Register, as the case may be, and notice so given shall be sufficient notice to all the Members in respect of such share. Notice to joint Members.
169. Any Member described in the Register or the Depository Register, as the case may be, by an address not within the Republic of Singapore who shall from time to time give the Company or CDP, as the case may be, an address within the Republic of Singapore at which notices may be served upon him shall be entitled to have served upon him at such address any notice to which he would be entitled under these Regulations. Address for service.
170. As regards Members who have no address appearing in the Register or the Depository Register, as the case may be, or who have not provided to the Company or CDP, as the case may be, an address within the Republic of Singapore at which notices may be served, any notice served in accordance with Regulation 167(2) shall be deemed to be duly served on them. Where no address.

APPENDIX F – EXTRACTS FROM THE COMPANY’S CONSTITUTION

171. Any document other than a notice required to be served on a Member, may be served in like manner as a notice may be given to him under these Regulations. The signature to any such notice or document (if any) may be written or printed. Service of documents.
172. Any notice or other document required to be sent or served upon the Company or upon any officer of the Company may be sent or served by leaving the same or sending it through the post in a prepaid letter, envelope or wrapper or by facsimile transmission addressed to the Company or to such officer at the Office. Service on Company.
173. Any notice or other document, if served personally or sent by post, shall be deemed to have been served at the time the same is left at the address of the Member in the Register or the Depository Register, as the case may be, if served personally and at the time when the letter containing the same is put into the post if sent by post, (and in proving such service or sending it shall be sufficient to prove that the letter containing the notice or document was properly addressed and put into the post office). When service effected.
174. Every person who, by operation of any Applicable Laws, transfer or any other means whatsoever, becomes entitled to any share shall be bound by every notice in respect of such share which prior to his name and address being entered on the Register or the Depository Register, as the case may be, shall be duly given to the person from whom he derives his title in respect of such share. Transferees bound by prior notice.
175. Any notice or document served upon or sent to, or left at the address in the Register or the Depository Register, as the case may be, of any Member in pursuance of these Regulations, shall, notwithstanding that such Member be then deceased or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any share in respect of which he is a Member, whether solely or jointly with other persons, until some other person be registered or named in the Depository Register in his stead as a Member or joint Member in respect of such share, and such service shall, for all purposes of these Regulations, be deemed a sufficient service of such notice or document on his executors, administrators or assigns, and all persons (if any) jointly interested with him in such share. Notice valid though Member deceased.

(C) RIGHTS IN RESPECT OF DIVIDENDS

DIVIDENDS

141. The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Regulations and subject to the provisions of these Regulations as to the reserve fund shall be divisible among the Members in proportion to the amount of capital paid up on their shares respectively. Appropriation of profits.

APPENDIX F – EXTRACTS FROM THE COMPANY’S CONSTITUTION

142. The Company in General Meeting may declare a dividend to the Members, according to their rights and interests in the profits and may fix the time for payment. No larger dividend shall be declared than is recommended by the Directors, but the Company in General Meeting may declare a smaller dividend. Declaration of Dividend.
143. (1) Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on shares of a particular class in the capital of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of shares of that class credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply: Scrip Dividend Scheme.
- (a) the basis of any such allotment shall be determined by the Directors;
- (b) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of shares of the relevant class credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Regulation 143;
- (c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded, Provided always that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and
- (d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on the shares of the relevant class in respect whereof the share election has been duly exercised (the “elected shares”) and, in lieu and in satisfaction thereof, shares of the relevant class shall be allotted and credited as fully paid to the holders of the elected shares on the basis of allotment determined as aforesaid. For such purpose and notwithstanding the provisions of Regulation 156, the Ranking of shares.

APPENDIX F – EXTRACTS FROM THE COMPANY’S CONSTITUTION

Directors shall (i) capitalise and apply out of the amount standing to the credit of any of the Company’s reserve accounts or any amount standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of shares for allotment and distribution to and among the holders of the elected shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected shares towards payment of the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares on such basis.

- (2) The shares of the relevant class allotted pursuant to the provisions of Regulation 143(1) shall rank *pari passu* in all respects with the shares of that class then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify. Record date.
- (3) The Directors may, on any occasion when they resolve as provided in Regulation 143(1), determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of shares in the Register or (as the case may be) in the Depository Register, or in respect of shares, the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of Regulation 143 shall be read and construed subject to such determination.
- (4) The Directors may, on any occasion when they resolve as provided in Regulation 143(1), further determine that: Eligibility.
- (a) no allotment of shares or rights of election for shares under Regulation 143(1) shall be made available or made to Members whose registered addresses entered in the Register or (as the case may be) the Depository Register is outside Singapore or to such other Members or class of Members as the Directors may in their sole discretion decide and in such event the only entitlement of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared; and
 - (b) no allotment of shares or rights of election for shares under Regulation 143(1) shall be made available or made to a person, or any persons, if such allotment or rights of election would in the opinion of the Directors cause such person, or such persons, to hold or control voting shares in excess of

APPENDIX F – EXTRACTS FROM THE COMPANY’S CONSTITUTION

any shareholding or other limits which may from time to time be prescribed in any Statute, without the approval of the applicable regulatory or other authority as may be necessary.

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| (5) | Notwithstanding the foregoing provisions of this Regulation, if at any time after the Directors’ resolution to apply the provisions of Regulation 143(1) in relation to any dividend but prior to the allotment of shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their discretion and as they deem fit in the interest of the Company and without assigning any reason therefor, cancel the proposed application of Regulation 143(1). | Disapplication. |
| (6) | The Directors may do all acts and things considered necessary or expedient to give effect to the provisions of Regulation 143(1), with full power to make such provisions as they think fit in the case of shares of the relevant class becoming distributable in fractions (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down). | Fractional entitlements. |
| 144. | No dividend shall be payable except out of the profits of the Company. No dividend shall carry interest. | Dividend payable out of profits. |
| 145. | The declaration of the Directors as to the net profits of the Company shall be conclusive. | Declaration conclusive. |
| 146. | The Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies. | Interim dividend. |
| 147. | (1) The Board may deduct from any dividend or other moneys payable to any Member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or expenses in connection therewith or any debt owing to the Company or its subsidiaries.

(2) The Directors may retain any dividends 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. | Debts may be deducted. |
| 148. | A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer or the entry of the transfer in the Depository Register, as the case may be. | Effect of transfer. |
| 149. | Any General Meeting declaring a dividend may direct payment of such dividend wholly or in part by the distribution of specific assets, and in particular of wholly or partly paid-up shares, debentures, or debenture stock of the Company, or wholly or partly paid-up shares, debentures, | Dividend in specie. |

APPENDIX F – EXTRACTS FROM THE COMPANY’S CONSTITUTION

or debentures stock of any other company, or in any one or more of such ways, and the Directors shall give effect to such resolution; and where any difficulty arises in regard to the distribution, they may settle the same as they think expedient, and in particular may issue fractional certificates, and may fix the value for distribution of such specific assets, or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed, in order to adjust the rights of all parties, and may vest any such specific assets in trustees upon such trusts for the persons entitled to the dividend as may seem expedient to the Directors. Where requisite, a proper contract shall be filed in accordance with Applicable Laws, and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend, and such appointment shall be effective.

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|------|---|------------------------------------|
| 150. | The Company may retain the dividends payable upon shares or any part thereof in respect of which any person is, under Regulation 55 entitled to become entered in the Register or the Depository Register, as the case may be, as a Member, or which any person under that Regulation is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same. | Power to retain dividends. |
| 151. | In case several persons are jointly Members in respect of any shares, any one of such persons may give effectual receipts for dividends and payment on account of dividends in respect of such shares. | Any joint Member may give receipt. |
| 152. | Notice of declaration of any dividend, whether interim or otherwise, may be given by advertisement. | Notice of dividend. |
| 153. | Unless otherwise directed, any dividend may be paid by cheque or warrant, sent through the post to the address of the Member entitled appearing in the Register or the Depository Register, as the case may be, or in the case of a joint Member to that one whose name shall stand first on the Register or the Depository Register, as the case may be, in respect of the joint shareholding, and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent. The Company shall not be responsible for the loss of any cheque or dividend warrant, which shall be sent by post duly addressed to the Member for whom it is intended. The payment by the Company to CDP of any dividend payable or distribution due to a Depositor shall, to the extent of the payment or distribution made, discharge the Company from any liability in respect of that payment or distribution. | Payment by post. |
| 154. | Subject to Applicable Laws:– | Unclaimed dividends. |
| | (a) All dividends (other than dividends paid to CDP for distribution to Depositors) unclaimed for one year after having been declared, may be invested or otherwise made use of by the Directors solely for the benefit of the Company and any dividend unclaimed after a period of six years from the date of declaration of such dividend shall be forfeited and if so shall revert to the Company. | |

APPENDIX F – EXTRACTS FROM THE COMPANY’S CONSTITUTION

- (b) If CDP returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six years have elapsed from the date of declaration of such dividend or the date on which such other moneys are first payable.
- (c) Notwithstanding the other provisions in this Regulation 154, the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture.

RESERVE FUND

157. The Directors may, before declaring any dividend or bonus in respect of any class of shares out of or in respect of the earnings or profits of the Company for any yearly or other period, cause to be reserved or retained and set aside out of such sum as they may determine to form a Reserve Fund to meet contingencies or depreciation in the value of the property of the Company, or for equalising dividends or for special dividends or for distribution of bonuses or for repairing, improving and maintaining any of the property of the Company, or for such other purposes as the Directors shall, in their absolute discretion, think conducive to the interests of the Company. The Board may divide any reserve fund into such special funds as it thinks fit, and may consolidate into one fund any special funds or any parts of any special funds into which the reserve fund may have been divided as it thinks fit, with full power to employ the whole or any part of the assets constituting the reserve fund in the business of the Company without being under any obligation to keep the same separate from the other assets of the Company. The Board may also, without placing the same to reserve, carry forward any profits which it may think it not prudent to divide. The reserve fund or any profits carried forward or any part thereof may be capitalised in any manner provided by Regulation 156.

Formation and
object of Reserve
Fund.

APPENDIX G – VALUATION CERTIFICATES

Our Ref : 2018/1948/CORP

16 August 2018

Wheelock Properties (Singapore) Limited
501 Orchard Road #11-01
Wheelock Place
Singapore 238880

Dear Sirs



Savills Valuation And
Professional Services (S) Pte Ltd
Reg No : 200402411G

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savills.com

VALUATION OF

- 1) 501 ORCHARD ROAD, WHEELOCK PLACE, SINGAPORE 238880
- 2) 6 SCOTTS ROAD, SCOTTS SQUARE, SINGAPORE 228209
- 3) 34 UNSOLD APARTMENT UNITS WITHIN SCOTTS SQUARE, 8 SCOTTS ROAD, SINGAPORE 228238
("the Properties")

In accordance with the instructions by Wheelock Properties (Singapore) Limited ("Client") for us to value the Properties, we have made relevant enquiries and obtained such information as we consider necessary for the purpose of providing you with our opinion of the Market Value as at 30 June 2018 for the Properties.

This valuation has been prepared for the Voluntary Unconditional General Offer by DBS Bank Ltd, for and on behalf of Star Attraction Limited, for the shares in Wheelock Properties (Singapore) Limited, other than those shares already owned and can be only relied upon by the Client, their financial advisor and shareholders. Savills is not liable for any unauthorised use or reliance. Our reports should not be produced without our prior written consent.

The valuation has been carried out in accordance with The Singapore Institute of Surveyors And Valuers Valuation Standards and Guidelines.

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

This definition of market value is also consistent with that as advocated by the Royal Institution of Chartered Surveyors (RICS) Standards and Guidelines and International Valuation Standards Council.

Our valuations have been made on the assumption that the Properties are sold in the open market without the benefit of a deferred term contract or any similar arrangement which could serve to affect the values of the Properties.

Savills Valuation and Professional Services (S) Pte Ltd has relied upon the property data supplied by the Client which we assume to be true and accurate. Savills Valuation and Professional Services (S) Pte Ltd takes no responsibility for inaccurate data supplied by the owner and subsequent conclusions related to such data.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the Properties, nor for any expenses or taxation which may be incurred in effecting a sale. It is assumed that the Properties are free from any major or material encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

The reported analysis, opinion and conclusion are limited only by the reported assumptions and limiting conditions and is our personal, unbiased professional analyses, opinions and conclusions.

APPENDIX G – VALUATION CERTIFICATES



We confirm that we do not have a pecuniary interest that would conflict with a proper valuation of the Properties and the valuers undertaking the valuation are authorised to practise as valuers and have the necessary expertise and experience in valuation of such type of Properties.

In arriving at our opinion of Market Value, we have considered the Income Capitalisation Method and Direct Comparison Method, where applicable.

The valuations are carried out on As-Is Basis subject to existing tenancies made known to us.

Our opinion of values and the key assumptions adopted in our valuations are summarised as follows:

No.	Property	Capitalisation Rate	Market Value as at 30 June 2018
1	501 Orchard Road, Wheelock Place, Singapore 238880	5.00% (Retail) 4.00% (Office)	\$876,000,000
2	6 Scotts Road, Scotts Square, Singapore 228209	4.75%	\$216,000,000
3	34 Unsold Apartment Units within Scotts Square, 8 Scotts Road, Singapore 228238	N.A.	\$ 73,010,000

The valuation certificate for each property is attached to this letter.

Yours faithfully,
For and on behalf of
Savills Valuation And Professional Services (S) Pte Ltd

Cynthia Ng
Licensed Appraiser No. AD041-2003388A
Managing Director

APPENDIX G – VALUATION CERTIFICATES



Valuation Certificate

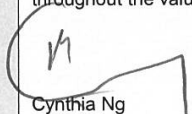
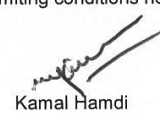
Property Address	501 Orchard Road, Wheelock Place, Singapore 238880
Client	Wheelock Properties (Singapore) Limited
Purpose of Valuation	Voluntary Unconditional General Offer by DBS Bank Ltd, for and on behalf of Star Attraction Limited, for the shares in Wheelock Properties (Singapore) Limited, other than those shares already owned
Legal Description	Lot 1547M Town Subdivision 24
Tenure	Leasehold for 99 years commencing from 15 September 1990 (balance un-expired interest of about 71.2 years)
Registered Proprietor	Everbilt Developers Pte Ltd
Brief Description	<p>The property is located on the southern side of Orchard Road, bounded by Paterson Road, Orchard Boulevard and Angullia Park, just outside the Electronic Road Pricing Traffic Restricted Zone, and some 4.5 km from the City Centre.</p> <p>Wheelock Place is a 21-storey commercial building with 2 basement levels. It comprises a podium accommodating retail units from Basement 2 to 3rd storey, a mix of retail and office units on the 4th and 5th storeys as well as an office tower from the 6th to 21st storeys. There are 260 car parking lots located on Basement 1 and 2. The Temporary Occupation Permit was issued on 15 September 1993. The building appeared to be in a good state of repair and maintenance as at the date of our inspection.</p>
Land Area	7,847.3 sm or thereabouts, subject to government's re-survey
Gross Floor Area	Approximately 43,280.2 sm, as provided and subject to final survey
Lettable Floor Area	Approximately 30,325.4 sm, as provided and subject to final survey
Tenancy Brief	The property is multi-tenanted. According to tenancy information provided as at 30 June 2018, the property is 96.0% let and has a total monthly gross rent of \$3,956,406. The monthly service charge is typically at \$1.25 psf per month and \$1.00 psf per month for the retail and office areas respectively. The retail tenancies generally range from about 0.5- to 4-year terms and most of the tenancies will expire in 2020. The office tenancies generally range from about 1- to 6-year terms and most of the tenancies will expire in 2019.
Annual Value	\$46,438,900
Master Plan (2014)	"Commercial" at gross plot ratio 5.6+
Basis Of Valuation	As-Is basis, subject to the existing tenancies
Valuation Approaches	Income Capitalisation Method and Direct Comparison Method
Material Date of Valuation	30 June 2018
Capitalisation Rate	5.00% (Retail) and 4.00% (Office)
Recommended Market Value	\$876,000,000
Assumptions, Disclaimers, Limitations & Qualifications	This valuation is provided subject to the assumptions, disclaimers, limitations, qualifications detailed throughout the valuation report and also the limiting conditions herein.
Prepared by	<div style="display: flex; justify-content: space-between;"> <div style="text-align: center;">  Cynthia Ng Licensed Appraiser No. AD041-2003388A </div> <div style="text-align: center;">  Kamal Hamdi Licensed Appraiser No. AD041-2006388F </div> </div> <p style="text-align: center;">Savills Valuation And Professional Services (S) Pte Ltd</p>

We advise that this summary must be read in conjunction with our valuation report of which this summary forms part. This valuation certificate is referred in our valuation report and should not be relied upon in isolation for finance or any other purposes.

APPENDIX G – VALUATION CERTIFICATES



Valuation Certificate

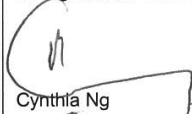

Property Address	6 Scotts Road, Scotts Square, Singapore 228209
Client	Wheelock Properties (Singapore) Limited
Purpose of Valuation	Voluntary Unconditional General Offer by DBS Bank Ltd, for and on behalf of Star Attraction Limited, for the shares in Wheelock Properties (Singapore) Limited, other than those shares already owned
Legal Description	Lot 1352M Town Subdivision 27. Strata Lots U7760X, U7761L and Accessory Lot A287L have been issued
Tenure	Estate in fee simple
Registered Proprietor	Wheelock Properties (Singapore) Limited
Brief Description	The property is located on the eastern side of Scotts Road, between Grand Hyatt Singapore and Singapore Marriott Tang Plaza Hotel, just outside the Electronic Road Pricing Traffic Restricted Zone, and some 4.5 km from the City Centre. Scotts Square is a 3-storey retail mall with 2 basement levels within an upmarket commercial/residential development. It comprises a 3-storey shopping podium with two basements enjoying a direct frontage onto Scotts Road (known as No. 6) and a high-rised residential block at rear (known as No. 8). The Temporary Occupation Permit was issued on 22 August 2011. The building appeared to be in good state of repair and maintenance.
Land Area	5,215.5 sm or thereabouts, subject to government's re-survey
Gross Floor Area	Approximately 12,161 sm, as provided and subject to final survey
Strata Floor Area	10,664 sm
Lettable Floor Area	Approximately 7,312.7 sm, as extracted from the tenancy schedule provided and subject to final survey
Tenancy Brief	According to tenancy information provided as at 30 June 2018, the property is multi-tenanted. It is 97.2% let and has total monthly gross rent of about \$809,620 p.m excluding gross turnover (GTO). The monthly service charge is typically at \$2.80 psf per month. The tenancies are generally range from 0.5 to 6 years with most of the tenancies expiring in 2020 and 2021.
Annual Value	\$12,541,300
Master Plan (2014)	Commercial and Residential at gross plot ratio 5.6+
Basis Of Valuation	As-Is basis, subject to existing tenancies
Valuation Approaches	Income Capitalisation Method and Direct Comparison Method
Material Date of Valuation	30 June 2018
Capitalisation Rate	4.75%
Recommended Market Value	\$216,000,000
Assumptions, Disclaimers, Limitations & Qualifications	This valuation is provided subject to the assumptions, disclaimers, limitations, qualifications detailed throughout the valuation report and also the limiting conditions herein.
Prepared by	<div style="display: flex; justify-content: space-between;"> <div style="text-align: center;">  Cynthia Ng Licensed Appraiser No. AD041-2003388A </div> <div style="text-align: center;">  Kamal Hamdi Licensed Appraiser No. AD041-2006388F </div> </div> <p style="text-align: center;">Savills Valuation And Professional Services (S) Pte Ltd</p>

We advise that this summary must be read in conjunction with our valuation report of which this summary forms part. This valuation certificate is referred in our valuation report and should not be relied upon in isolation for finance or any other purposes.

APPENDIX G – VALUATION CERTIFICATES



Valuation Certificate

Property Address	34 Unsold Apartment Units within 8 Scotts Road, Scotts Square, Singapore 228238
Client	Wheelock Properties (Singapore) Limited
Purpose of Valuation	Voluntary Unconditional General Offer by DBS Bank Ltd, for and on behalf of Star Attraction Limited, for the shares in Wheelock Properties (Singapore) Limited, other than those shares already owned
Legal Description	Lot No. 1352M, Town Subdivision 27 (the development site) (Please refer to Appendix I of the valuation report for individual unit Strata Lot Nos.)
Tenure	Estate In Fee Simple
Registered Proprietor	Wheelock Properties (Singapore) Limited
Brief Description	<p>The property is located on the eastern side of Scotts Road, between Grand Hyatt Singapore and Singapore Marriott Tang Plaza Hotel, just outside the Electronic Road Pricing Traffic Restricted Zone, and some 4.5 km from the City Centre.</p> <p>Scotts Square comprises a 35-storey wing and a 43-storey wing including a 3-storey shopping podium with 2 basements, accommodating a total of 338 apartment units each with a private lift lobby. Two separate entrances to car parking facilities are provided for the residential and commercial components.</p> <p>Recreational facilities provided within the development include swimming/ recreational/ children pools, jacuzzi, eco pond, water features, lawn, landscaped gardens, residents' lounge, function room, games room, business centre/ library, gymnasium and changing rooms. Concierge services are also provided within the development.</p> <p>The Temporary Occupation Permit was issued on 22 August 2011. The properties appeared to be in good state of repair and maintenance as at the date of inspection.</p>
Land Area	5,215.5 sm, subject to government's re-survey
Total Strata Floor Area	1,980 sm (including Accessory Lots)
Tenancy Brief	According to the tenancy information provided as at 30 June 2018, 23 out of 34 units are let and has a total gross monthly rent of \$116,300. We understand that the gross monthly rent includes hiring charges, maintenance charges and are fully furnished (except for 1 unit). The tenancies generally range from about 1 to 3-year terms and majority of the leases will expire in Year 2020.
Annual Value	\$1,183,200
Master Plan (2014)	"Commercial and Residential" with Gross Plot Ratio 5.6+
Basis Of Valuation	As-Is basis, subject to existing tenancies but free from all other encumbrances
Valuation Approach	Direct Comparison Method
Material Date of Valuation	30 June 2018
Recommended Market Value	\$73,010,000
Assumptions, Disclaimers, Limitations & Qualifications	This valuation is provided subject to the assumptions, disclaimers, limitations, qualifications detailed throughout the valuation report and also the limiting conditions herein.
Prepared by	<div style="display: flex; justify-content: space-between;"> <div style="text-align: center;">  Cynthia Ng Licensed Appraiser No. AD041-2003388A </div> <div style="text-align: center;">  Jacqueline Tan Licensed Appraiser No. AD041-2009422G </div> </div> <p style="text-align: center;">Savills Valuation And Professional Services (S) Pte Ltd</p>

We advise that this summary must be read in conjunction with our valuation report of which this summary forms part. This valuation certificate is referred in our valuation report and should not be relied upon in isolation for finance or any other purposes.

APPENDIX G – VALUATION CERTIFICATES



13 August 2018

The Board of Directors

Wheelock Properties (Singapore) Limited
501 Orchard Road #11-01
Wheelock Place
Singapore 238880

Savills Valuation and
Professional Services Limited
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VALUATION OF UNSOLD PORTION OF LUXURIOUS MOUNTAIN VIEW AT FUYANG, HANGZHOU, ZHEJIANG PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA (THE "PROPERTY")

In accordance with the instructions by Wheelock Properties (Singapore) Limited ("Client") for us to value the Property, we have carried out inspection, made relevant enquires and obtained such information as we consider necessary for the purpose in providing you with our opinion of the Market Value as at 30 June 2018 for the Property.

This valuation has been prepared for the Voluntary Unconditional General Offer by DBS Bank Ltd., for and on behalf of Star Attraction Limited, for the shares in Wheelock Properties (Singapore) Limited, other than those shares already owned and can be only relied upon by the Client, their financial advisor and shareholders. Savills Valuation and Professional Services Limited ("SVPSL") is not liable for any unauthorised use or reliance. Our report should not be produced without prior written consent.

The valuation has been carried out in accordance with the HKIS Valuation Standards 2017 of The Hong Kong Institute of Surveyors ("HKIS"), which incorporates the International Valuation Standards ("IVS"), and (where applicable) the relevant HKIS or jurisdictional supplement.

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

Market Value is also understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

SVPSL has relied upon the property data supplied by the Client which we assume to be true and accurate. SVPSL takes no responsibility for inaccurate data supplied by the owner and subsequent conclusions related to such data.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property, nor for any expenses or taxation which may be incurred in effecting a sale. It is assumed that the Property is free from any major or material encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

The reported analysis, opinion and conclusion are limited only by the reported assumptions and limiting conditions and is our personal, unbiased professional analyses, opinions and conclusions.

APPENDIX G – VALUATION CERTIFICATES



We confirm that we do not have a pecuniary interest that would conflict with a proper valuation of the Property and the valuers undertaking the valuation are authorised to practise as valuers and have the necessary expertise and experience in valuation of such type of Property.

In arriving at our opinion of Market Value, we have considered the Direct Comparison Method and Residual Method, where applicable. The valuation is carried out on As-Is Basis.

In view of the above, we are of the opinion that the market value of the Property in its existing state as at 30 June 2018, given vacant possession and free from encumbrances, is RMB904,559,000 (RENMINBI NINE HUNDRED FOUR MILLION FIVE HUNDRED AND FIFTY NINE THOUSAND ONLY).

The valuation certificate is attached to this letter.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited





Charles C K Chan
MSc FRICS FHKIS MCI Arb RPS(GP)
Managing Director

APPENDIX G – VALUATION CERTIFICATES



Valuation Certificate

Property Address	Junction of Kechuang Bei Road and Xiangyang Road, Fuyang, Hangzhou, Zhejiang Province, the People's Republic of China 中華人民共和國浙江省杭州市富陽區科創北路和向陽路交界處
Client	Wheelock Properties (Singapore) Limited
Purpose of Valuation	Assessment of the market value of the Property for the Voluntary Unconditional General Offer by DBS Bank Limited for and on behalf of Star Attraction Limited, for the shares in Wheelock Properties (Singapore) Limited, other than those shares already owned.
Legal Description	Luxurious Mountain View (雍景山城) (the "Development")
Tenure	70 years for Residential use
Registered Proprietor	富匯房地產開發(富陽)有限公司 (Fu Hui Real Estate Development (Fuyang) Ltd.)
Brief Description	Luxurious Mountain View comprises 2,689 residential units including villa, townhouse, duplex and high-rise apartment to be developed by 5 phases. Phases 1 & 2 were completed in between 2016 and 2018, Phase 3 is under construction whilst Phase 4 and Phase 5 are vacant sites. The Property comprises a duplex unit, two high-rise residential units and five townhouses and 40 car parking spaces in Phase 1; 272 car parking spaces in Phase 2; the whole of Phases 3, 4 and 5 of the Development.
Land Area	5 adjoining plots of land with total site area 298,288 sq m
Gross Floor Area	The gross floor area of the Property (excluding the car parking spaces) is as follows: Phase 1 : 2,054.29 sq m Phase 3, 4 and 5 : 220,635.49 sq m
Construction Period	By December 2022
Master Plan	Fuyang City Outline Zoning Plan (2007-2020) Yinhu sub-district
Basis Of Valuation	Market Value
Valuation Approaches	Direct Comparison Method and Residual Method
Material Date of Valuation	30 June 2018
Market Value (RMB)	RMB904,559,000 (RENMINBI NINE HUNDRED FOUR MILLION FIVE HUNDRED AND FIFTY NINE THOUSAND)
Assumptions, Disclaimers, Limitations & Qualifications	This valuation is provided subject to the assumptions, disclaimers, limitations, qualifications detailed throughout the valuation report and also the limiting conditions herein.
Prepared by	<div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;">  Charles C.K. Chan MSc FRICS FHKIS MCI Arb RPS(GP) </div> <div style="text-align: center;">  Anthony C.K. Lau MRICS MHKIS RPS(GP) </div> </div> <p style="text-align: center;">Savills Valuation and Professional Services Limited</p>

We advise that this summary must be read in conjunction with our valuation report of which this summary forms part. This valuation certificate is referred in our valuation report and should not be relied upon in isolation for finance or any other purposes.